

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 14**

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**TO:** Board of Directors

**FROM:** Edward Burnham, Chief Financial Officer  
Rebecca Boyles, Director of Customer Care and Marketing

**SUBJECT:** Approve 3<sup>rd</sup> Amendment to Contract with Polaris Inc. for implementation of the AgFIT (Flexible Irrigation Technology) dynamic pricing pilot program

**DATE:** April 10, 2025

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**RECOMMENDATIONS**

1. Approve Resolution No. 2025-XXX approving a Third Amendment with Polaris Inc. for implementation support of the AgFIT (Flexible Irrigation Technology) dynamic pricing pilot program.
2. Authorize the Executive Officer and/or his designee to execute and take all actions necessary to implement the Third Amendment substantially in the form attached hereto on behalf of VCE, and in consultation with legal counsel, to approve minor changes to the services contract so long as the term and amount are not changed.

**BACKGROUND AND ANALYSIS**

More than 85% of VCE's service territory is designated for agricultural use. Due to this high concentration, the agricultural sector represents approximately 18% of VCE's total annual load and 16% of its peak demand.

At its December 2, 2021, meeting, the CPUC issued decision 21-12-015 authorizing VCE's proposed dynamic rate pilot ("Pilot") to be made available to customers taking electric service on irrigation pumping tariffs. The Pilot includes automation of agricultural pumping loads to respond to dynamic prices set by VCE and implementation of an experimental rate that incorporates energy and delivery costs in hourly prices. Customers who successfully respond to the prices and shift load out of expensive hours—typically the ramp hours—are projected to enjoy bill savings of up to 10% while contributing to grid reliability when it is most needed. A significant amount of the State's agricultural irrigation pumping load is shiftable, presenting an important opportunity for California's grid and environment.

The Pilot is a unique undertaking that requires a combination of technical knowledge, electricity rate structuring that is matched with practical expertise in the agricultural sector that is exceedingly uncommon. Polaris was awarded a grant by the California Energy Commission that

is the precursor study for the Pilot and provides them with the prerequisite skills and knowledge to support the Pilot.

#### Pilot Program Consultant Support – Contract Amendment

At its February 10, 2022, meeting the VCE Board approved a contract with Polaris for support services related to the Pilot. As the Pilot has evolved over the past two years, amendments to the original contract have been identified. These include amendments to reflect a larger engineering scope, as well as to subtract amounts already spent in the automation incentives budget. The First Amendment to the contract was approved February 9, 2023.

Since the First Amendment, the Pilot partners have identified issues with the AgFIT tariff's subscription component (a pricing component based on past usage, which can be highly variable with agricultural customers) in which the end result was that customers' usage shift was not strongly correlated with their Pilot tariff savings. One of the key goals in the Pilot was to closely correlate customers shifting usage off-peak with their bill savings, to provide ample incentive for the desired behavior change.

The Pilot partners, along with the Energy Division of the California Public Utilities Commission, evaluated several tariff modification options to better correlate usage shift to savings. The decision among the group was to pursue a new approach called "AgFIT 2.0," which resulted in an increased scope for Polaris. At its March 10, 2023, meeting the VCE Board approved the Second Amendment to compensate Polaris for the change in scope.

Based on the final Pilot evaluations and discussions between Pilot partners, the Pilot requires to re-processing certain scopes, close out tasks, and preparing reports that were part of the original scope of activities. VCE and Polaris have agreed to increase the integration and automation by \$407,926 and reporting by \$10,000 for a total increase of \$417,926 to finalize the activities and close out the original Pilot. These activities were included and accounted for in 2024, so there is a net neutral revenue impact on VCE's budget.

#### **CONCLUSION**

Staff recommends the Board approve the Third Amendment with Polaris for support of the Pilot.

#### **ATTACHMENT**

1. 3<sup>rd</sup> Amendment to Polaris (AgFIT) Consultant Agreement
2. Resolution 2025-XXX

**THIRD AMENDMENT**  
**TO THE AGREEMENT FOR CONSULTANT SERVICES**  
**BETWEEN**  
**VALLEY CLEAN ENERGY ALLIANCE AND**  
**POLARIS ENERGY SERVICES, INC.**

This Third Amendment to the Consultant Services Agreement (“Third Amendment”), is made and entered into as of this \_\_\_\_\_ day of April 2025 (“Effective Date”), by and between Valley Clean Energy Alliance, a Joint Powers Authority existing under the laws of the State of California with its principal place of business at 604 2<sup>nd</sup> Street, Davis, California 95616 (“VCE”) and Polaris Energy Services), Inc., a corporation, with its principal place of business at 411 Woodbridge Street, San Luis Obispo, California 93401 (“PES” or “Consultant”). VCE and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

**Recitals.**

1. WHEREAS on March 10, 2022, VCE and Consultant entered into an “Agreement for Consultant Services” (“Agreement”) via Resolution 2022-007, for the purpose of retaining Consultant to provide program design, customer recruitment and enablement, program execution, analysis and reporting, non-recurring engineering, and pricing in connection with the Agricultural Pumping Dynamic Rate Pilot project (“AgFIT”). The Agreement was for a term starting March 10, 2022 expiring March 1, 2025 for a total amount not to exceed \$1,250,000.

