TO: Valley Clean Energy Alliance Board

FROM: Mitch Sears, Interim General Manager
       Gary Lawson, Sacramento Municipal Utility District (SMUD)

SUBJECT: Introduction to Draft Amendment to Implementation Plan Addendum 1

DATE: November 14, 2019

CONTEXT
As part of the process for enrollment of PG&E customers in the City of Winters, at its December 12, 2019 meeting, the Board will need to adopt Addendum 1 to its Implementation Plan and Statement of Intent. The approved Implementation Plan Addendum 1 must then be filed with the California Public Utilities Commission prior to December 31, 2019 in order for VCEA to be able to enroll PG&E’s Winters customers in 2021.

SUMMARY
For your information Attachment 1 is a draft of Addendum 1 of the VCEA Implementation Plan. Staff will be making a presentation at the meeting.
Attachment A
Draft Addendum 1 to VCEA Implementation Plan
VALLEY CLEAN ENERGY ALLIANCE

ADDENDUM NO. 1 TO THE COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

TO ADDRESS VCEA EXPANSION TO THE CITY OF WINTERS

Adopted by the VCEA Board of Directors - December 12, 2019
Submitted to the California Public Utilities Commission – December XX, 2019
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1 Introduction

The purpose of this document is to make certain revisions to the Valley Clean Energy Alliance Implementation Plan and Statement of Intent in order to address the expansion of Valley Clean Energy Alliance (VCEA) to the City of Winters. VCEA is a public agency formed as a Joint Powers Authority (JPA) located within the geographic boundaries of Yolo County, formed for the purposes of implementing a community choice aggregation (“CCA”)/Community Choice Energy (CCE) program. Member Agencies of VCEA currently include the Cities of Davis and Woodland located within the County of Yolo (County) as well as the unincorporated areas of the County (together, the “Members”), all of which have elected to allow VCEA to provide electric generation service within their respective jurisdictions. In anticipation of CCA program implementation and in compliance with state law, VCEA submitted the Valley Clean Energy Alliance Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on October 17, 2017. On March 5, 2018, the Commission certified VCEA’s Implementation plan, and consistent with its expressed intent, VCEA successfully launched the Valley Clean Energy CCA program (“VCEA” or “Program”) on June 1, 2018 and has been serving customers since that time.

Oct 10, 2019 VCEA’s Board accepted the request by the City of Winters to join the VCEA JPA, and approved specific membership requirements for Winters. Staff subsequently prepared this Addendum No. 1 to its Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 1”), which addresses the expansion to the City of Winters. On November 5, 2019 the City of winters adopted Ordinance 2019-04, an Ordinance of the City Council of the City of Winters Amending the Winters Municipal Code to Add Chapter 13.20, Community Choice Aggregation Authorizing the Implementation of a Community Choice Aggregation Program (pp. 78-82). On December 12, the VCEA Board accepted and approved Membership of the City of Winters, and approved this Addendum No. 1 to the VCEA Implementation Plan. The VCEA Board Resolution approving Addendum No. 1 is attached as Appendix A, and the Resolution accepting and approving Winters Membership is attached as Appendix B, the First Amendment to the VCEA Joint Powers Authority Agreement is attached as Appendix C, and the Winters CCA adoption ordinance is attached as Appendix D.

The VCEA program now provides electric generation services to approximately 54,500 customers, including a combination of residential, commercial, industrial, and agricultural accounts.

This Addendum No. 1 describes VCEA’s expansion plans to include the City of Winters. According to the Commission, the Energy Division is required to receive and review a revised VCEA Implementation Plan reflecting changes/consequences of additional members. VCEA has reviewed its Implementation Plan, which was filed with the Commission on October 17, 2017, and has identified certain information that requires updating to reflect the changes and consequences of adding the City of Winters. This Addendum No. 1 also reflects certain updated projections that are considerate of VCEA’s recent operating history as well as other forecast modifications reflecting the most recent historical electric energy use within VCEA’s existing service territory. This document format, including references to VCEA’s Implementation Plan (filed with the Commission on October 17, 2017), which is incorporated by reference and attached hereto as Appendix E, addresses all requirements identified in Public Utilities Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service, while streamlining public review of pertinent changes related to VCEA expansion.
2 Changes to Address VCEA Expansion to the City of Winters

This Addendum No. 1 addresses the anticipated impacts of VCEA’s planned expansion to the City of Winters, as well as other forecast modifications reflecting the most recent historical electric energy use within VCEA’s existing territory. As a result of this member addition, certain assumptions regarding VCEA’s future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and various other items. The following section highlights pertinent changes related to the planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 1, VCEA represents that such information shall remain unchanged relative to the October 17, 2017 Implementation Plan, which was certified by the Commission on March 5, 2018.

Regarding the defined terms Members and Member Agencies, the following communities are now signatories to the VCEA Joint Powers Agreement and represent VCEA’s current membership:

<table>
<thead>
<tr>
<th>Member Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of Yolo</td>
</tr>
<tr>
<td>City of Davis</td>
</tr>
<tr>
<td>City of Woodland</td>
</tr>
<tr>
<td>City of Winters</td>
</tr>
</tbody>
</table>

Throughout this document, use of the terms Members and Member Agencies shall now include the aforementioned communities. To the extent that discussion addresses the process of aggregation and the VCEA organization, each of these communities is now a VCEA member and the electric customers of such jurisdictions will be offered CCA service consistent with the noted phase-in schedule.

2.1 Process of Aggregation

VCEA’s process of aggregation was discussed in Chapter 2 of the October 17, 2017 Implementation Plan. All customers currently enrolled in the VCEA program were appropriately noticed. Before additional phases of customers are enrolled in the Program, VCEA will mail at least two written notices to customers, beginning at least two calendar months, or sixty days, prior to the commencement of automatic enrollment. Such notices will provide information needed to understand the Program’s terms and conditions of service as well as explain how prospective customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date at least one calendar month, or thirty days following the date of automatic enrollment, subject to the service phase-in plan later described in Chapter 5. At least two follow-up opt-out notices will be mailed to these customers within the first two calendar months, or sixty days, of service.

2.2 Governance

VCEA governance was discussed in Chapter 3 of the October 17, 2017 Implementation Plan. VCEA is governed by its Board of Directors (“Board”), which includes two appointed designees from each Member jurisdiction. VCEA is a joint powers agency formed in December 2016 under California law. The Members
of VCEA currently include the Cities of Davis, Woodland, and now Winters as well as the unincorporated areas of the County, all of which have elected to allow VCEA to provide electric generation service within their respective jurisdictions.

The Board’s primary duties are to establish Program policies, approve rates and provide policy direction to the Executive Officer, who will have general responsibility for program operations, consistent with the policies established by the Board. The Board has established a Chairman position and other officer positions from among its Members and may establish an Executive Committee and other committees and sub-committees as needed to address issues that require greater expertise in particular areas. VCEA has already established a 9-member Community Advisory Committee to advise and make recommendations, which will expand to 12 members with the addition of the City of Winters. The Board may also form various additional standing and/or ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect VCEA and its customers, including rate-related and power contracting issues, and may provide analytical support and recommendations to the Board.

2.3 Program Phase-In

VCEA program phase-in was discussed in Chapter 5 of the October 17, 2017 Implementation Plan. The enrollment phase of the first member communities was split into a Phase 1a and Phase 1b in March 2018, when the VCEA Board made the decision to defer enrollment of the net energy metered (NEM) customers out of the initial June 2018 enrollment. Phase 1b enrollment of the NEM customers of the initial member communities will take place beginning January 1, 2020, with those NEM customers being enrolled into VCEA during the month of their annual NEM billing true-up. Phase 2 of VCEA will be the enrollment of PG&E customers within the City of Winters.

<table>
<thead>
<tr>
<th>VCEA Phase No.</th>
<th>Status &amp; Description of Phase</th>
<th>Implementation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1a</td>
<td><strong>Complete:</strong> Non-NEM residential, commercial, agricultural, and street light accounts within the initial jurisdictions</td>
<td>June 2018</td>
</tr>
<tr>
<td>Phase 1b</td>
<td><strong>Planned:</strong> NEM residential, commercial, agricultural, and street light accounts within the initial jurisdictions</td>
<td>January – December 2020</td>
</tr>
<tr>
<td>Phase 2</td>
<td><strong>Planned:</strong> Residential, commercial, agricultural, and street light accounts within City of Winters</td>
<td>January 2021 for non-NEM January – December 2021 for NEM</td>
</tr>
</tbody>
</table>

VCEA will offer its default service to all eligible PG&E bundled electric customers. VCEA will not enroll non-bundled electric customers in its jurisdiction, although those customers may elect to take service with VCEA.

Given the relatively small size of VCEA as compared to other PG&E jurisdictional CCAs, VCEA was able to fully capture the available economies of scale in its initial launch by enrolling its entire non-NEM customer base across a single month. VCEA will take the same approach to enroll all Winters non-NEM customer in the month of January 2021. Winters NEM customers will be enrolled during the month of 2021 of their annual NEM trueup. After full enrollment, VCEA anticipates a customer base of approximately 64,150 accounts, totaling 740 GWh of annual energy sales.
2.4 Load Forecast and Resource Plan

VCEA’s load forecast and resource plan were discussed in Chapter 6 of VCEA’s October 17, 2017 Implementation Plan. The following tables have been updated to reflect the impacts of planned expansion to VCEA’s new membership. The addition of Winters customer is expected to increase customer counts by 4.7%, energy loads by 3.4%, and peak loads by 3.6%.

Table 2 below shows the number of customers enrolled (2018), and forecast to be enrolled (2020 and 2021) at the end of each enrollment phase. The values reflect actual and forecast opt-outs, which have been at 10% by customer count.

*Chapter 6, Table 2, Phase-In of Retail Service Accounts*

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>2018 (a)</th>
<th>2020 (b)</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>47,213</td>
<td>6,331</td>
<td>2,561</td>
</tr>
<tr>
<td>Small Commercial</td>
<td>4,509</td>
<td>253</td>
<td>247</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>422</td>
<td>16</td>
<td>33</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>219</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Industrial</td>
<td>4</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,815</td>
<td>169</td>
<td>13</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>625</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54,807</strong></td>
<td><strong>6,784</strong></td>
<td><strong>2,699</strong></td>
</tr>
</tbody>
</table>

Table 3 below shows the VCEA customer forecast. This is based upon VCEA’s 2019 IEPR filing to the California Energy Commission, with adjustment for Phase 1b enrollment occurring in 2020, instead of 2021, and the addition of City of Winters customers in 2021.

*Chapter 6, Table 3, VCEA Customer Forecast, 2020 - 2030*

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Commercial</td>
<td>4,791</td>
<td>5,038</td>
<td>5,098</td>
<td>5,157</td>
<td>5,218</td>
<td>5,279</td>
<td>5,341</td>
<td>5,404</td>
<td>5,468</td>
<td>5,531</td>
<td>5,597</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>436</td>
<td>469</td>
<td>474</td>
<td>481</td>
<td>486</td>
<td>491</td>
<td>498</td>
<td>504</td>
<td>509</td>
<td>516</td>
<td>522</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>234</td>
<td>247</td>
<td>250</td>
<td>253</td>
<td>256</td>
<td>259</td>
<td>262</td>
<td>265</td>
<td>268</td>
<td>271</td>
<td>274</td>
</tr>
<tr>
<td>Industrial</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,931</td>
<td>1,944</td>
<td>1,944</td>
<td>1,944</td>
<td>1,944</td>
<td>1,944</td>
<td>1,944</td>
<td>1,944</td>
<td>1,944</td>
<td>1,944</td>
<td>1,944</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>623</td>
<td>653</td>
<td>657</td>
<td>663</td>
<td>668</td>
<td>672</td>
<td>677</td>
<td>681</td>
<td>687</td>
<td>692</td>
<td>697</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61,252</strong></td>
<td><strong>64,151</strong></td>
<td><strong>64,578</strong></td>
<td><strong>65,009</strong></td>
<td><strong>65,445</strong></td>
<td><strong>65,882</strong></td>
<td><strong>66,325</strong></td>
<td><strong>66,770</strong></td>
<td><strong>67,220</strong></td>
<td><strong>67,672</strong></td>
<td><strong>68,129</strong></td>
</tr>
</tbody>
</table>

