TO: Board of Directors

FROM: Mitch Sears, Interim General Manager  
Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: Defer Customer Opt-Out Fees for Fiscal Year 2021/22

DATE: June 10, 2021

RECOMMENDATION
Continue to defer Customer Opt-Out Fees for Fiscal Year 2021/22.

BACKGROUND
Prior to beginning service in June 2018, the VCE Board of Directors waived opt-out fees for VCE’s first year of operations. Opt-out fees ($5 for residential and $25 for non-residential) were originally designed to reduce the number of opt-outs and to partially recover the cost of processing opt-outs. In 2019, the Board approved deferment of customer opt-out fees for an additional year, and this happened again in 2020.

Community choice aggregators (CCAs) differ in their approach to opt-out fees. Several have waived the fee. Some have kept the fee and have had few complaints. Others have kept the fee and had significant complaints.

UPDATE
After three full years of operation, staff recommends that opt-out fees be deferred for another year:

- VCE’s back-office systems are in place to automate opt-outs/opt-ins, so administrative costs are low.
- Customers have expressed concerns with opt-out fees, and financial concerns may be heightened due to the COVID-19 pandemic.
- Financial impacts are minimal. Now that VCE is fully operational, the opt-out numbers have dropped dramatically compared to start-up, minimizing impacts on revenue.
- Processing the opt-out fees could cost more than the revenue generated from the fees.