

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report - Item 11

---

**TO:** Board of Directors

**FROM:** Mitch Sears, Interim General Manager  
Jim Parks, Director of Customer Care and Marketing

**SUBJECT:** Defer Customer Opt-Out Fees for Fiscal Year 2020/21

**DATE:** June 11, 2020

---

### RECOMMENDATION

Defer Customer Opt-Out Fees for Fiscal Year 2020/21. **Defer opt out fees for the City of Winters for one calendar year, January 1, 2021 to through December 31, 2021.**

### BACKGROUND

Prior to beginning service in June 2018, the VCE board of directors waived opt-out fees for VCE's first year of operation. 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.

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 two 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.
- 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.**