Table 4 below shows the forecast retail loads by customer class, total retail loads, and total wholesale loads. This is based upon VCEA’s 2019 IEPR filing to the California Energy Commission, with adjustment for Phase 1b enrollment occurring in 2020, instead of 2021, and the addition of City of Winters customers in 2021.
Chapter 6, Table 4, VCEA Customer Load Forecast (MWh), 2018 - 2030

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Commercial</td>
<td>80,108</td>
<td>84,917</td>
<td>85,898</td>
<td>86,904</td>
<td>88,245</td>
<td>89,066</td>
<td>90,127</td>
<td>91,197</td>
<td>92,421</td>
<td>93,833</td>
<td>94,508</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>93,738</td>
<td>98,916</td>
<td>100,027</td>
<td>101,201</td>
<td>102,761</td>
<td>103,777</td>
<td>104,975</td>
<td>106,207</td>
<td>107,580</td>
<td>108,780</td>
<td>110,048</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>83,991</td>
<td>91,198</td>
<td>91,931</td>
<td>92,888</td>
<td>93,787</td>
<td>94,330</td>
<td>95,119</td>
<td>95,931</td>
<td>96,914</td>
<td>97,608</td>
<td>98,453</td>
</tr>
<tr>
<td>Agriculture</td>
<td>115,886</td>
<td>114,613</td>
<td>114,521</td>
<td>114,555</td>
<td>114,754</td>
<td>114,635</td>
<td>114,636</td>
<td>114,619</td>
<td>114,652</td>
<td>114,629</td>
<td>114,640</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>3,912</td>
<td>4,029</td>
<td>4,058</td>
<td>4,087</td>
<td>4,130</td>
<td>4,146</td>
<td>4,177</td>
<td>4,206</td>
<td>4,250</td>
<td>4,267</td>
<td>4,298</td>
</tr>
<tr>
<td>Total Retail Load</td>
<td>706,123</td>
<td>740,117</td>
<td>739,992</td>
<td>741,517</td>
<td>746,708</td>
<td>748,843</td>
<td>752,813</td>
<td>756,852</td>
<td>762,432</td>
<td>765,518</td>
<td>769,906</td>
</tr>
<tr>
<td>Distribution Losses</td>
<td>47,656</td>
<td>49,950</td>
<td>49,942</td>
<td>50,045</td>
<td>50,395</td>
<td>50,539</td>
<td>50,807</td>
<td>51,080</td>
<td>51,457</td>
<td>51,665</td>
<td>51,961</td>
</tr>
<tr>
<td>Total Wholesale Load</td>
<td>753,779</td>
<td>790,067</td>
<td>789,934</td>
<td>791,562</td>
<td>797,109</td>
<td>799,383</td>
<td>803,021</td>
<td>807,932</td>
<td>813,888</td>
<td>817,183</td>
<td>821,867</td>
</tr>
</tbody>
</table>

2.5 Capacity Requirements

Table 5 below shows VCEA’s monthly peak capacity, with the 15% reserve obligation included. Note that the actual resource adequacy obligation will be lower due to load forecast adjustments by the California Energy Commission made as part of the annual resource adequacy process, such as coincidence adjustments, in addition to various capacity credits allocated by the Commission as part of its resource adequacy program. It should be further noted that the Phase 1b load additions in 2020 have been included in the resource adequacy load forecast provided by VCEA to the Commission as part of the 2020 Year Ahead resource adequacy process. For the 2021 Year Ahead resource adequacy process, VCEA will submit load forecast information that includes the addition of Winters load in 2021.

Chapter 6, Table 5, Monthly Capacity Requirements, Including Reserves (MW), 2020 - 2030

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>109</td>
<td>104</td>
<td>103</td>
<td>123</td>
<td>164</td>
<td>231</td>
<td>256</td>
<td>231</td>
<td>200</td>
<td>149</td>
<td>117</td>
<td>123</td>
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<tr>
<td>2021</td>
<td>129</td>
<td>121</td>
<td>116</td>
<td>136</td>
<td>175</td>
<td>247</td>
<td>274</td>
<td>245</td>
<td>208</td>
<td>155</td>
<td>125</td>
<td>129</td>
</tr>
<tr>
<td>2022</td>
<td>129</td>
<td>121</td>
<td>116</td>
<td>133</td>
<td>188</td>
<td>248</td>
<td>275</td>
<td>246</td>
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<td>2023</td>
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<td>131</td>
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<td>275</td>
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<td>258</td>
<td>215</td>
<td>169</td>
<td>145</td>
<td>151</td>
</tr>
</tbody>
</table>

2.6 Renewable Portfolio Standards Requirements and Clean Energy Portfolio Content

VCEA’s renewable portfolio standard requirements and clean energy portfolio content were discussed in Chapter 6 of the October 17, 2017 Implementation Plan. As a CCA, VCEA will be required by law and applicable CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining VCEA’s renewable energy
requirements, the same standards for RPS compliance that are applicable to incumbent distribution utilities are assumed to apply to VCEA.

On September 10, 2018, Governor Brown signed Senate Bill 100 ("SB 100"; De Leon), the California Renewables Portfolio Standard Program of 2018, which established California’s RPS procurement target of 60 percent by 2030. For RPS planning, VCEA will adhere to the CPUC’s direction in D.19-SB-100.

Table 6 below shows the updated table of VCEA’s forecast of Annual RPS Mandated Requirements for 2020 – 2030, including the Winters load.

**Chapter 6, Table 6 Annual RPS Mandated Requirements, 2020 - 2030**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales (MWh)</td>
<td>706,123</td>
<td>746,117</td>
<td>739,992</td>
<td>741,517</td>
<td>746,708</td>
<td>748,843</td>
<td>752,813</td>
<td>756,852</td>
<td>762,412</td>
<td>765,518</td>
<td>769,906</td>
</tr>
<tr>
<td>Compliance Procurement Target (MWh)</td>
<td>239,021</td>
<td>264,592</td>
<td>284,997</td>
<td>305,876</td>
<td>328,552</td>
<td>351,956</td>
<td>370,384</td>
<td>393,563</td>
<td>416,288</td>
<td>437,876</td>
<td>461,944</td>
</tr>
<tr>
<td>RPS % of Current Year Retail Sales</td>
<td>33.0%</td>
<td>35.8%</td>
<td>38.5%</td>
<td>41.3%</td>
<td>44.0%</td>
<td>47.0%</td>
<td>49.2%</td>
<td>52.0%</td>
<td>54.6%</td>
<td>57.2%</td>
<td>60.0%</td>
</tr>
</tbody>
</table>

Initially, VCEA has targeted a resource portfolio that is 75% “clean”, comprised of renewable supplies starting at 42% and exceeding the minimum RPS requirements during the first five years of Program operation, supplemented with non-RPS carbon free resources to equal a 75% “clean” power content. Subsequent to launch VCEA filed its 2018 Integrated Resource Plan, identifying portfolio targets out through 2030. The updated Table 7 shows the IRP targets for renewable and large hydro (non-RPS Clean).

**Chapter 6, Table 7 Annual RPS Mandated Requirements and Voluntary Procurement, 2018 - 2030**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales (MWh)</td>
<td>706,123</td>
<td>746,117</td>
<td>739,992</td>
<td>741,517</td>
<td>746,708</td>
<td>748,843</td>
<td>752,813</td>
<td>756,852</td>
<td>762,412</td>
<td>765,518</td>
<td>769,906</td>
</tr>
<tr>
<td>Annual RPS Target (Minimum MWh)</td>
<td>47,874</td>
<td>282,844</td>
<td>304,125</td>
<td>326,915</td>
<td>350,726</td>
<td>373,312</td>
<td>396,185</td>
<td>420,125</td>
<td>445,197</td>
<td>468,246</td>
<td>493,120</td>
</tr>
<tr>
<td>2018 IRP Renewables Target (% of Retail Sales)</td>
<td>42.0%</td>
<td>42.0%</td>
<td>60.0%</td>
<td>62.5%</td>
<td>65.0%</td>
<td>67.5%</td>
<td>70.0%</td>
<td>72.5%</td>
<td>75.0%</td>
<td>77.5%</td>
<td>80.0%</td>
</tr>
<tr>
<td>Program Renewable IRP Target (MWh)</td>
<td>296,572</td>
<td>310,849</td>
<td>443,995</td>
<td>463,448</td>
<td>485,360</td>
<td>505,469</td>
<td>526,969</td>
<td>548,718</td>
<td>571,824</td>
<td>593,777</td>
<td>615,925</td>
</tr>
<tr>
<td>Surplus in Excess of RPS (MWh)</td>
<td>47,825</td>
<td>28,005</td>
<td>139,871</td>
<td>136,533</td>
<td>134,835</td>
<td>132,157</td>
<td>130,764</td>
<td>128,593</td>
<td>126,827</td>
<td>125,031</td>
<td>122,805</td>
</tr>
<tr>
<td>Non-RPS Carbon (MWh)</td>
<td>33.0%</td>
<td>33.0%</td>
<td>40.0%</td>
<td>37.5%</td>
<td>35.0%</td>
<td>32.5%</td>
<td>30.0%</td>
<td>27.5%</td>
<td>25.0%</td>
<td>22.5%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Non-RPS Carbon (MWh)</td>
<td>233,021</td>
<td>244,238</td>
<td>295,997</td>
<td>278,069</td>
<td>261,348</td>
<td>243,374</td>
<td>225,844</td>
<td>208,134</td>
<td>190,608</td>
<td>172,242</td>
<td>153,981</td>
</tr>
<tr>
<td>Total Clean (% of Retail Sales)</td>
<td>75%</td>
<td>75%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### 2.7 New SB 225 (10/12/19, Bradford) CCA Supplier Diversity Requirement

On October 12, 2019, the Governor signed into law SB 255, which creates a requirement for the Commission to develop requirements for CCAs to annually file and demonstrate compliance with supplier diversity requirements. VCEA will participate in the proceedings in which the Commission develops the requirements for SB255 implementation, either directly or indirectly through its membership in the California Community Choice Association. Additionally, VCEA will fully comply with the resulting rulemaking by developing and adopting a compliant supplier diversity program and making annual filings as required.
2.8 Financial Plan

With regard to VCEA’s financial plan, which was discussed in Chapter 7 of the October 17, 2017 Implementation Plan, VCEA has updated its pro forma analysis to incorporate the City of Winters expansion, as shown in the following table.

**Chapter 7, Table 8 Summary of CCA Program Operations (2019-2028)**

<table>
<thead>
<tr>
<th>Accounts</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Load (MWh)</td>
<td>686,131</td>
<td>706,123</td>
<td>740,141</td>
<td>746,062</td>
<td>752,031</td>
<td>758,047</td>
<td>764,111</td>
<td>770,224</td>
<td>776,386</td>
<td>782,597</td>
</tr>
<tr>
<td>Revenue (net uncollectible)</td>
<td>$54,608</td>
<td>$54,266</td>
<td>$62,211</td>
<td>$62,635</td>
<td>$63,078</td>
<td>$63,525</td>
<td>$63,976</td>
<td>$64,430</td>
<td>$64,888</td>
<td>$65,350</td>
</tr>
<tr>
<td>Power Costs</td>
<td>$38,942</td>
<td>$47,536</td>
<td>$47,167</td>
<td>$48,020</td>
<td>$48,888</td>
<td>$49,772</td>
<td>$50,672</td>
<td>$51,588</td>
<td>$52,520</td>
<td>$53,470</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$15,666</td>
<td>$6,730</td>
<td>$15,045</td>
<td>$14,615</td>
<td>$14,190</td>
<td>$13,754</td>
<td>$13,304</td>
<td>$12,842</td>
<td>$12,368</td>
<td>$11,880</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>$4,358</td>
<td>$4,777</td>
<td>$4,909</td>
<td>$5,054</td>
<td>$5,166</td>
<td>$5,296</td>
<td>$5,445</td>
<td>$5,582</td>
<td>$5,724</td>
<td>$5,868</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$11,308</td>
<td>$1,053</td>
<td>$10,136</td>
<td>$9,561</td>
<td>$9,024</td>
<td>$8,457</td>
<td>$7,859</td>
<td>$7,260</td>
<td>$6,644</td>
<td>$6,012</td>
</tr>
<tr>
<td>Interest Income [Expense]</td>
<td>$ (72)</td>
<td>$12</td>
<td>$69</td>
<td>$174</td>
<td>$275</td>
<td>$373</td>
<td>$475</td>
<td>$567</td>
<td>$636</td>
<td>$700</td>
</tr>
<tr>
<td>Net Income</td>
<td>$11,236</td>
<td>$1,965</td>
<td>$10,204</td>
<td>$9,755</td>
<td>$9,300</td>
<td>$8,830</td>
<td>$8,334</td>
<td>$7,827</td>
<td>$7,280</td>
<td>$6,712</td>
</tr>
<tr>
<td>Accumulated Reserves</td>
<td>$15,706</td>
<td>$17,104</td>
<td>$25,492</td>
<td>$34,290</td>
<td>$42,650</td>
<td>$50,539</td>
<td>$56,024</td>
<td>$63,243</td>
<td>$69,913</td>
<td>$76,011</td>
</tr>
</tbody>
</table>

