

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS
January 18, 2018

The Board of Directors of the Valley Clean Energy Alliance met in regular session beginning at 5:30 p.m. in the Yolo County Board of Supervisors Chambers, 625 Court Street, Woodland, 95695.

Board Members Present: Skip Davies (Alternate), Robb Davis (arrived at 5:40pm), Lucas Frerichs, Don Saylor, Tom Stallard

Board Members Absent: Angel Barajas, Duane Chamberlain

Approval of Agenda Stallard moved, seconded by Saylor to approve the agenda. Motion passed by the following vote:

AYES: Davies, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT: Barajas, Chamberlain

Public Comment None

Approval of Consent Agenda

Approval of:

- Minutes from December 14, 2017 – with adjustment of Skip Davies presence in audience at the 12/14/17 meeting.
- Regulatory and Legislative Update
- Long Range Calendar
- PG&E Service Agreement and Authorization to submit VCEA CPUC Bond
- Adopt VCEA Personnel Policy
- Communications Plan Update
- Recognition of Service – Community Advisory Committee Member Amanda Beck

The board expressed their thanks for Amanda Beck's service on the Community Advisory Committee.

S. Davies moved, seconded by T. Stallard to approve the consent agenda. Motion passed by the following vote:

AYES: Davies, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT: Barajas, Chamberlain

Communications Plan Update

Board Questions and staff responses are summarized below:

1. What is the status on scheduling community meetings?

A schedule has been created and has been shared with the board.

2. Are we considering augmenting existing plan with Sacramento News & Review?

Yes. Staff is in discussions with Circlepoint and Sacramento News & Review. Staff will bring back a recommendation.

D. Saylor moved, seconded by T. Stallard to approve the Communications Plan. Motion passed by the following vote:

AYES: Davies, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT: Barajas, Chamberlain

Adopt VCEA Policies

Michelle Yung, VCEA Project Manager

Staff recommends the Board adopt a resolution that approves the Customer and Data Policies. The Customer Policy is consistent with what was communicated in the CPUC Implementation Plan submitted in October 2017.

Customer Policies:

- Terms and Conditions of Service - This policy covers applicable VCEA rates and billing policies as well as the policy around enrollments and opt-outs.
- Delinquent Accounts - This policy covers how overdue customer accounts will be handled by VCE. If the customers remain delinquent, VCEA can send them back to PG&E.

Data Policies:

Privacy Policy

- This policy covers the data collected by VCEA, how it is used, and general security protections.
- It covers individual choice, children's privacy, cookies, and any third party providers that collect and analyze web usage.

Security Breach Policy

- This policy covers the response to security breach incidents involving VCEA sensitive and confidential data.
- It covers definitions of covered information, security, incident handling, notification and auditing.

Board questions and staff responses summarized below

1. The update to the customer policy involved integrating changes that were suggested made by the CAC?

Yes.

Board Comment
None

Public Comment
None

R. Davis moved, seconded by D. Saylor to approve the customer & data policies.
Motion passed by the following vote:

AYES: Davies, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT: Barajas, Chamberlain

VCEA Short Term
Procurement Guide
and Financial
Delegation for
Energy
Procurement for
2018 and 2019

Mitch Sears, Interim General Manager, VCEA
Outlines the guide for how VCEA will procure energy for 2018 and 2019.
Provides board delegation from board to staff to purchase energy.

Gary Lawson, SMUD

The Implementation plan was certified this week. Authorizing Mitch to execute the PG&E Service agreement and submission to CPUC Bond.

Tonight, staff is asking the board to adopt a resolution to:

1. Approve the Procurement Guide (Attachment A);
2. Approve the specific delegation to SMUD for procuring VCEA's power portfolio for 2018 and 2019 (Attachment B).

Background:

Procurements will begin in January contingent on:

- CPUC certification of Implementation Plan (expected January 16)
- Submission by VCEA of its CPUC CCA Registration Certification request (planned for January 19)

Procurement Timing:

- Late January/February - Pre-Launch solicit for 100% of expected renewables large hydro for 2018
- March - Complete RA purchases for 2018
- By August - Post Launch Solicit for any 2018 make-up renewables needed for fewer Opt-Outs and known Opt-Ups.
- Throughout 2018 conduct procurements for 2019

Staff had a review cycle with the Advisory Committee, incorporating feedback from them.

