

VCEA – CAC 12/4/17 Meeting Policy Draft Summary

Financial Reserves Policy Draft Recommendation

Staff is recommending that the Board adopt the Financial Reserves Policy attached.

Power Mix Targets Draft Recommendation

Staff recommends the Board adopt a resolution approving a Power Mix Target for 2018 that has a total 75% clean energy supply, comprised of the following components:

- A 35% Renewable Energy component, which includes the minimum required Renewable Portfolio Standard component of 29%, plus an additional discretionary renewable component of 6%. The renewable energy would be sourced 75% from Product Content Category 1 resources and 25% from Product Content Category 2 resources. In the event that renewable procurement cost are greater than currently estimated, Product Content Category 2 resources could be used for up to 100% of the discretionary renewable component (6%). Furthermore, while staff recommends that VCEA not plan any forward Product Content Category 3 transactions, staff recommends that Product Content Category 3 RECs may be used in small quantities to make up for any shortfalls in renewable energy deliveries in any year, to insure that VCEA meets its Power Mix Target.
- A non-renewable clean energy component of 40%. The supply of this resource would primarily be from large hydro resources located in the Pacific Northwest that don't qualify as renewable under California Renewable Portfolio Standards.

With regard to the 2019 Targeted Resource Mix, staff recommends deferring making a decision on the resource mix until after VCEA's June 2018 Launch. Should power costs in general, and renewable costs specifically, fall some from current levels, VCEA could be in a position of increasing renewable or clean content for its resource mix in 2019.

Rate Target Draft Recommendation

Staff is recommending that the Board adopt a resolution to target a 1% rate discount, net of PCIA and Franchise Fees.

Wholesale Energy Risk Management Policy Draft Recommendation

Staff is recommending that the Board adopt the Wholesale Energy Risk Management Policy distributed with the CAC packet (with some additional minor modifications).