2.9 VCEA Program Financing Summary

The following table summarizes the actual and potential financing in support of the VCEA Program:

**VCEA Program Financing Summary**

<table>
<thead>
<tr>
<th>Actual/Proposed Financing</th>
<th>Amount</th>
<th>Term</th>
<th>Actual/Estimated Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Start-Up, Member Loans – City of Davis and Yolo County</td>
<td>$1.0 million</td>
<td>n/a</td>
<td>Q1 2017</td>
</tr>
<tr>
<td>2. Start-Up, Member Loans – City of Woodland</td>
<td>$0.5 million</td>
<td>n/a</td>
<td>Q3 2017</td>
</tr>
<tr>
<td>3. Start-Up, Deferred Contractor Payments</td>
<td>$2.1 million</td>
<td>2 years</td>
<td>Q2 2018, Repayment Underway</td>
</tr>
<tr>
<td>4. Start-Up, Bank Line of Credit</td>
<td>$11.0 million available $2.0 million drawn on line</td>
<td>1 year (can convert to 5-yr term loan)</td>
<td>Line of Credit Issued in Q2 2018, expires in Q4 2019</td>
</tr>
<tr>
<td>5. Repay Member Start-up Loans</td>
<td>-$1.5 million</td>
<td>n/a</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>6. Convert Line of Credit Balance to Bank Term Loan</td>
<td>$2.0 million term loan</td>
<td>5 years</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>7. Convert Line of Credit Balance to Bank Term Loan</td>
<td>-$2.0 million payoff of Line of Credit</td>
<td>n/a</td>
<td>Q4 2019</td>
</tr>
</tbody>
</table>
Valley Clean Energy Alliance   Addendum to Implementation Plan

<table>
<thead>
<tr>
<th>Actual/Proposed Financing</th>
<th>Amount</th>
<th>Term</th>
<th>Actual/Estimated Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Renew Bank Line of Credit</td>
<td>$11.0 million available</td>
<td>1 year (can convert to 5-yr term loan)</td>
<td>Q4 2019</td>
</tr>
<tr>
<td></td>
<td>$0.0 million drawn on line to date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.10 Expansion Addendum Appendices

Appendix A: VCEA Resolution Adopting Implementation Plan Addendum
Appendix B: VCEA Resolution Accepting Winters Membership to the VCEA JPA
Appendix C: Valley Clean Energy Alliance Authority Amended Joint Powers Agreement
Appendix D: Winters CCA Adoption Ordinance
Appendix E: VCEA Implementation Plan and Statement of Intent
Appendix A

VCEA Resolution Adopting Implementation Plan Addendum
Appendix B

VCEA Resolution Accepting Winters Membership to the VCEA JPA
Appendix C

Valley Clean Energy Alliance Authority Amended Joint Powers Agreement
Appendix D

Winters CCA Adoption Ordinance
Appendix E

VCEA Implementation Plan and Statement of Intent
VALLEY CLEAN ENERGY ALLIANCE

COMMUNITY CHOICE AGGREGATION
IMPLEMENTATION PLAN
AND
STATEMENT OF INTENT

Adopted by the VCEA Board of Directors - October 12, 2017

Submitted to the California Public Utilities Commission – October 17, 2017
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1 Introduction

Valley Clean Energy Alliance (VCEA) is a public agency located within the geographic boundaries of Yolo County, formed for the purposes of implementing a community choice aggregation (“CCA”)/Community Choice Energy (CCE) program. Member Agencies of VCEA currently include the Cities of Davis and Woodland located within the County of Yolo (County) as well as the unincorporated areas of the County (together, the “Members”), all of which have elected to allow VCEA to provide electric generation service within their respective jurisdictions.

This Implementation Plan describes VCEA’s plans to implement a CCE program for retail electric customers within the jurisdictional boundaries of its Members that currently take bundled electric service from Pacific Gas and Electric Company (PG&E). VCEA’s Program will give electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over the CAISO controlled transmission grid and PG&E’s distribution system. The planned start date for the Program is June 1, 2018 (subject to final review and approval of VCEA’s Governing Board). All current bundled PG&E customers within VCEA’s service area that do not take Direct Access service will receive information describing VCEA’s Program and will have multiple opportunities to express their desire to remain bundled PG&E customers, in which case they will not be enrolled. Thus, participation in VCEA’s Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out. PG&E customers that are Direct Access customers will have the opportunity to opt-in to VCEA, although such accounts will not be automatically enrolled.

Implementation of CCE will enable electric customers within VCEA’s service area to become VCEA customers (“Customers”) and take advantage of opportunities granted by Assembly Bill 117 (AB 117), the Community Choice Aggregation Law. VCEA’s primary objectives in implementing this Program are to deliver to VCEA Customers cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions.

To ensure successful operation of the Program, VCEA will receive assistance from a large, vertically integrated municipal utility already providing utility services to its own customers (“Services Provider”). Following a thorough service provider solicitation process, VCEA selected Sacramento Municipal Utility District (“SMUD”) as the Services Provider to provide comprehensive contract services for VCEA’s Program, including Wholesale Energy Services, customer call center, billing and other back office services, and certain staffing services. Following VCEA Board direction for energy procurement, the Services Provider will establish competitive power procurement processes on behalf of VCEA, and will serve as VCEA’s scheduling coordinator. The VCEA Board is expected to approve the Services Provider contract at its October 12, 2017, Board Meeting.

VCEA’s Implementation Plan reflects a collaborative effort among VCEA, its Members, VCEA Citizens Advisory Committee and members of the public to bring the benefits of competition and choice to residents and businesses within the Member communities. By exercising its legal right to form a CCA Program, VCEA will enable its Customers to access market-based energy products and services including increased clean energy supplies and resultant reductions in GHG emissions. Absent action by VCEA and its individual Members, most customers would have no ability to choose an electric supplier and would remain captive customers of the incumbent utility (PG&E).
The California Public Utilities Code provides the relevant legal authority for VCEA to become a Community Choice Aggregator and imparts the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through VCEA’s Program. The CPUC also has responsibility for registering VCEA as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted by any Community Choice Aggregator at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program to prevent shifting of costs to the remaining bundled customers of PG&E.

Each VCEA Member has adopted an ordinance to implement a CCA program through its participation in VCEA, and each of the Members has adopted a resolution permitting VCEA to provide service within each jurisdiction. With each of these milestones having been accomplished, VCEA now submits this Implementation Plan to the CPUC. Following the CPUC’s certification of its receipt of this Implementation Plan and resolution of any outstanding issues, VCEA will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

After collaborative work by representatives of the Members, independent consultants, VCEA Advisory Committee, local experts and stakeholders, VCEA released a draft Implementation Plan on October 6, 2017, which described the planned organization, governance, and operation of the CCE Program.

On October 12, 2017, VCEA, at a duly noticed public hearing, considered and adopted this Implementation Plan, (a copy of the resolution is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E has approved tariffs for imposition of the cost recovery mechanism.

1.1 Statement of Intent

As required by PU Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation. VCEA hereby certifies that it has/will adopt all of the required principles mandated by laws, including:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

These are individually discussed below.

---

1 Copies of individual ordinances adopted by VCEA’s Members are included within Appendix C.
1.2 Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. The remainder of this Implementation Plan is organized as indicated in the Table of Contents.

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table:

<table>
<thead>
<tr>
<th>AB 117 REQUIREMENT</th>
<th>IMPLEMENTATION PLAN CHAPTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Intent</td>
<td>Chapter 1: Introduction</td>
</tr>
<tr>
<td>Process and consequences of aggregation</td>
<td>Chapter 2: Aggregation Process</td>
</tr>
<tr>
<td>Organizational structure of the program, its operations, and funding</td>
<td>Chapter 3: Organizational Structure</td>
</tr>
<tr>
<td></td>
<td>Chapter 4: Startup Plan and Funding</td>
</tr>
<tr>
<td></td>
<td>Chapter 7: Financial Plan</td>
</tr>
<tr>
<td>Disclosure and due process in setting rates and allocating costs among participants</td>
<td>Chapter 8: Ratesetting</td>
</tr>
<tr>
<td>Ratesetting and other costs to participants</td>
<td>Chapter 8: Ratesetting</td>
</tr>
<tr>
<td></td>
<td>Chapter 9: Customer Rights and Responsibilities</td>
</tr>
<tr>
<td>Participant rights and responsibilities</td>
<td>Chapter 9: Customer Rights and Responsibilities</td>
</tr>
<tr>
<td>Methods for entering and terminating agreements with other entities</td>
<td>Chapter 10: Procurement Process</td>
</tr>
<tr>
<td>Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities</td>
<td>Chapter 10: Procurement Process</td>
</tr>
<tr>
<td>Termination of the program</td>
<td>Chapter 11: Contingency Plan for Program Termination</td>
</tr>
</tbody>
</table>
2 Process and Consequence of Aggregation

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Yolo County began exploring the implementation of a CCE program in the Yolo County Climate Action Plan: A Strategy for Smart Growth Implementation, Greenhouse Gas Reduction, and Adaptation to Global Climate Change (Climate Action Plan) released in 2011. The Climate Action Plan determined a CCE would facilitate the implantation of an aggressive program aimed at increasing the use of renewable energy and proliferation of energy efficiency measures in Yolo County. During the same time period, the City of Davis (“City”), was exploring options to provide local power service to its residents and businesses, including the possible establishment of a CCA program. The County convened a working group in 2012 that included the City and other stakeholders, marking the first organized discussions of forming a multi-party CCE in Yolo County.

In 2015, the City furthered investigating the formation of a CCE Program, pursuant to California state law, with the following objectives: 1) to provide cost-competitive electric services; 2) to reduce greenhouse gas emissions related to the use of electric power within the County; 3) to develop long-term rate stability and energy reliability for residents through local control; and 4) to stimulate and sustain the local economy by developing local jobs in renewable energy. In 2015, Yolo County joined the efforts of the City, and jointly commissioned a technical feasibility study for a CCE Program serving the City and the unincorporated County, which was completed in March 2016. At that time, both the City and the County decided to proceed with formation of a joint powers authority, and in October 2016, the formation of Valley Clean Energy Alliance was completed. The City of Woodland enacted an enabling ordinance in June 2017, and became VCEA’s third Member.

VCEA’s formation represents a culmination of planning efforts by the citizenry of the VCEA Members. VCEA plans to expand the energy choices available to eligible Customers through creation of innovative new programs including: voluntary purchases of renewable energy; net energy metering to promote customer-owned renewable generation; energy efficiency programs; demand response to promote reductions in peak demand; local renewable energy development through a feed-in-tariff and/or targeted local renewable solicitations.

2.1 Process of Aggregation

Within sixty (60) days before customers are enrolled in the Program, prospective customers will receive two written notices in the mail from VCEA that will provide information needed to understand the Program’s terms and conditions of service and explain how customers may opt-out of the Program if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. In accordance with applicable regulations, initial enrollment/opt-out notices will be provided to customers in April 2018, and again in May 2018 in anticipation of a June 1, 2018, launch date.

2 http://www.yolocounty.org/home/showdocument?id=18005
Customers enrolled in VCEA will continue to have their electric meters read and to be billed for electric service by the incumbent distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation and power supply procured by VCEA as well as other charges related to electricity delivery and other utility charges assessed by PG&E.

After service cutover, customers will have approximately sixty (60) days (two billing cycles) to opt-out of VCEA without penalty and return to bundled service with PG&E as mandated by law. VCEA customers will be advised of their opt-out opportunities via the distribution of two additional enrollment notices provided within the first sixty (60) days of service. Additionally, VCEA is considering adoption of a policy that would extend the waiver of termination fees during the first 12-months of service following the June 2018 VCEA launch.

Customers that opt-out between the initial cutover date and the close of the post-enrollment opt-out period will be responsible for their charges for VCEA’s electric service for the time they were served by VCEA, but will not otherwise be subject to any penalty for leaving the Program. Customers that have not opted-out within thirty (30) days of the fourth and final enrollment notice will be deemed to have elected to become participants in VCEA’s Program and to have agreed to VCEA’s Program terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 9.