Procurement Objectives:

- Procure the Energy Products necessary to form VCEA's power portfolio:
- PCC-1 and PCC-2 renewable energy volumes to achieve 42% renewable content
- 33% non-RPS clean energy (large hydro)
- Resource Adequacy
- CAISO Market Power
- Fixed price market power for fixing VCEA's power cost (hedging)

- Procure needed Energy Products at lowest cost

The purpose of the Procurement Guide lays out the criteria for the products purchased. It also includes a section on specific procurement strategy (which has been redacted because of the commercially sensitive nature of the information). The specific delegation allows SMUD to procure forward products for 2018 and 2019 within certain dollar limits:

- 2018 - \$29.87 million (\$28.45 million plus 5% contingency)
- 2019 - \$43.93 million (\$41.84 million plus 5% contingency)

For the launch acquisition of non-renewable energy, we will use an auction platform where there is a ten minute bidding process. For the renewable energy, we will send out email solicitation with a one-page outline of the energy characteristics we are looking to purchase and energy suppliers will have five days to reply.

In the future, when VCEA is procuring long-term energy contracts, we will allow three to four weeks to reply, followed by a six-week period of research and due diligence, followed by discussions with one or two counterparties, initial conversations, and contract negotiations.

Board questions and staff responses summarized below

1. Typically, how many entities are out there that would be bidding?

Varies by product. For non-renewables, we anticipate 6-8 suppliers. For renewables we expect as many as 10-15.

2. What is resource adequacy?

Resource adequacy is basically VCEA's share of the overall capacity requirement. This share is identified by comparing VCEA's peaks with the system peak.

3. When you are soliciting suppliers, how can small-scale local generators be a part of that process either now in the time ahead? How do small scale local entities fit in?

There is absolutely a place for local renewables to be integrated into the portfolio. This is more likely in a longer time frame. After launch, we will be returning to CAC and board about local resources and how they might fit into VCEA's portfolios in the future.

4. As we think about our providers, would it be helpful for us to establish criteria?

For the short term procurements, we need to get running by June. For the longer-term procurements, we would intend to come back to the board following launch for further direction.

5. When did VCEA decide on the 42% renewable energy content for the default product?

That was the discussion at the December board meeting.

6. Will the level of renewables increase over time?

Quite possibly, though that is up to the board.

7. Have we purchased anything yet?

No, staff is awaiting board approval.

8. How will staff report back to us on the portfolio? Will it happen in open session or closed session?

Most CCA's provide sensitive information to board members, but redact information in the public staff report.

9. Davis folks will be asking for details about the sources. Staff can bring more information on best practices and a recommendation back to the board on the best way to address concerns about transparency.

Public Comment

None

R. Davis moved, seconded by D. Saylor to approve VCEA Short Term Procurement Guide and Financial Delegation for Energy Procurement for 2018 and 2019. Motion passed by the following vote:

AYES: Davies, Davis, Frerichs, Saylor, Stallard

NOES: None

ABSENT: Barajas, Chamberlain

Introduction to Net Energy Metering (NEM) Policy Options

Mitch Sears, Interim General Manager, VCEA

This is a discussion and information session for the board. Staff's intention is to provide background information and tease out policy issues and board priorities. The policy will return to the board in February for final approval.

Michael Champ, Enterprise Performance, SMUD

Net Energy Metering is a statewide policy to provide credits to solar customers for excess generation. Customers are billed monthly according to their net usage by time-of-use period, and can carry over credits for excess generation. At year-end, customers may be compensated for any net surplus generation.

Within VCEA service area, there are 3,971 customers (as of at December 2016).

- ~3,700 Residential
- 200 Commercial

In 2016, these customers generated 34,000 MWh of excess generation. (By billing period). However, most customers are not generating excess.

It is important to consider the long-term effects of VCE's NEM policy. Solar panels are a 30-year asset that folks are installing in their home, based on current structure, so it is critical that VCE design policies for the long-term.

Board Questions and staff responses are summarized below:

1. Do we have a sense of the size of the 400 businesses?
Yes, we can provide that.
2. What is SMUD's policy on NEM?
SMUD is bound by legislation.
3. What are the driving factors for folks to adopt roof-top solar?
 - Economic incentive (noticeable difference between SMUD and PGE and their number of NEM customers)
 - Probably every customer has their own determinants, one is predictably, solar is a long-term investment
4. What are the trends in NEM policies for the other CCE's that are in development/coming on line?

