

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS
February 8, 2018

The Board of Directors of the Valley Clean Energy Alliance met in regular session beginning at 5:30 p.m. in the Community Chambers, 23 Russell Boulevard, Davis, CA 95616.

Board Members Present: Angel Barajas (arrived at 5:48), Duane Chamberlain (departed at 6:15pm), Robb Davis, Lucas Frerichs, Don Saylor, Tom Stallard (departed at 6:35pm)

Board Members Absent: Skip Davies (Alternate)

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

AYES: Chamberlain, Davis, Frerichs, Saylor, Stallard
NOES: None
ABSENT: Barajas,

Public Comment Jason Taormino, West Davis Active Adult Community.

- Is proposing a development of an Active Adult Community on a 75-acre parcel northwest corner of Davis. As a Davis resident sells a home and moves into the WDAAC, the developers will provide a rebate of \$8,500 to retrofit homes that they are leaving to be more energy efficient. He is open to offering the rebate to all Yolo County residents.

Approval of
Consent Agenda

Approval of

- Resolution Delegation Authority for Certain Regulatory and Legislative Matters
- Resolution adopting a Regulatory and Legislative Review and Action Policy
- Approval of Organization Audit Schedule
- Long Range Calendar

R. Davis moved, seconded by D. Saylor to approve the consent agenda. Motion passed by the following vote:

AYES: Chamberlain, Davis, Frerichs, Saylor, Stallard
NOES: None
ABSENT: Barajas

Approval of:

- Minutes from January 18, 2018 Meeting.
Eric May notes that on page 5, the accurate number of businesses that have solar will be included in the final minutes.

AYES: Davis, Frerichs, Saylor, Stallard
NOES: None
ABSTAIN: Chamberlain
ABSENT: Barajas

Communication Plan
Update and Review
of Customer
Notification
Materials

Rochelle, Director of Communications, Circlepoint
Manny Sanchez, Project Manager, Circlepoint

Communications Plan Update

Progress thus far includes the creation the product names and branding, launch of valleycleanenergy.org website, a photoshoot, launch of social media, and creation collateral materials (posters, fliers, t-shirts, tote-bags, stickers, tattoos)

Working with SMUD partners, Circlepoint has:

- Developed Interated Voice Recording Script
- Developed Call Center Script
- Coordinating mailing for notices
- Developing integration for web forms:
 - Opt in/out
 - Opt up/down

Community Presentations have taken place at:

- Woodland Chamber of Commerce
- Davis Chamber of Commerce
- Woodland Kiwanis
- Davis Kiwanis
- El Macero CSA
- North Davis Meadows CSA
- Woodland Downtown Collaboration
- Capay Valley Citizens Advisory committee

Upcoming Activities include:

Materials:

- customer guides for businesses and ag accounts
- event collateral
- customer notifications
- animated video

Presentations:

- continue presentations to local jurisdictions and community groups

Media Buy:

- digital (Facebook, Google Adwords, Spanish-language sites)
- outdoor (Yolobus, Davis Community Transit)
- print/online (Sac News & Review, Sacramento Bee, Davis Vanguard, Davis Enterprise, The News Ledger, Daily Democrat)
- Woodland and Davis Chamber of Commerce memberships
- Sponsorship of Yolo County Fair and Farm Bureau

Timeline:

- social media ads to launch in mid-March
- full add campaign to launch early April

Board questions and staff responses are summarized below:

- D. Saylor has contact information for an individual and an entitiy who would be willing to be involved in the Sacramento News & Review article. He will pass along to Mitch and Emily.

- D. Saylor made a presentation on VCEA to the Yolo Realtors.

Review of Customer Notification Materials

Board questions and staff responses are summarized below:

1. Is the Spanish language letter and the English language letter the same?
Yes.
2. Will the Spanish and English go together?
Yes.
3. Can we fill the blank portions on the back of the letter?
Yes, perhaps using the logos of the three communities.
4. Can we consider including LightGreen and Ultra Green on the front of both letters?
Yes.
5. It feels important to mention the specific composition of PG&E's current mix in contrast to VCEA's LightGreen energy mix.
The challenges is that the composition of PG&E's mix may change over time, and we don't want to be inaccurate.