2.2 Consequences of Aggregation

2.2.1 Rate Impacts

VCEA Customers will pay the generation charges set by VCEA and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to Program terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

VCEA’s rate setting policies described in Chapter 8 establish a goal of providing rates that are competitive with the projected generation rates offered by PG&E. VCEA will establish rates sufficient to recover all costs related to operation of the Program.

VCEA’s rate policies and procedures are detailed in Chapter 8. The VCEA’s Board will establish and approve initial Program rates following Board approval of VCEA’s inaugural program budget, reflecting final costs associated with VCEA’s energy supply. Information regarding initial VCEA Program rates will be disclosed along with other terms and conditions of service in both pre- and post-enrollment notices sent to potential customers.

Once VCEA gives definitive notice to PG&E that it will commence CCE service, VCEA Customers will generally not be responsible for costs associated with PG&E’s future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E’s electric service tariffs, which can be accessed from the utility’s website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers. Such charges may be revised or changed from time to time subject to CPUC proceeding and rulings.
2.2.2 Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by renewable and zero carbon resources. The Program resource plan includes initially procuring renewable energy and non-RPS carbon free energy sufficient to meet a minimum 75% percent carbon free power supply for VCEA enrolled Customers, subject to economic and operational constraints. VCEA Customers may also voluntarily participate in a 100 percent renewable supply option. To the extent that Customers choose VCEA’s 100 percent renewable energy option, the renewable content of VCEA’s aggregate supply portfolio will increase accordingly. Renewable resource procurement targets will be set by the VCEA Board once energy requirements have been finalized prior to VECA launch.

Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, VCEA may consider independent development of new renewable generation resources, subject to considerations such as development costs, regulatory requirements and other concerns. VCEA will emphasize procurement from locally situated renewable energy projects to the greatest extent practicable. VCEA will only consider utilization of PCC-3 RECs to the extent required to manage volumetric risk.

2.2.3 Energy Efficiency Impacts

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by PG&E are not expected to change as a result of VCEA Program implementation. CCE customers will continue to pay public benefits surcharges to PG&E, which will fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for VCEA, as described in Chapter 6, will be in addition to the level of investment that would continue in the absence of VCEA. After launch, VCEA will be evaluating the potential for increased energy savings and further emissions reductions from expanded energy efficiency programs. VCEA eventually intends to apply for administration of requisite program funding from the CPUC to independently administer energy efficiency programs within its jurisdiction.
3 Organizational Structure

This section provides an overview of the organizational structure of VCEA and its proposed implementation of the CCE program. Specifically, the key agreements, governance, management, and organizational functions of VCEA are outlined and discussed below.

3.1 Organizational Overview

VCEA has a governing board that establishes VCEA Program policies and objectives; management and staff that are responsible for operating the VCEA Program in accordance with such policies, and contractors that will provide energy and other specialized services necessary for VCEA Program operations.

3.2 Governance

VCEA is governed by its Board of Directors (“Board”), which includes two appointed designees from each Member jurisdiction. VCEA is a joint powers agency formed in December 2016 under California law. The Members of VCEA currently include the Cities of Davis and Woodland as well as the unincorporated areas of the County, all of which have elected to allow VCEA to provide electric generation service within their respective jurisdictions. VCEA is the CCE entity that will register with the CPUC, and it is responsible for implementing and managing the Program pursuant to VCEA’s Joint Powers Agreement (“JPA Agreement”). The VCEA Board is comprised of representatives appointed by each of the Members in accordance with the JPA Agreement. VCEA will be operated under the direction of an Executive Officer appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board’s primary duties will be to establish Program policies, approve rates and provide policy direction to the Executive Officer, who will have general responsibility for program operations, consistent with the policies established by the Board. The Board has established a Chairman position and other officer positions from among its Members and may establish an Executive Committee and other committees and sub-committees as needed to address issues that require greater expertise in particular areas. VCEA has already established a 9-member Community Advisory Committee to advise and make recommendations. The Board may also form various additional standing and/or ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect VCEA and its customers, including rate-related and power contracting issues, and may provide analytical support and recommendations to the Board.

3.3 Management

The Executive Officer may be an employee of VCEA, an individual under contract with VCEA, a public agency, a private entity, or any other person or organization so designated by the Board. The Board will be responsible for evaluating and managing the Executive Officer’s performance. The Executive Officer will have management responsibilities over the functional areas of resource planning, electric supply, local energy programs, finance and rates, customer services and regulatory affairs. In performing his or her obligations to VCEA, the Executive Officer may utilize a combination of internal staff and/or contractors. Initially, VCEA will be staffed minimally with its own employees, supplemented with staff of the Service Provider. This includes all specialized functions needed for Program operations, including the electric supply and customer account management functions described below.
Major functions of VCEA that will be managed by the Executive Officer are summarized below.

### 3.4 Resource Planning

VCEA must plan for meeting the electricity needs of its Customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. The Executive Officer will oversee development of long term resource plans under the policy guidance provided by the Board and in compliance with California law and other requirements of California regulatory bodies.

Long-term resource planning includes load forecasting and supply planning on a ten- to twenty-year time horizon. VCEA will develop integrated resource plans that meet program supply objectives and balance cost, risk, and environmental considerations. Such integrated resource plans will also conform to applicable requirements imposed by the State of California. Integrated resource planning efforts of VCEA will consider increasing demand side energy efficiency, distributed generation and demand response programs, long-term renewable energy supply with an emphasis on economic local renewable development, and other supply options available to achieve clean energy goals. Resource plans will be updated and adopted by the Board as required by law and/or regulation.

### 3.5 Electric Supply Operations

Electric supply operations encompass activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- **Electricity Procurement** – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- **Risk Management** – application of standard industry techniques to reduce exposure to energy and credit markets volatility and insulate Customer rates from sudden and significant changes in wholesale market prices.
- **Load Forecasting** – develop accurate load forecasts, both long-term for resource planning and short-term for electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- **Scheduling Coordination** – scheduling and settling electric supply transactions with the CAISO.
- **Wholesale Energy Settlements** – managing settlement quality metering data and coordinating wholesale energy settlements and payment for loads and resources.

As part of the Wholesale Energy Services provided by contract, the Services Provider will use its experience and credit support for procurement of energy supply. The Services Provider will be executing most of the energy supply agreements in its name, utilizing its credit for such procurements. The Services Provider will perform all electric supply operations for VCEA. This includes procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading. Included in the Wholesale Energy Services will be reporting on commodity risk exposure to VCEA.

Any long-term energy arrangements and generation project(s) development will be managed by VCEA.
3.6 Local Energy Programs

A key focus of VCEA in its integrated resource planning efforts will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs and other energy programs responsive to community interests. The Executive Officer will be responsible for further development of these programs, as these are likely to be implemented on a phased basis during the first several years of CCE operations.

VCEA will investigate administering energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-side resources while simultaneously supporting the local economy. VCEA will also evaluate the consolidation of existing demand side programs into its CCE organization and thus leveraging the structure to expand energy efficiency offerings to customers throughout its service territory, and may apply to the CPUC for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by VCEA Customers.

3.7 Finance and Rates

The Executive Officer will be responsible for managing the financial affairs of VCEA, including the development of annual budgets, revenue requirements, and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial business needs.

The Board has the ultimate responsibility for approving electric generation rates for VCEA Customers. The Executive Officer, in cooperation with staff and appropriate advisors, contractors, consultants and committees of the Board will be responsible for developing proposed rates and options for the Board to consider before finalization. Approved and adopted rates must, at a minimum, meet the annual budgetary revenue requirement developed by the Executive Officer, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants and/or other agreements. The Board will have the flexibility to consider rate adjustments within certain ranges, provided that the overall revenue requirement is achieved. VCEA will administer a standardized set of electric rates and may offer optional rates to encourage policy goals such as economic development or low income subsidy programs.

VCEA may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with a greater range of power options than currently available.

VCEA’s finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of VCEA’s Program. The finance function will play an important role in risk management by monitoring commodity risk exposure reported by the Services Provider. In the event that changes in a particular energy supplier’s financial condition and/or credit rating are identified, VCEA will work with the Services Provider to take appropriate remedial action(s), as may be provided for in the respective electric supply agreement. The finance function establishes general credit policies that the VCEA Program must follow.
3.8 Communications and Customer Services

The customer services function includes general Program marketing and communications as well as direct Customer interface ranging from management of key account relationships to call center and billing operations. VCEA will conduct Program marketing to raise consumer awareness of VCEA’s Program and to establish VCEA’s “brand” in the minds of the public, with the goal of retaining and attracting as many customers as possible into VCEA’s Program. Communications will also be directed at key policy-makers at the state and local levels, community business and opinion leaders, and the general media.

In addition to general Program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance VCEA’s ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. VCEA will utilize the Services Provider’s existing customer call center to field customer inquiries and handle routine interactions with customers.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through PG&E’s (the distribution utility) billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and VCEA, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with VCEA credit policies.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. VCEA’s Services Provider has demonstrated the necessary experience and administers appropriate computer systems (customer information system), to perform the customer account and billing services functions.

3.9 Legal and Regulatory Representation

VCEA will require ongoing regulatory representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California’s Renewables Portfolio Standard ("RPS"), and overall representation on issues that may impact VCEA, its Members, and customers. VCEA will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission, and will rely on staff and/or contracted legal services to coordinate and make required regulatory filings.

VCEA will retain outside legal services for its General Counsel function and, as necessary, special counsel to administer VCEA, review contracts, and provide regulatory legal support related to activities of VCEA’s Program.
4 Startup Plan and Funding

This Chapter presents VCEA’s plans for the start-up period, including the necessary expenses and capital outlays, which will commence once the CPUC certifies its receipt of this Implementation Plan. As described in the previous Chapter, VCEA may utilize a mix of staff and contractors in its CCE Program implementation.

4.1 Startup Activities

Initial program startup activities include the following:

- Determining staffing levels to be provided by VCEA directly or to be supplied by Services Provider to manage implementation
- Identifying qualified energy suppliers and negotiating supplier contracts
- Scheduling coordinator activities
- Establishing data management processes
- Defining and execution of prescribed communications plan
- Customer research/information gathering
- Media campaign
- Key customer/stakeholder outreach
- Informational materials and customer notices
- Customer call center
- Posting of CCE bond and complete requisite registration requirements
- Paying utility service initiation, notification, and switching fees
- Performing customer notification, opt-out and transfers
- Conducting load forecasting
- Establishing rates
- Legal and regulatory support
- Financial management and reporting

4.2 Staffing and Contract Services

VCEA staff and/or contractors will be added incrementally to match workloads as necessary for activities needed during the pre-operations period. During the start-up period, the minimal VCEA staffing required will include an Executive Officer, an executive assistant/board clerk, marketing manager and other personnel/consultants needed to support program operations including regulatory and government affairs, procurement, finance, legal, account services, and communications activities. Other staff will be provided by the Services Provider.

For budgetary purposes, it is assumed that four to six full-time VCEA staff as well as supporting contract professional services would be engaged during the initial start-up period. Following this period, additional staff and/or contractors will likely be retained to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.
4.3 Capital Requirements

The start-up of the CCE Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Each of these functions and associated capital requirements are discussed below. The finance plan in Chapter 7 provides a more detailed discussion of capital requirements and Program finances.

Staffing and contractor costs during start-up and pre-startup activities are estimated to be approximately $1.5 million, including direct costs related to public relations support, technical support, and customer communications. Actual costs may vary depending on how VCEA manages its start-up activities and the degree to which additional contractor support may be needed above that estimated.

Requisite deposits and reserves of VCEA’s Program are estimated at $935,000 and include the following items:

1) Operating reserves to meet power supplier requirements - $800,000 for the first year of operation;
2) CCE bond (posted with the CPUC) - $100,000; and
3) PG&E service fee deposit - $35,000;
4) A major vendor will be serving as VCEA’s scheduling coordinator, and in turn, such vendor’s existing CAISO deposit are estimated as sufficient to cover VCEA’s load within the balancing authority.

Operating revenues from sales of electricity will be remitted to VCEA beginning approximately sixty (60) days after initial Customer enrollments. This lag is due to the distribution utility’s standard thirty (30) day meter reading cycle coupled with a thirty (30) day payment/collections cycle. VCEA will need working capital to support electricity procurement and costs related to Program management, which will be included in the financing program associated with start-up funding. As discussed in Chapter 7, the initial working capital requirement is estimated at $4.5 million.