WHEREAS, on February 9, 2023, the VCE Board of Directors (“Board”) approved Resolution 2023-002 approving Amendment No. One to that Agreement, which expanded the engineering scope, reduced the not to exceed amount to \$1,137,559 and extended the term through May 1, 2025; and, on June 15, 2023, the Board approved Resolution 2023-007 approving Amendment No. Two, increasing the not to exceed amount by \$87,750 for a new not to exceed the amount of \$1,225,309.

2. VCE and Consultant now desire to amend the Agreement to increase the integration and automation by \$ 407,926 and reporting by \$10,000 for a total increase of \$ 417,926 for a new not to exceed the amount of \$1,643,235.

**Now therefore**, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the Parties agree as follows:

3. Amendment. Section 4.1 of the Agreement is hereby amended in its entirety to read as follows:

4.1 Compensation This is a “time and materials” based agreement. Consultant shall receive compensation, including authorized reimbursements, for Services rendered under this Agreement at the rates, in the amounts and at the times set forth in Exhibit D. Notwithstanding the provisions of Exhibit D, the total compensation shall not exceed an additional Four Hundred Seventeen Thousand, Nine Hundred Twenty-six and no/100 dollars (\$417,926), or a total cumulative amount of One Million, Six Hundred Forty-three Thousand, Two Hundred Thirty-five and no/100 dollars (\$1,643,235) without written approval of VCE. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

6. Except as amended by this Third Amendment, all other provisions of the Agreement will remain in full force and effect.

7. If any portion of this Third Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

**[Signatures on Next Page]**

**SIGNATURE PAGE FOR THIRD AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES  
BETWEEN VALLEY CLEAN ENERGY ALLIANCE  
AND POLARIS ENERGY SERVICES, INC.**

IN WITNESS WHEREOF, the Parties have entered into this Third Amendment as of the Effective Date.

VALLEY CLEAN ENERGY ALLIANCE

POLARIS ENERGY SERVICES, INC.

By: \_\_\_\_\_  
Mitch Sears  
Chief Executive Officer

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Inder Khalsa  
VCE Attorney

**VALLEY CLEAN ENERGY ALLIANCE**

**RESOLUTION NO. 2025-\_\_\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE  
APPROVING ENTERING INTO A THIRD AMENDMENT TO THE POLARIS ENERGY  
SERVICES AGREEMENT FOR SERVICES FOR THE AGRICULTURAL FLEXIBLE IRRIGATION  
TARIFF PILOT (AgFIT) AND AUTHORIZING CHIEF EXECUTIVE OFFICER IN CONSULTATION  
WITH LEGAL COUNSEL TO EXECUTE AND SIGN THE THIRD AMENDMENT**

**WHEREAS**, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

**WHEREAS**, at its December 2, 2021, meeting the California Public Utilities Commission issued decision 21-12-015 authorizing Valley Clean Energy’s proposed dynamic rate pilot to be made available to customers taking electric service on irrigation pumping tariffs, with a budget of \$2.5M to be overseen by VCE; and

**WHEREAS**, in support of VCE’s significant agricultural sector, the Board adopted a 3-year Programs Plan on June 10, 2021, that included an agricultural demand-side program which evolved into the AgFIT dynamic rate pilot program (“Pilot”); and,

**WHEREAS**, on March 10, 2022, the Board approved Resolution 2022-007 for a Consultant Agreement with Polaris (“Polaris Agreement”) for support services related to the Pilot for a term starting March 10, 2022, expiring March 1, 2025, and for a total amount not to exceed \$1,250,000; and

**WHEREAS**, on February 9, 2023, the Board approved via Resolution 2023-002 the First Amendment to the Polaris Agreement for an increased scope of support services related to the Pilot, reducing the not to exceed amount to \$1,137,559 and extended the term through May 1, 2025; and

**WHEREAS**, on June 15, 2023, the Board approved via Resolution 2023-007 the Second Amendment to the Polaris Agreement to provide additional services necessary to implement the pilot, for an increased amount of \$87,750 for a new not to exceed amount of \$1,225,309; and

**WHEREAS**, as the Pilot is nearing completion, additional scope, and an increase to the integration and automation category of \$407,926 and an increase for part of the closeout of \$10,000 has been identified; and

**WHEREAS**, the increased scope would result in a net-neutral revenue effect for VCE's budget; and,

**WHEREAS**, staff recommends that VCE enter into a Third Amendment with Polaris in order to most efficiently complete the pilot.

**NOW, THEREFORE**, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. Authorize the Executive Officer, in consultation with legal counsel, to execute a Third Amendment with Polaris to provide services necessary to implement the pilot, for an increased amount of \$417,926 and not to exceed the amount of \$1,643,235.

**PASSED, APPROVED AND ADOPTED**, at a special meeting of the Valley Clean Energy Alliance held on the \_\_\_\_\_ day of April 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Bapu Vaitla, VCE Chair

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Alisa M. Lembke, VCE Board Secretary

Attachment A: Third Amendment to Polaris Energy Services, Inc. Consultant Agreement