Introduction of Draft Enterprise Risk Policy

Toni Hoang, SMUD

This item is an overview of Enterprise Risk Management (ERM), which will be brought back at the March meeting for approval.

ERM is a strategic approach to risk management that supports the achievement of organizational objectives through the management of integrated impacts of risks as an interrelated risk portfolio.

The purpose of the Enterprise Risk Management (ERM) is to:

- Provide VCE Board with transparency and insight into risks that could impact the ability to execute VCE's mission
- Build credibility and sustain confidence in VCE's governance by stakeholders
- Enhance the understanding of significant risks
- Implement a well-defined risk management process
- Develop the capacity for continuous monitoring and periodic reporting of risks

Board questions and staff responses are summarized below:

1. Will YCPARMIA be a part of our Enterprise Risk Management policy?

If you would like to build your ERM to include certain insurance risk management, staff can follow up with YCPARMIA. The overall policy is a way to assess risk and is broader than avoiding legal issues. For example, market fluctuation or loss of staff are not things we can insure against, but we can be proactive to mitigate the impacts of these risks

2. In government, we don't usually talk about reputational, organizational or business risk. These are discussed more heavily in the non-profit and business world. I've never been involved in this type of effort in a government. It would be helpful to see other models. Can we look at SMUD or other models?

Yes.

3. What is the EROC?

The Enterprise Risk Oversight Committee (EROC) is the same group that is responsible for power purchasing. It is comprised of: Executive Officer, Director of Power Services & Programs, Wholesale Energy Provider Representative, Chief Legal Officer, Director of Finance & Operations.

4. Can you give me an example of how to assess reputational risk and strategic risk?

VCEA will have a rubric that will allow us to have a leveled platform to assess risk.

Public Comment

None

The CAC will be reviewing and vetting the ERM, and it will return for board consideration at the March board meeting.

Introduction of
Ultra Green Policy-
100% Renewable
Customer Option

Michael Champ, SMUD

This item was previously presented to the CAC for their initial feedback, following this meeting, this item will return to the CAC for additional work, and then return to the board at their March meeting.

UltraGreen is a voluntary renewable program, allowing customers to purchase their power from 100% renewable sources for a price premium. RECs are procured for 100% of opt-in customer load, and retired on behalf of the customer.

The purpose of tonight's discussion is to gather initial board input on defining the UltraGreen program.

Policy issues include:

Price Structure

- Flat monthly fee, or volumetric
- Ease of understanding vs. cross-subsidization

Price

- \$0.015/kWh is a cap before losing customers to PG&E
- \$0.010/kWh is seen as competitive

Green-E Certification

- Global clean energy certification organization. Requires generation and record-keeping to be certified. Seen as best practice. Additional administrative expense of approximately \$15,000/year.

Combination with NEM

- Flat rates would likely be more expensive on a per kWh basis for low-load NEM customers
- Per kWh charge may be on the total delivered to a NEM customer, or on the net usage.

Board questions and staff responses are summarized below:

1. *How do these things get priced? There are costs to the RECs. How do we assure that customers in this product are not being subsidized, or subsidizing other customers?*

After the fact, we can look at the REC cost and the income generated and use that to guide future pricing.

2. *Is the customer aware of the power sources?*

Yes, included on the power supply postcard that is sent out every July.

3. *Did you say that the cost of Green-E certification is \$15,000 year?*

Yes.

4. *For UltraGreen, what is the proposed components of PCC categories?*

The UltraGreen mix is proposed to be comprised of 52% PCC1 and 48% PCC2.

5. *For Option 3, VCEA would be using this program to drive the development of the fund. Would we market that to the customers?*

Yes, it would be marketed to customers. It could be messaged in a variety of different ways. It is important to note that Option 1 or Option 2 do not result in local products.

6. *It seems that our customer participation in a local renewable program might be very different than customer participation in a 100% renewable program. This is an important policy decision that we will need to make.*

Public Comment

None

Staff will take this item to the CAC for additional work, and then return to the board at their March meeting.

Approve
Resolution
Adopting Net
Energy Metering
(NEM) Policy

Eric May, Yolo County, Interim General Counsel for VCEA

VCEA Board members D. Chamberlain, T. Stallard, and D. Saylor all own solar installations and may have potential financial conflicts of interest on this item. However, at this juncture, both D. Chamberlain and T. Stallard have departed from the meeting. If D. Saylor were to recuse himself out of an abundance of caution, the meeting would lose a quorum and there would be no representation from Yolo County. Because of this situation, there is an exception to the conflict of interest rules, and FPCC guidelines do allow D. Saylor to participate in the discussion and vote on this item, even if there were an actual conflict.