Therefore, the total staffing and contractor costs, applicable deposits and working capital costs are expected to be approximately $6.9 million. These are costs that ultimately will be collected through VCEA Program rates; however, some of these costs will be incurred prior to VCEA selling its first kWh of electricity and will require financing.

4.4 Financing Plan

Program start-up funding will come from a combination of sources. The three existing Members have provided loans totaling $1.5 million, and are providing loaned staff and contract services to be repaid after program launch. The Services Provider has also agreed to deferral of payment until after program launch. Remaining capital needs to support energy procurement, and any additional credit needs will be provided via a bank credit facility that can be drawn upon as needed.

VCEA will make repayments (including interest) to the Members and the Services Provider over a three-to-five year term starting after Program cash flows are positive. The repayment of start-up costs will be included in retail generation rates charged to VCEA Customers.
5 Program Phase-In

VCEA will enroll all Customers within its initial jurisdiction in one phase. VCEA will offer its default service to all eligible PG&E bundled electric customers. VCEA will not enroll non-bundled electric customers in its jurisdiction, although those customers may elect to take service with VCEA.

Given the relatively small size of VCEA as compared to other PG&E jurisdictional CCAs, VCEA will be able to fully capture the available economies of scale in its initial launch by enrolling its entire Customer base across a single month. The state of the CCA industry and service providers has matured since 2010, reducing the risks at the point of initial enrollment.

As noted in Chapter 1, VCEA will begin cutting over Customers on June 1, 2018. Eligible Customers will begin VCEA service upon their meter-read date following the June 1, 2018, Program commencement. After full enrollment, service will have been offered to approximately 64,500 accounts, totaling 780 GWh of annual energy sales.
6 Load Forecast and Resource Plan

This Chapter describes the planned mix of electric resources and demand reduction programs that over time will meet the energy consumption of VCEA’s Customers by planning a highly clean, renewable, diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. Initially, these key policies include:

- VCEA will seek to increase use of clean energy resources with a combination of renewable and non-RPS carbon-free energy to reduce reliance on fossil-fueled electric generation.
- VCEA will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.

Longer term, VCEA policies, which will be implemented through its integrated resource planning process, will include:

- VCEA will help Customers reduce energy costs through investment in, and administration of, enhanced customer energy efficiency, distributed generation, and other demand reducing programs.
- VCEA will benefit the area’s economy through investment in local renewable and distributed energy projects and enhanced energy efficiency programs.

The resource plan includes initially procuring renewable energy and non-RPS carbon free energy sufficient to meet a minimum 75% percent carbon free power supply for VCEA enrolled Customers. The clean resource part of the portfolio initially will include qualifying renewables at a level of 35% of supply for retail load. As VCEA’s Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic/environmental goals of VCEA’s Program to achieve increased renewable energy content over time. VCEA’s commitment to renewable generation adoption may involve direct investment in new renewable generating resources, partnerships with experienced public power developers/operators and purchases of renewable energy from third party suppliers.

VCEA will seek to supply the Program with local renewable resources to the greatest extent technically and economically practical. Specific objectives will be identified during ongoing resource planning activities and Board policy decisions.

VCEA will also establish ambitious targets for improving Customer side energy efficiency. The plan for accomplishing this includes:

- Initially procuring energy needed to offer two generation rate tariffs: 1) 100 percent renewable (voluntary product) and 2) minimum 75 percent carbon free (default product) with a 35% qualifying renewable energy content
- Continuing to increase renewable energy supplies over time, subject to resource availability and economic viability
- Administering Customer programs to reduce per customer net electricity purchases
- Encouraging distributed renewable generation in the local area through the offering of: a net energy metering tariff; a standardized power purchase agreement and/or feed-in tariff; and, other creative, customer-focused programs targeting increased access to local renewable energy sources.
VCEA will be responsible for complying with regulatory rules applicable to California load serving entities. VCEA will arrange for the scheduling of sufficient electric supplies to meet the hour-by-hour demands of its Customers. VCEA will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve VCEA’s Customers, even in the unlikely instance that VCEA’s Program ceased operations and Customers returned to PG&E. In addition, VCEA will be responsible for ensuring that its resource mix contains sufficient renewable energy resources to comply with the California RPS (33 percent renewable energy by 2020, increasing to 50 percent by 2030). VCEA’s resource plan will meet or exceed all applicable regulatory requirements related to resource adequacy and RPS.

6.1 Resource Plan Overview

To meet the aforementioned objectives and satisfy applicable regulatory requirements pertaining to VCEA’s status as a California load serving entity, VCEA’s resource plan will include a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation, to be developed as part of VCEA’s Integrated Resource Planning process. A diversified resource plan reduces risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of VCEA’s resource plan is to minimize Customer energy consumption and maximize use of renewable resources, particularly local resources, subject to economic and operational constraints. The planned power supply is initially to be comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by VCEA.

Once VCEA’s Program demonstrates successful operations, VCEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. VCEA will assess direct ownership of renewables or procurement of renewables through power purchase agreements achieves these objectives. Market conditions, availability of tax incentives for renewable energy development, and VCEA credit rating will be contributing factors to the own versus purchase decision for renewables.

VCEA’s resource plan will integrate supply-side resources with programs that will help Customers reduce energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, VCEA will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that cost-effectively displace supply-side resources.

6.2 Supply Requirements

The starting point for VCEA’s resource plan is a projection of participating Customers and associated electric consumption patterns. Projected electric consumption is usually evaluated on an hourly basis, and then matched with resources best suited to serving the aggregate of such hourly demands or the program’s "load profile." The electric sales forecast and load profile will be affected by VCEA’s plan to introduce the VCEA CCE Program to customers and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. VCEA’s roll-out plan and assumptions regarding customer participation rates are discussed below.
6.3 Customer Participation Rates

Customers will be automatically enrolled in VCEA’s Program unless they opt-out during the customer notification process conducted during the sixty (60) day period prior to enrollment and continuing through the sixty (60) day period following commencement of Program service. VCEA estimates an overall Customer participation rate of approximately 90 percent of PG&E bundled service customers on a load basis, conservatively based on reported opt-out rates for the MCE Clean Energy, Sonoma Clean Power, Peninsula Clean Energy, Silicon Valley Clean Energy, and CleanPowerSF CCA programs, along with consideration of the large number of commercial customers and large agricultural load existing in Member jurisdictions. It is assumed that customers already taking Direct Access service from a competitive electricity provider will elect to remain with their current supplier. Assumed participation rates will be refined as VCEA’s public outreach and market research efforts continue to develop.

6.4 Customer Forecast

Customers not opting to remain with PG&E will be switched over to VCEA Program service on their regularly scheduled meter read dates over an approximately thirty (30) day period. Approximately 2,150 service accounts per day will be switched over during the service start month. The number of accounts estimated to be served by VCEA in each Customer class is shown in the table below.

<table>
<thead>
<tr>
<th>Customer Accounts</th>
<th>Number of Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>42,773</td>
</tr>
<tr>
<td>Low Income Residential</td>
<td>13,311</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,984</td>
</tr>
<tr>
<td>Small Commercial</td>
<td>5,090</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>476</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>221</td>
</tr>
<tr>
<td>Industrial</td>
<td>7</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>659</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>64,521</strong></td>
</tr>
</tbody>
</table>

VCEA assumes that Customer growth will generally offset Customer attrition (opt-outs) over time, resulting in a relatively stable Customer base (1% annual growth) over the noted planning horizon. While the successful operating track record of existing California CCA programs continues to grow, there is nonetheless a relatively short history with regard to CCA operations, which makes it more difficult to anticipate actual levels of customer participation within VCEA’s Program. VCEA believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Yolo County and the potential for continuing Customer opt-outs following mandatory customer notification periods. The preliminary forecast of service accounts (Customers) served by VCEA for each of the next ten years is shown in the Table 3 below:
Valley Clean Energy Alliance
Implementation Plan and Statement of Intent

Table 3. VCEA Customer Count Forecast, 2018 - 2027

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income residential</td>
<td>13,311</td>
<td>13,481</td>
<td>13,654</td>
<td>13,829</td>
<td>14,006</td>
<td>14,185</td>
<td>14,367</td>
<td>14,550</td>
<td>14,737</td>
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<td>Agriculture</td>
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<td>1,990</td>
<td>1,992</td>
<td>1,994</td>
<td>1,996</td>
<td>1,998</td>
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<td>2,002</td>
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<tr>
<td>Small Commercial</td>
<td>5,090</td>
<td>5,095</td>
<td>5,100</td>
<td>5,105</td>
<td>5,110</td>
<td>5,116</td>
<td>5,121</td>
<td>5,126</td>
<td>5,131</td>
<td>5,136</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>476</td>
<td>476</td>
<td>477</td>
<td>477</td>
<td>478</td>
<td>478</td>
<td>479</td>
<td>479</td>
<td>480</td>
<td>480</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>221</td>
<td>221</td>
<td>221</td>
<td>222</td>
<td>222</td>
<td>222</td>
<td>222</td>
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<tr>
<td>Industrial</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
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<td>7</td>
<td>7</td>
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<td>7</td>
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<tr>
<td>Street Lighting</td>
<td>659</td>
<td>660</td>
<td>660</td>
<td>661</td>
<td>662</td>
<td>662</td>
<td>663</td>
<td>664</td>
<td>664</td>
<td>665</td>
</tr>
<tr>
<td>Total</td>
<td>64,521</td>
<td>65,247</td>
<td>65,983</td>
<td>66,728</td>
<td>67,482</td>
<td>68,246</td>
<td>69,019</td>
<td>69,802</td>
<td>70,596</td>
<td>71,399</td>
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</tbody>
</table>

Table 4. VCEA Customer Class Load Forecast (kWh), 2018 - 2027

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income residential</td>
<td>46,443</td>
<td>78,400</td>
<td>78,717</td>
<td>79,027</td>
<td>79,660</td>
<td>80,297</td>
<td>80,939</td>
<td>81,587</td>
<td>82,240</td>
<td>82,897</td>
</tr>
<tr>
<td>Agriculture</td>
<td>66,503</td>
<td>112,303</td>
<td>112,597</td>
<td>113,178</td>
<td>114,083</td>
<td>114,996</td>
<td>115,916</td>
<td>116,843</td>
<td>117,778</td>
<td>118,720</td>
</tr>
<tr>
<td>Small Commercial</td>
<td>53,205</td>
<td>89,815</td>
<td>91,227</td>
<td>91,623</td>
<td>92,010</td>
<td>92,466</td>
<td>92,843</td>
<td>93,220</td>
<td>93,607</td>
<td>94,000</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>60,029</td>
<td>101,332</td>
<td>101,773</td>
<td>102,156</td>
<td>102,973</td>
<td>103,797</td>
<td>104,627</td>
<td>105,464</td>
<td>106,308</td>
<td>107,158</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>54,045</td>
<td>91,227</td>
<td>91,623</td>
<td>91,954</td>
<td>92,690</td>
<td>93,431</td>
<td>94,179</td>
<td>94,932</td>
<td>95,692</td>
<td>96,457</td>
</tr>
<tr>
<td>Industrial</td>
<td>33,844</td>
<td>57,129</td>
<td>57,377</td>
<td>57,584</td>
<td>58,045</td>
<td>58,509</td>
<td>58,977</td>
<td>59,449</td>
<td>59,805</td>
<td>60,004</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>2,885</td>
<td>4,868</td>
<td>4,893</td>
<td>4,912</td>
<td>4,952</td>
<td>4,991</td>
<td>5,031</td>
<td>5,071</td>
<td>5,112</td>
<td>5,153</td>
</tr>
<tr>
<td>Total Retail Load (MWh)</td>
<td>462,344</td>
<td>780,503</td>
<td>783,625</td>
<td>786,759</td>
<td>793,053</td>
<td>799,398</td>
<td>805,793</td>
<td>812,239</td>
<td>818,737</td>
<td>825,287</td>
</tr>
<tr>
<td>Distribution Losses (MWh)</td>
<td>27,741</td>
<td>46,830</td>
<td>47,017</td>
<td>47,206</td>
<td>47,583</td>
<td>47,964</td>
<td>48,348</td>
<td>48,734</td>
<td>49,124</td>
<td>49,517</td>
</tr>
<tr>
<td>Total Wholesale Load (MWh)</td>
<td>490,085</td>
<td>827,333</td>
<td>830,642</td>
<td>833,965</td>
<td>840,636</td>
<td>847,361</td>
<td>854,140</td>
<td>860,973</td>
<td>867,861</td>
<td>874,804</td>
</tr>
</tbody>
</table>

6.5 Capacity Requirements

The CPUC’s resource adequacy standards applicable to VCEA’s Program require a demonstration one year in advance that VCEA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, VCEA must demonstrate capability to meet 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of VCEA’s capacity requirements must be procured locally, as defined by the CAISO. VCEA will be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total PG&E service area local capacity requirements adopted by the CPUC based on VCEA’s forecasted peak load. VCEA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

VCEA is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC’s and CAISO’s flexible resource adequacy framework.
The estimated Program forward resource adequacy requirements for the first full year of operation after the phase-in month are shown in the following table):

**Table 5. Monthly Capacity Requirements (Including Reserves), 2018 - 2019**

<table>
<thead>
<tr>
<th>Month</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>117</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>153</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>149</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>256</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>282</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>265</td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>249</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>170</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>123</td>
<td></td>
</tr>
</tbody>
</table>

Local capacity requirements are a function of the PG&E area resource adequacy requirements and VCEA's projected peak demand. VCEA will need to work with the CPUC’s Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate VCEA’s monthly local capacity requirement.