Shawn Marshall, Lean Energy – The trend is towards matching PG&E and paying out at wholesale rates. This does not harm NEM customers, but does not offer them benefits. There is concern about PCIA rates and the spiking costs of resource adequacy. We are seeing more discussion towards cost caps and cost containments. Solar installers are very invested in CCA's offering incentivized products, particularly as the federal tax credit will be expiring.

CAC Input

- Expect more favorable NEM policy than PG&E
- Sensitive to complexity of program to the customer
- Interest in compensation that reflects time-of-use value of energy produced (longer term)
- Interest in further incentives for using prime solar locations, either through NEM or alternative policies. If you decided you didn't want to incentivize at not retail, where in community areas we might want to place solar

Board Comments

- Interested in understanding how different NEM policies effects different categories of our ratepayers. Depending on how we structure this, it could benefit different customers in different ways.
- For the sake of equity, it would be helpful to understand where the NEM customers are located and how different pricing structures are going to affect them. We want to avoid policies that benefit urban consumers over rural consumers.
- Would like to create a more favorable NEM policy than PG&E
- Would like to understand how is VCE's NEM policy is going to be presented to the customers so that it is recognizable. Consistency and clear communication with our customers is going to be very important.
- Differentiating VCEA from other CCA's is fine.
- Incentives might cause folks to take actions that are beneficial to all
- 1 penny – translates to \$350,000 cost to VCEA
- Typically, folks who have already have solar, have resources. We want folks to consume greener energy, but we also want to incentivize more efficient consumption. It might be interesting to create a program to forego the penny and use those funds on energy conservation programs.
- We need to understand the cost impacts to VCEA of the payback at retail, versus payback at wholesale – customers may not engage at that level of detail, but it might have large financial implications for VCEA.

Public Comment

None

Next Steps

Staff and consultants will bring recommended policy to the February 8th Board meeting, along with the pros/cons of various options. Key considerations in the development of the policy will include:

- Not harming existing NEM customers
- Providing continued incentive for rooftop solar

- Ensuring customer understanding of program
- Managing impact to agency budget and overall power portfolio
- Alignment with other NEM programs

Community
Advisory
Committee Report

Christine Shewmaker, Vice-Chair, Community Advisory Committee (CAC)
In response to the Board's charge to the CAC, the committee has created three
Launch Phase Task Groups:

1. Energy. Braun, Flynn, Kristov, Springer
2. Outreach. Task Group: Aulman (Chair), Baird, Hunter
3. Legislative and Regulatory – 2018 legislative session: Hunter (Chair), Flynn, Kristov, Shewmaker.

At the January 11 meeting, the CAC discussed:

1. Power Procurement
 - Unanimous approval of staff recommendation
 - Discussed power mix options
2. Customer and Data Policies
 - Unanimous approval of staff recommendation with two suggested changes
 - Clarifying language in Terms and Condition of Service section (sp. Rates and Billing subsection)
 - Modifying/clarifying Delinquents Accounts section to include examples or ranges of timeframes before customer is returned to PGE
3. Launch Phase Energy Task Group Appointed
4. Net Energy Metering Policy Options
 - Received informational presentation
 - Member of the public attended to express concerns about NEM program
 - CAC will review NEM again on 1/29 and make recommendation

CAC will plan to review and offer input on the power mix of the default and 100% renewable products. CAC is glad to see that the VCEA staffing process is moving forward.

General Manager's
Report

Mitch Sears, Interim General Manager

- Outreach – there are ongoing presentations taking place in VCEA's member jurisdiction communities
- Staffing – working with SMUD to identify dedicated staff, we will likely have folks joining us in February. Job descriptions have been developed, VCEA will be working with Yolo County HR department
- Banking – Board approved working with River City Bank, this is proceeding
- Office Location – we are exploring the possibility of temporarily 9-month use of the Hunt Boyer
- Procurement Conference
- City of Davis is considering of different revenue generation, including the possibility of a user utility tax potential tax. This timing may be a challenge for VCEA.

Board Member and None
Staff
Announcements

Meeting was adjourned at 6:59pm



Emily Henderson
Administrative Assistant



Lucas Frerichs, VCEA Board Chair