Staff Recommendation

- 1) Adopt NEM Administrative Policy Decisions, and Policy Option 4
 - Initial enrollment of NEM customers on a monthly basis, based on PG&E true-up date
 - Annual true-up for all NEM customers held annually in April
 - Cash-out only for customers with more than \$100 in credits who opt-in. Other customers will have credit balance roll over to the next billing cycle.
 - Credit customer monthly for excess generation at retail plus \$0.005/kWh, without additional compensation for participation in renewable programs
 - Settle annually at the wholesale value of net surplus generation plus a \$0.005/kWh adder.

- 2) Coordinate with CirclePoint and local solar community on communication of NEM policy

The considerations in developing the NEM Policy are:

- 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

Staff discussed three alternative NEM policies with the Community Advisory Committee (CAC):

1. Match PG&E policy, but compensate net surplus generation at a wholesale energy rate plus a \$0.005/kWh adder
2. Compensate excess generation in any given month at the retail rate plus \$0.01. Settle annually at the accumulated retail credits, up to a maximum of \$2,500. Past this amount, pay at the wholesale energy rate plus a \$0.005 adder.
3. Compensate excess generation in any given month at the retail rate plus \$0.01. Settle annually at the accumulated retail credits.

Through the conversation on the options, the CAC found that Options 2 and 3 spent large amounts annually on customers who have already installed solar, and would prove relatively difficult to change if VCEA wanted to alter incentives in the future.

The CAC asked staff to develop a recommendation that:

- Communicates VCEA's commitment to and support of NEM
- Reserves the bulk of the budget for incentives that can be targeted to new NEM customers instead of existing NEM customers
- Increases the ability to shift incentives as policy needs change. This could include, for example, shifting focus from solar to batteries or demand response.

In response, staff has developed the following two additional options for Board consideration:

4. Compensate monthly at retail plus a \$0.005/kWh adder. Settle net surplus

generation at wholesale energy rate plus a \$0.005/kWh adder. Use additional funding for targeted solar incentives.

5. Compensate monthly at retail plus a \$0.01/kWh adder. Settle net surplus generation at wholesale energy rate plus a \$0.01/kWh adder. Use additional funding for targeted solar incentives.

Table 1 – Customer Financial Benefit of Various NEM Options

	Total Gain		Options				
	From	To	1	2	3	4	5
# Impacted Customers	\$ 1,000	and up	10	133	161	11	17
	\$ 500	\$ 1,000	4	237	226	6	18
	\$ 100	\$ 500	39	1,065	1,048	49	86
	\$ -	\$ 100	764	3,879	3,879	4,216	4,161
	No impact	\$ -	4,539	42	42	1,074	1,074
Average Impact	\$ 1,000	and up	\$ 2,709	\$ 1,938	\$ 9,915	\$ 2,599	\$ 3,789
	\$ 500	\$ 1,000	\$ 584	\$ 669	\$ 668	\$ 604	\$ 808
	\$ 100	\$ 500	\$ 270	\$ 277	\$ 275	\$ 246	\$ 192
	\$ -	\$ 100	\$ 9	\$ 30	\$ 30	\$ 12	\$ 23
	No impact	\$ -	4,539	42	42	1,074	1,074
Total Cost			\$ 50,000	\$ 830,000	\$ 2,150,000	\$ 100,000	\$ 190,000

CAC Overview

Lorenzo Kristov, CAC Committee Member

The key issue that the committee turned on was that rate structures are challenging to adjust, and they are not easily adaptable tools to use to incentivize customer behavior. The committee’s desire is to create a rate that ensures that NEM customers are slightly better off, but not necessarily hugely better off, than their current PG&E experience. The funds that are saved will allow VCEA the flexibility to offer rebates to incentivize new solar installations or battery storage in the future. The solar landscape is evolving and in order to achieve VCEA’s long-term goals, it will be to VCEA’s benefit to use funds to create flexible targeted incentives. A member from the solar installation business attend our meeting, which was very helpful.