Due to the timing of Customer enrollment, VCEA will not receive a 2018 local capacity requirement from the CPUC. The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year. Therefore, because of VCEA’s intent to launch until June 01, 2018, VCEA will not have an official local capacity requirement until the compliance month of July 2018.

VCEA will coordinate with PG&E, CAISO, and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to VCEA during Program phase-in. For system resource adequacy requirements, VCEA will make month-ahead showings for each month that VCEA plans to serve load, and any load migration issues will be addressed through the CPUC’s approved procedures. VCEA will work with the California Energy Commission and CPUC prior to commencing service to Customers to ensure it meets its local, flexible and system resource adequacy obligations through procurement of additional resource adequacy to be attained by its Services Provider.

---

3 The figures shown in the table are estimates. VCEA’s resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC’s resource adequacy compliance process.
6.6 Renewable Portfolio Standards Requirements and Clean Energy Portfolio Content

6.6.1 Minimum RPS Requirements

As a CCE, VCEA will be required by law and applicable CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining VCEA’s renewable energy requirements, the same standards for RPS compliance that are applicable to incumbent distribution utilities are assumed to apply to VCEA.

On October 7, 2015, Governor Brown signed Senate Bill 350 ("SB 350"; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which established California’s RPS procurement target of 50 percent by 2030. For RPS planning, VCEA will adhere to the CPUC’s direction in D.16-12-040. VCEA will monitor the progress of the current proposed bill, SB 100, which would accelerate the 50 percent requirement from 2030 to 2026, and would establish a 60 percent target in 2030.

6.6.2 VCEA’s Renewables Portfolio Standards Requirement

VCEA’s annual RPS procurement requirements, as specified under California’s RPS program, are shown in the table below.

<table>
<thead>
<tr>
<th>Table 6. Annual RPS Mandated Requirements, 2018 - 2027</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Retail Sales (MWh)</td>
</tr>
<tr>
<td>Annual Procurement Target (MWh)</td>
</tr>
<tr>
<td>RPS % of Current Year Retail Sales</td>
</tr>
</tbody>
</table>

6.6.3 VCEA’s Targeted Initial Renewable and Carbon Free Supply Portfolio

Initially, VCEA’s resource portfolio will target a 75% carbon free portfolio content, comprised of renewable supplies exceeding the minimum RPS requirements during the first five years of Program operation, supplemented with non-RPS carbon free resources to equal a 75% carbon free supply content. Over time, and through VCEA’s Integrated Resource Planning process, VCEA anticipates adopting a resource strategy that will increase reliance on renewables in the supply portfolio in quantities greater than indicated in the initial supply plan. Power purchased in compliance with CA Renewable Portfolio Standards will come mainly from PCC1 and, to a lesser degree, PCC2 resources. VCEA will only consider utilization of PCC-3 RECs to the extent required to manage volumetric risk.

Table 7 below shows the combined renewable and non-RPS carbon free content of VCEA’s initial resource supply plan.
Table 7. Annual RPS Mandated Requirements and Voluntary Procurement, 2018 - 2027

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales (MWh)</td>
<td>462,344</td>
<td>780,503</td>
<td>783,625</td>
<td>786,759</td>
<td>789,906</td>
<td>793,066</td>
<td>796,239</td>
<td>799,424</td>
<td>802,622</td>
<td>805,832</td>
</tr>
<tr>
<td>Annual RPS Target (Minimum MWh)</td>
<td>134,080</td>
<td>241,956</td>
<td>258,596</td>
<td>273,792</td>
<td>288,316</td>
<td>303,744</td>
<td>318,496</td>
<td>333,360</td>
<td>347,535</td>
<td>362,264</td>
</tr>
<tr>
<td>Program Target (% of Retail Sales)</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
<td>37%</td>
<td>38%</td>
<td>40%</td>
<td>42%</td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>Program Renewable Target (MWh)</td>
<td>161,520</td>
<td>273,176</td>
<td>274,269</td>
<td>275,366</td>
<td>288,316</td>
<td>303,744</td>
<td>318,496</td>
<td>333,360</td>
<td>347,535</td>
<td>362,264</td>
</tr>
<tr>
<td>Surplus In Excess of RPS (MWh)</td>
<td>27,740</td>
<td>31,220</td>
<td>15,673</td>
<td>1,574</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-RPS Clean (% of Retail Sales)</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>39%</td>
<td>37%</td>
<td>35%</td>
<td>33%</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>Non-RPS Clean (MWh)</td>
<td>184,938</td>
<td>312,201</td>
<td>313,450</td>
<td>314,704</td>
<td>308,063</td>
<td>293,343</td>
<td>278,684</td>
<td>263,810</td>
<td>256,839</td>
<td>241,750</td>
</tr>
<tr>
<td>Total Clean (% of Retail Sales)</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

6.7 Purchased Power

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of VCEA Program operation. VCEA will initially have its Services Provider contract to obtain all of its electricity from one or more third-party wholesale power vendors under one or more power supply agreements, to procure the specified resource mix, including VCEA’s desired quantities of renewable and non-RPS carbon free energy to provide a stable and cost-effective resource portfolio for the Program.

6.8 Renewable Resource Supply

VCEA’s Services Provider will initially secure necessary renewable power supply from third-party wholesale power supplier(s). VCEA may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by VCEA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by VCEA, or from unsolicited proposals or discussions with other agencies. Renewable projects located within the Western Interconnection may be considered (with a preference for local projects) as long as the power is deliverable to the CAISO control area, as required, to meet the CPUC’s RPS rules and any additional guidelines ultimately adopted by VCEA’s Board of Directors. The costs of transmission access and risks of transmission congestion would need to be considered in the bid evaluation process if a proposed delivery point is outside of VCEA’s load zone, as defined by the CAISO.

6.9 Distributed Energy Resources

VCEA has a strong preference to support the development and deployment of distributed energy resources within its service territory.

Consistent with the California’s Energy Action Plan, clean distributed generation is a significant component of the Integrated Resource Plan. VCEA will work with state agencies and PG&E to promote deployment of photovoltaic (PV) systems within VCEA’s jurisdiction, with the goal of maximizing use of available incentives funded through current utility distribution rates and public benefits surcharges. VCEA will also implement a net energy metering program and will consider developing a feed-in-tariff or other procurement mechanism to promote local investment in distributed generation.
VCEA will explore unique opportunities for energy efficiency within its service territory, potentially partnering with local institutions like the University of California, Davis. As VCEA develops its long term portfolio, energy efficiency has the potential to offset future investments in new generation. Along with other sectors within its service territory, VCEA will seek opportunities to assist its agriculture Customers with energy savings opportunities.

VCEA will also explore opportunities to help spur investment in clean transportation options for customers in its service territory.

All of these options will be considered in the ongoing development of VCEA’s resource plan through the Integrated Resource Planning process.
7  Financial Plan

This Chapter examines the monthly cash flows projected during start-up and Customer phase-in period of VCEA’s Program and further identifies anticipated financing requirements including program start-up costs and capital outlays which will commence once the CPUC has received and certified the Implementation Plan submitted by VCEA. This section also describes the requirements for working capital and long-term financing for potential investments in renewable generation, consistent with the resource plan contained in Chapter 6.

7.1 Cost of CCE Program Operations

The first category of cash flow analysis is the cost of CCE Program operations. To estimate the overall costs associated with CCE Program operations, the following components were evaluated:

- Electricity Procurement;
- Ancillary Service Requirements;
- Provision for Line Loss;
- Exit Fees;
- Call Center and Data Management Costs;
- Wholesale Energy Services Costs
- Staffing and Professional Services;
- Administrative Overhead;
- Billing Costs;
- CCA Bond and Security Deposits;
- Pre-Startup Cost Reimbursement; and
- Debt Service.

7.2 Revenues from CCE Program Operations

The cash flow analysis also provides estimates for revenues generated from CCE operations, primarily from electricity sales to customers. In determining revenue levels, the analysis assumes the Customer phase-in schedule described herein and further assumes VCEA implements a standard, default electricity tariff similar to the generation rates of the existing distribution utility for each Customer class and an optional 100% renewable energy tariff at a premium reflective of incremental renewable power costs. VCEA Program rates are assumed to escalate from 1-2% annually, similar to PG&E rate projections net of changes to the PCIA. More detail on VCEA Program rates can be found in Chapter 8. Revenues are adjusted for an assumed opt-out rate of 10% and provisions for uncollectible accounts.

7.3 Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for VCEA to move through the CCE start-up and phase-in periods. This estimated level of capital was determined by examining the monthly cumulative net cash flows (revenues minus costs of CCE operations) based on assumptions for payment of costs and/or other cash requirements (e.g., deposits) by VCEA, along with lag estimates for when customer payments will be received. This identifies, on a monthly basis, what level of net cash flow is available.
The cash flow analysis identifies funding requirements acknowledging the likely lag between payments received and payments made during the phase-in period. The estimated working capital need is approximately $4.5 million. Working capital requirements peak soon after Program launch.

### 7.4 CCE Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to move VCEA through full CCE phase-in, a summary pro forma analysis that evaluates the financial performance of the Program during the phase-in period is shown below. The difference between the cash flow analysis and the pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which Program service occurs. All other items, such as costs associated with Program operations and rates charged to customers remain the same. Cash provided by financing activities is not shown in the pro forma analysis, although payments for debt service are included.

The results of the pro forma analysis are shown in the following table. Under these assumptions, the CCE Program is projected to accrue a reserve account balance of approximately $66.3 million by the end of 2027. The following Summary of CCA Program Start-up and Initial Operation details projected VCEA Program operations for the period beginning January 2018 through December 2027.

#### Table 8. Summary of CCA Program Start-up and Initial Operation (2018-2027)  

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts</td>
<td>-</td>
<td>64,521</td>
<td>65,239</td>
<td>65,966</td>
<td>66,702</td>
<td>67,448</td>
<td>68,203</td>
<td>68,968</td>
<td>69,743</td>
<td>70,528</td>
<td>71,323</td>
</tr>
<tr>
<td>Load (MWh)</td>
<td>-</td>
<td>462,944</td>
<td>780,503</td>
<td>783,625</td>
<td>786,759</td>
<td>793,053</td>
<td>799,398</td>
<td>805,793</td>
<td>812,239</td>
<td>818,737</td>
<td>825,287</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td>-</td>
<td>$33,039</td>
<td>$53,384</td>
<td>$53,755</td>
<td>$54,008</td>
<td>$54,864</td>
<td>$55,979</td>
<td>$56,991</td>
<td>$58,021</td>
<td>$59,070</td>
</tr>
<tr>
<td>Power Costs</td>
<td></td>
<td>-</td>
<td>$25,251</td>
<td>$39,322</td>
<td>$41,081</td>
<td>$42,798</td>
<td>$43,572</td>
<td>$44,360</td>
<td>$45,162</td>
<td>$45,978</td>
<td>$46,809</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>$1,031</td>
<td>$4,375</td>
<td>$4,568</td>
<td>$4,892</td>
<td>$4,887</td>
<td>$4,898</td>
<td>$5,012</td>
<td>$5,128</td>
<td>$5,247</td>
<td>$5,369</td>
<td>$5,494</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$[1,031]</td>
<td>$3,414</td>
<td>$9,494</td>
<td>$7,991</td>
<td>$6,422</td>
<td>$6,514</td>
<td>$6,607</td>
<td>$6,701</td>
<td>$6,796</td>
<td>$6,892</td>
<td>$6,988</td>
</tr>
<tr>
<td>Interest Income [Expense]</td>
<td>$[11]</td>
<td>$[64]</td>
<td>$[4]</td>
<td>$110</td>
<td>$210</td>
<td>$280</td>
<td>$336</td>
<td>$394</td>
<td>$454</td>
<td>$514</td>
<td>$577</td>
</tr>
<tr>
<td>Net Income</td>
<td>$[1,042]</td>
<td>$3,350</td>
<td>$9,490</td>
<td>$8,102</td>
<td>$6,632</td>
<td>$6,794</td>
<td>$6,944</td>
<td>$7,095</td>
<td>$7,250</td>
<td>$7,406</td>
<td>$7,565</td>
</tr>
<tr>
<td>Reserves</td>
<td>-</td>
<td>$1,231</td>
<td>$9,806</td>
<td>$17,509</td>
<td>$25,886</td>
<td>$32,247</td>
<td>$38,755</td>
<td>$45,142</td>
<td>$52,219</td>
<td>$59,179</td>
<td>$66,295</td>
</tr>
</tbody>
</table>

The surpluses achieved during the phase-in period serve to help build VCEA’s net cash position and credit profile and to provide operating reserves for VCEA in the event that operating costs (such as power purchase costs) may deviate from collected revenues for short periods of time.

### 7.5 VCEA Financings

It is anticipated that a single financing will be necessary to support VCEA Program implementation and initial working capital. Subsequent capital requirements are intended to be self-funded from VCEA’s accrued financial reserves.

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4 Costs projected for operating and financing include staffing, consultants, and materials needed for energy procurement, customer service, data management, marketing, accounting, finance, legal and regulatory activities.
7.6 VCEA Program Start-up and Working Capital

As previously discussed, the anticipated start-up, working capital requirements, and dollar reserves for VCEA’s Program total $6.9 million. This amount is dependent upon the amount of load initially served by VCEA, actual energy procurement prices, payment terms established with third-party suppliers, and Program retail rates. This figure will be further refined during the start-up period as these variables become known. Once VCEA’s Program is up and running, these costs will be recovered from Program Customers through established retail electric generation rates.

It is assumed that this financing will be derived via a short term working capital loan and/or letter of credit, which would allow VCEA to draw cash as necessary. This financing/credit arrangement will need to be secured prior to launch.

7.7 Renewable Resource Project Financing

VCEA may consider project financings for renewable resources, likely local wind, solar, biomass and/or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful VCEA Program operation and after appropriate project opportunities are identified and subjected to economic and environmental reviews. VCEA’s ability to directly finance projects will likely require a track record of five to ten years of successful Program operations demonstrating strong underlying credit to support specific project financing. Any direct project financing undertaken by VCEA is not expected to occur sooner than 2022.

In the event that such financing occurs, funds would include any short-term financing for the given renewable resource project development costs, and would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail Customers of VCEA.

7.8 VCEA Program Financing Summary

The following table summarizes the potential financings in support of VCEA Program:

<table>
<thead>
<tr>
<th>Proposed Financing</th>
<th>Estimated Amount</th>
<th>Estimated Term</th>
<th>Estimated Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Start-Up (Members)</td>
<td>$1.5 million</td>
<td>3 years</td>
<td>Issued</td>
</tr>
<tr>
<td>2. Start-Up (Deferred Payments)</td>
<td>$3.0 million</td>
<td>3 years</td>
<td>In Progress</td>
</tr>
<tr>
<td>3. Start-Up (Bank)</td>
<td>$5.0 million</td>
<td>3 years</td>
<td>Q2 2018</td>
</tr>
<tr>
<td>4. Phase 1 Working Capital</td>
<td>$TBD</td>
<td>5 years</td>
<td>Q2 2018, if needed</td>
</tr>
<tr>
<td>5. Potential Renewable Resource Project Financings</td>
<td>$TBD</td>
<td>20-30 years</td>
<td>TBD</td>
</tr>
</tbody>
</table>
8 Ratesetting and Program Terms and Conditions

This Chapter describes the initial policies proposed for VCEA in setting rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the Board. The Board would retain authority to modify program policies from time to time at its discretion.

8.1 Rate Policies

VCEA will establish rates sufficient to recover all costs of VCEA’s Program, including any reserves that may be required as a condition of financing and/or other discretionary reserve funds that may be directed by the Board. As a general policy, generation rates will be uniform for all similarly situated Customers throughout the service area and enrolled in VCEA’s Program.

The primary objectives of VCEA’s rate setting plan are to achieve the following:

- 100 percent renewable energy supply step-up option (voluntary service offering);
- Rate competitive tariff option (default service offering) with minimum 35% of qualifying renewables and a balance of non-RPS clean energy for a total 75% carbon free content, comprised of renewable and non-RPS carbon free energy;
- Rate stability;
- Equity among Customers within each applicable tariff;
- Customer ease of understanding;
- Revenue sufficiency;
- Thoughtfully crafted rate design;
- Competitive net energy metering rates; and
- Transparency and due process in rate setting.

Each of these objectives is described below.

8.2 100% Renewable Option

For voluntary participants in VCEA’s 100 percent renewable energy tariff, the goal would be to offer the lowest possible Customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such Customers with a 100 percent carbon free product.

8.3 Rate Competitiveness

The primary goal is to offer competitive rates for electric services that VCEA would provide to participating Customers. For participants in VCEA’s standard default tariff, the goal would be for VCEA Program rates to be at parity with the generation rates offered by PG&E (or possibly less than PG&E, subject to actual energy supply cost and decisions by VCEA’s Board).

Competitive rates will be essential to attracting and retaining key Customers. In order for VCEA to be successful, the combination of price and value must be perceived as superior when compared to the bundled utility service alternative. The value provided by VCEA’s Program will include a higher proportion of carbon free energy relative to the incumbent utility, enhanced energy efficiency and
Customer programs, community focused energy investments, local control, and general benefits that stem from VCEA’s mission to serve Customer versus customers shareholder needs.

As previously discussed, the VCEA Program will significantly increase carbon free energy to its Customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for Program customers will be the standard tariff, which will increase carbon free energy use while maintaining generation rates comparable to PG&E’s. The initial renewable energy content provided under the standard tariff will be at least 35% through 2021, further supplemented by non-RPS carbon free energy for a total 75% carbon free energy supply. VCEA will endeavor to improve the percentage of renewable content on a going forward basis, subject to operational and economic constraints, which will be determined through VCEA’s Integrated Resource Planning process. VCEA will also offer its customers a voluntary 100% renewable energy tariff, which will offer participating Customers a 100 percent renewable energy product at rates reflecting VCEA’s cost for procuring such energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program will be automatically enrolled in the standard tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

8.4 Rate Stability

VCEA will enhance rate stability by hedging power supply costs over multiple time horizons and by specifically including renewable energy products that exhibit durable and predictable costs. Rate stability considerations may at times preclude VCEA Program rates from directly tracking similar rates offered by the distribution utility, PG&E, and also may result in differences from the general rate-related targets initially established for VCEA’s Program. VCEA will attempt to maintain general rate parity with PG&E to ensure that VCEA Program rates are not significantly different from the distribution utility alternative.

8.5 Equity among Customer Classes

Initial rates of VCEA’s Program will be established based on cost-of-service considerations including rates customers would otherwise pay to PG&E. Rate differences among Customer classes will reflect the rates charged by the local distribution utility as well as any differences in the costs of providing generation service to each class. Rate benefits may also vary among Customers within the major Customer class categories, depending upon specific rate designs which may be adopted by the Board.

8.6 Customer Ease of Understanding

The goal of Customer ease of understanding involves rate designs that are relatively straightforward so that Customers can readily understand how their electricity bills are calculated. This not only reduces Customer confusion and potential dissatisfaction but will likely also result in fewer billing inquiries to VCEA Program’s customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles; i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation.
8.7 Revenue Sufficiency

VCEA Program rates must collect sufficient revenue from participating Customers to fully fund VCEA’s annual budget, including the need to establish sufficient operating reserve funds. Rates will be set to collect the Board adopted budget based on a forecast of electric sales for the given budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of the costs of VCEA’s Program, subject to disclosure and due process policies described later in this chapter.

8.8 Rate Design

Initially, VCEA will likely match the rate structures from the distribution utility’s standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in VCEA’s Program. However, VCEA may consider alternative rate structures to the distribution utility’s standard rates to provide other rate options for Customers.

Initial VCEA Program rates are projected to average 7.15 cents per KWh on an annualized basis, which is below PG&E’s reported average generation rate. VCEA Customers’ electric bills may increase somewhat due to PG&E’s collection of its excess power supply costs through the surcharge known as the Power Charge Indifference Adjustment (“PCIA”). PG&E will add the PCIA to VCEA Customers’ monthly electric bills along with other distribution utility service charges. The PCIA is identified in each of PG&E’s rate schedules and is expected to decline over time.

8.9 Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from VCEA. Net energy metering allows customers with certain qualified solar or wind distributed generation to be billed on the basis of respective net energy consumption. The PG&E net metering tariff (NEM) requires the CCE to offer a net energy metering tariff in order for affected customers to continue to be eligible for service on Schedule E-NEM. The objective is that VCEA’s net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the distribution utility’s portion of the bill. VCEA will pay Customers for excess power produced from net energy metered generation systems in accordance with the rate design and policies adopted by VCEA Board.

VCEA may also implement tariff and financing programs to provide incentives to residents and businesses to enlarge the size of photovoltaic and other renewable energy systems in order to increase the amount of locally-produced renewable power. Current distribution utility tariffs create a disincentive for residents and businesses considering new PV or renewable systems to optimally size those systems based on site capability and instead tend to cap generation output at or below on-site load. VCEA, by implementing tariffs and programs to provide added incentive to maximize the output of such systems, VCEA can help increase the amount of local PV and renewable generation with minimal impact on the environment or existing infrastructure.
8.10 Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial program rates will be adopted by the VCEA Board following the establishment of the first year’s operating budget and prior to initiating the customer notification process. Subsequently, the Executive Officer, with the support of appropriate staff, advisors, and committees, will prepare an annual budget and corresponding customer rates and submit any rate vision recommendations to the VCEA Board for review and action. The rates will be approved at a public meeting(s) of the Board following distribution of an adequately noticed agenda, during which affected Customers will be able to provide comment on any proposed rate changes.

Subsequently, any proposed rate adjustments will be approved by the VCEA Board of Directors and ample time will be given to affected customers to provide comment on the proposed rate changes. After proposing a rate adjustment, VCEA will furnish affected customers with a notice of its intent to adjust rates -- either by mailing such notices to affected customers, by including a notice as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer’s monthly electricity bill. The notice will provide a summary of the proposed rate adjustment and will include a link to the VCEA website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of VCEA to which any customer inquiries may be submitted.
9 Customer Rights and Responsibilities

This chapter discusses Customer rights, including the right to opt-out of VCEA’s Program and the right to privacy of Customer usage information, as well as obligations Customers undertake upon agreement to enroll in the CCE Program. All customers that do not opt out within thirty (30) days of the fourth and final enrollment notice will have agreed to become full status Program participants and must adhere to the obligations set forth below, as may be modified and expanded by the VCEA Board from time to time.

By adopting this Implementation Plan, VCEA’s Board will have approved the Customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board retains authority to modify Program policies from time to time at its discretion.

9.1 Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the VCEA Program, informing customers of their opt-out rights to remain with the existing distribution utility bundled generation service, and containing a simple mechanism for exercising opt-out rights. The first notice will be mailed to customers approximately sixty (60) days prior to the date of automatic enrollment. A second notice will be sent approximately thirty (30) days later. VCEA will likely use its own mailing services for requisite enrollment notices rather than including such notices in PG&E’s monthly bills. This approach is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a billing insert. Customers may opt-out by notifying VCEA using VCEA’s Program designated telephone-based or internet-based opt-out processing services. Should customers choose to initiate an opt-out request by contacting PG&E, they would be transferred to VCEA Program’s call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt-out, and the customer would be automatically enrolled in VCEA’s Program.