Gerry Braun, CAC Committee Chair

PGE values net generation at 3-4 cents/kwh. The other CCA’s value the net clean generation very differently than PGE at 8-9 cents/ kwh. Offer the question – choosing either adopt close to PGE valuation or valuation of other CCAs, consider the implications of that choice.

Board questions and staff responses are summarized below:

1. The advisory process is giving us good information and new ways of thinking about this issue.
2. It is important that VCEA distinguish itself from PG&E. If we continue to have lower targets for differential, we may reach a place where folks will not be inclined to engage with VCEA as customers.
3. I would like to ask about the incentives that Lorenzo mentioned. Do the customers have an incentive to add and increase their solar? Where do the the incentive additional fund comes from?

Staff initially allocated \$1,000,000 to incentivize NEM customers. By backing off on the assumption regarding NEM rates, funds would become available to create rebate incentives. Rebates are more flexible than rates. This allows for flexibility to rebate incentives could be roof-top, or battery systems rather than putting budgeted funds into systems that already exist.

4. It is possible for VCEA to distinguish ourselves from PG&E using targeted incentivizes rather than NEM rates. Customers would have the opportunity have an opportunity to help other people who haven't been able to participate. Voluntary give-back, most people will consider that strongly. Lot of people want to have incentives

5. Will this NEM rate be reviewed and re-set yearly?

The board can re-examine the rate structure. However, once this rate is set, customers are making multi-decade-long investments in solar systems based on that rate, so it is not advisable.

Public Comment

None

R. Davis moved, seconded by D. Saylor to approve Option 5. Motion passed by the following vote:

AYES: Barajas, Davis, Frerichs, Saylor

NOES: None

ABSENT: Chamberlain, Stallard

Community Advisory Committee Report

Gerry Braun, Chair of the CAC

The CAC meet on January 29, 2018. Key highlights of the meeting were:

- 1) Siting of new renewable projects – Energy Task Group
 - Task group meet with Defenders of Wildlife – Kate Kelly
 - Importance of forward planning in evaluating impact
- 2) Net Energy Metering Policy Options
 - Recommended Modified Option One 5-1
- 3) Enterprise Risk Management informational
- 4) Ultra Green – informational presentation. Discussions around rates, flat vs per kWh, renewable categories

Next meeting's agenda will be very full and include making recommendations on Enterprise Risk Policy, Ultra Green Policy, Final Rate Discount, Final Power Mix, Power/Operational Budget.

Regulatory and Legislative Update

Shawn Marshall, LEAN Energy

Key Regulatory Proceedings:

- The 2/2/2018 version of Resolution E-4907 was adopted unanimously by the CPUC. This does not impact VCEA as it stands, but it will impact future expansions. Anything after March 1, can not be launched till January 2020. There will be a resource adequacy proceeding on ?? DATE. WE are exploring a conditional

- Joint Utilities Petition to Modify CCA Code of Conduct – This is a major shot across the bow for CCAs. Comments due March 1. Might impact VCEA expansion.
- PCIA
- Integrated Resource Planning – August 1st filing deadline. In subsequent even years, IRP will be due on May 1.

Legislation:

- CalCCA is not planning to sponsor legislation at this time
- Watching SB 100 – There may be amendments to this bill that are damaging to CCA's

Board Questions

1. If VCEA were to expand during the current calendar year, would we be subject to this?

Yes, if a jurisdiction does not adopt an ordinance by March 1, it will be pushed out to January 2020.

Public Comment

None

General Manager's Report

Mitch Sears, Interim General Manager

- Staffing recruitment is underway and going well
- The energy procurement process is moving forward
- CalCCA Board continues to discuss the importance of increasing local elected officials engagement to be more effective in engaging with the CPUC.
- Mitch Sears and Don Saylor recently attended the River City Bank 2018 Business Outlook event. VCEA was featured, and the bank's president expressed great support for CCAs.

Board Member and Staff Announcements

The March VCEA meeting has been moved to 5:30pm, Thursday, March 22 at the Woodland Community Chambers, 300 1st Street, Woodland.

The presentations and discussions in public meetings are going to generate questions from customers that we should be capturing in a systematic way.

Meeting was adjourned at 7:30pm.



Emily Henderson
Administrative Assistant