Following automatic enrollment, a third enrollment notice will be mailed to customers within thirty (30) days, and a fourth and final enrollment notice will be mailed within thirty (30) days after the third enrollment notice. Opt-out requests made on or before the sixtieth (60th) day following the start of VCEA Program service will result in such customer’s transfer to distribution utility bundled service with no penalty. Such customers will be obligated to pay charges for VCEA’s electric service for the time they were served by VCEA, but will not otherwise be subject to any penalty for leaving the Program.

Customers who establish new electric service accounts within the Program’s service area will be automatically enrolled in VCEA’s Program and will have sixty (60) days from the start of service to opt-out if they so desire. Such Customers will be provided with two enrollment notices within this sixty (60) day post enrollment period. Such Customers will also receive a notice detailing VCEA’s privacy policy regarding customer usage information. VCEA’s Board of Directors will have the authority to implement re-entry fees for Customers that initially opt-out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over VCEA Program’s Customer base.

9.2 Termination Fees

As required by law, Customers that are automatically enrolled in the VCEA Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. In the event a
customer returns to the incumbent utility during this two-month period, they would only be subject to charges for VCEA’s electric service taken prior to leaving the VCEA Program. VCEA may consider extending the penalty-free period for a period of one-year after initial VCEA Program launch. Customers would be allowed a penalty-free Program opt-out but would be subject to PG&E’s rules regarding return to distribution utility bundled service. After this one-year penalty-free opt-out period, Customers will be allowed to terminate Program participation subject to payment of a termination fee as determined and approved by the VCEA Board. The termination fee will apply to all Customers of the VCEA Program that elect to return to bundled utility service or elect to take “direct access” service from an energy services provider following the aforementioned one-year window. Customers that relocate within VCEA’s service territory would have their CCE service continued at the new address. If a Customer relocates to an address within VCEA’s service territory and simultaneously elects to cancel Program service, the VCEA termination fee will apply if the relocation and CCE cancelation occurs after the one-year free opt-out period. Program Customers that move out of VCEA’s service territory would not be subject to a termination fee.

PG&E will collect the termination fee from returning customers as part of the final bill to the Customer from the CCE Program.

The termination fee may vary by Customer class as set forth in the table below, subject to adjustment by VCEA’s Board.

9.2.1 VCEA Program: Schedule of Fees for Service Termination

Table 10 below shows the initial level of fees for termination of Program service.

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$5</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>$25</td>
</tr>
</tbody>
</table>

The termination fee will be clearly disclosed in the four enrollment notices sent to customers during the sixty (60) day period before automatic enrollment and following commencement of Program service. The fee could be changed prospectively by VCEA’s Board of Directors, subject to applicable customer noticing requirements; provided, however, that in no event will any termination fee in excess of the amounts set forth above be imposed on any Customer withdrawing from Program service, except for terminating Customers participating in a voluntary tariff. As previously noted, Customers that opt-out during the statutorily mandated notification period will not pay the termination fee that may be assessed by VCEA, and VCEA may consider extending the penalty-free period for a period of one-year after initial VCEA Program launch.

Customers electing to terminate service after the initial notification period (that provided them with at least four opt-out opportunity notices) will be transferred to PG&E on the next regularly scheduled meter read date if the termination notice is received a minimum of fifteen (15) days prior to that date. Such Customers would also be liable for any re-entry fees imposed by PG&E and would be thereafter required to remain on bundled distribution utility service for a minimum period of one year, as described in the distribution utility CCA tariffs.
9.3 Customer Confidentiality

VCEA will establish policies covering confidentiality of customer data that are fully compliant with the CPUC’s required privacy protection rules for CCA customer energy usage information, as detailed within CPUC Decision 12-08-045. VCEA will maintain the confidentiality of individual customers’ names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of VCEA or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable VCEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. VCEA will not disclose Customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at VCEA’s discretion.

9.4 Responsibility for Payment

Customers will be obligated to pay VCEA Program charges for service provided through the VCEA Program including any applicable termination fees. Pursuant to current CPUC regulations, VCEA will not be able to direct any Customer’s electricity service be shut off for failure to pay VCEA bills. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to bundled distribution utility service for failure to pay bills in full, and customer deposits (if any) would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balances from customers in accordance with Rule 23 and the related CCA Service Agreement. VCEA’s proposed process is for two late payment notices to be provided to the Customer within thirty (30) days of the original bill due date. If payment is not received within forty-five (45) days from the original due date, service would be transferred back to the distribution utility effective on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the PG&E CCA Tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

9.5 Customer Deposits

Under certain circumstances, VCEA Customers may be required to post a deposit equal to estimated charges for two (2) months of CCE service prior to obtaining service from VCEA’s Program. A deposit would be required for an applicant who previously had been a customer of PG&E or VCEA and whose electric service has been discontinued by PG&E or VCEA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such Customers may be required to reestablish credit by depositing the prescribed amount. Additionally a Customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11, Discontinuance and Restoration of Service, and who further fails to pay such bills within five (5) days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment.

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5 A customer whose service is discontinued by VCEA is returned to PG&E bundled service.
Failure to post such deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.
10 Procurement Process

This Chapter describes VCEA’s initial procurement policies and key third party service agreements by which VCEA will obtain operational services for VCEA’s Program. By adopting this Implementation Plan, VCEA’s Board of Directors will have approved the general procurement policies contained herein to be effective at Program initiation. The Board retains authority to modify Program policies from time to time at its discretion.

10.1 Procurement Methods

VCEA will enter into agreements for a variety of services needed to support Program development, operation, and management. It is anticipated that VCEA will generally utilize competitive procurement methods to attain services but may also utilize direct procurement or sole source procurement, depending on the nature of the services needed. Direct procurement is the purchase of goods or services with competitive solicitation when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when a competitive process would provide no added benefit.

VCEA will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the Program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of VCEA’s Executive Officer, subject to granted Board authorities, and/or Board of Directors.

The Executive Officer will be required to periodically report to the Board a summary of any actions taken with respect to delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into such agreements.

10.2 Key Contracts

10.2.1 Electric Supply Contract

The VCEA Board approved the Services Provider contract at its October 12, 2017, Board Meeting under which the Services Provider, will among other things, provide Wholesale Energy Services. The Services Provider will contract with energy suppliers in its own name on behalf of VCEA for electricity supply contracts with one or more qualified providers.

The Services Provider will also be responsible for Scheduling Coordinator responsibilities including scheduling loads of all customers in the VCEA Program, providing necessary electric energy, capacity/resource adequacy requirements, renewable energy, and ancillary services. The Services Provider will be responsible for day-to-day energy supply operations of VCEA’s Program and for managing the predominant energy supply risks for the term of the contract. Finally, the Services Provider will be responsible for ensuring VCEA’s compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC, CEC or FERC.
10.2.2 Data Management Contract

As part of this comprehensive services package, The Services Provider will also perform all requisite data management functions. As part of this comprehensive services package, The Services Provider will also perform all requisite data management functions.6

The Services Provider will be responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to establish and migrate data to a new system.

10.2.3 Electric Supply Procurement Process

VCEA’s Services Provider is tasked with procuring the energy supply portfolio and will use a competitive solicitation process for the various required power products, including shaped energy, renewable energy, carbon free energy, and resource adequacy capacity. Through the process, the Services Provider will identify a highly qualified pool of suppliers for further negotiations, which will be completed prior to initiation of CCE service. The Services Provider will then execute selected supply agreements in its name, in accordance with applicable Wholesale Energy Risk and Trading Policies, which VCEA’s Board will adopt prior to execution of such energy supply agreements. VCEA may enter into long-term power purchase agreements directly (for instance for renewable power supply), contracting in its own name.

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6 The contractor providing data management may also be the same entity as a counterparty supplying electricity for the program.
11 Contingency Plan for Program Termination

This Chapter describes the process to be followed in the instance of VCEA Program termination. By adopting the original Implementation Plan, VCEA’s Board of Directors will have approved the general termination process contained herein to be effective upon Program initiation. In the unexpected and unlikely event that VCEA would terminate VCEA’s Program and return Program Customers to PG&E bundled distribution service, the below proposed process is designed to minimize Customer and PG&E related impacts. The proposed termination plan follows the requirements set forth in PG&E’s tariff Rule 23 governing service to CCAs. The Board retains authority to modify these policies from time to time at its discretion.

11.1.1 Termination by VCEA

VCEA will offer services for the long-term with no planned Program termination date. In the unanticipated event that the majority of the Member’s governing bodies decide to terminate the Program, each governing body would be required to adopt a termination ordinance or resolution and provide adequate notice to VCEA consistent with the terms set forth in the JPA Agreement. Following such notice, the VCEA Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that the Board affirmatively votes to proceed with JPA termination, the Board would disband under the provisions identified in the JPA Agreement.

After any applicable conditions and/or restrictions on such termination have been satisfied, notice would be provided to Customers six (6) months in advance that they will be transferred back to PG&E bundled distribution service. A second notice would be provided during the final sixty (60) days in advance of the transfer date. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one (1) year advance notice would be provided to PG&E and the CPUC before transferring customers back to PG&E bundled distribution service, and VCEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the Customer notice period is complete, Customers would be transferred en masse on the date of their regularly scheduled meter read.

VCEA will post a bond and/or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing Customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover re-entry fees imposed on Customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the CCA, except in the case of a customer returned for default or because its contract has expired. VCEA will post financial security in the appropriate amount as part of its registration materials and will maintain such financial security in the required amount, as necessary.

11.1.2 Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.
12 Appendices

Appendix A: VCEA Resolution Adopting Implementation Plan

Appendix B -1: Valley Clean Energy Alliance Authority Joint Powers Agreement (Yolo County & City of Davis)

Appendix B -2: Valley Clean Energy Alliance Authority Joint Powers Agreement (City of Woodland)

Appendix C: CCA Member Adoption Ordinances
Appendix A: VCEA Resolution Adopting Implementation Plan

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION 2017-005

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING THE VCEA IMPLEMENTATION PLAN AND STATEMENT OF INTENT AS REQUIRED BY PUBLIC UTILITIES CODE SECTION 366.2(c)(3)

WHEREAS, the Valley Clean Energy Alliance ("VCEA") is a joint powers authority established on December 13, 2016 for the purpose of studying, promoting, developing, conducting, operating and managing energy and energy-related climate change programs including but not limited to implementing a community choice aggregation program under Public Utilities Code Section 366.2; and

WHEREAS, the members of VCEA include the Cities of Davis and Woodland and the County of Yolo; and

WHEREAS, Public Utilities Code Section 366.2 requires that before commencing a community choice aggregation program, VCEA first must prepare and adopt an Implementation Plan to be filed with the California Public Utilities Commission; and

WHEREAS, the draft VCEA Community Choice Aggregation Implementation Plan and Statement of Intent was presented to the Board of Directors at a duly noticed public hearing on October 12, 2017 for its consideration and adoption.

NOW THEREFORE, after conducting a duly noticed public hearing as required by Public Utilities Code Section 366.2(c)(3), the Board of Directors hereby adopts the VCEA Community Choice Aggregation Implementation Plan and Statement of Intent.

ADOPTED AND APPROVED this 12th day of October, 2017 by the following vote:

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

Don Saylor, VCEA Board Chair

Attest:
VCEA Board Clerk

[Signature]
JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE

This Joint Exercise of Powers Agreement, effective on the date determined by Section 2.1, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers and establishes the Valley Clean Energy Alliance ("VCEA"), is by and between the County of Yolo ("County"), the City of Davis ("City") and those other cities and counties who become signatories to this Agreement as provided herein, who agree as follows:

RECITALS

A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions.

B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local governments to develop programs to reduce greenhouse gas emissions.

C. The purposes for entering into this Agreement include:
   a. Reducing greenhouse gas emissions related to the use of power in Yolo County and neighboring regions;
   b. Providing electric power and other forms of energy to customers at a competitive cost;
   c. Carrying out programs to reduce energy consumption;
   d. Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
   e. Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.

D. It is the mission and purpose of this Agreement to build a strong Community Choice Energy program that is locally controlled and delivers cost-competitive clean electricity, product choice, price stability, energy efficiency and greenhouse gas emission reductions.
E. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar, wind, and biomass energy production. The purchase of renewable power and greenhouse gas-free energy sources will be the desired approach to decrease regional greenhouse gas emissions and accelerate the State's transition to clean power resources to the extent feasible. The Agency will also add increasing levels of locally generated renewable resources as these projects are developed and customer energy needs expand.

F. The Parties desire to establish a separate public agency, known as the Valley Clean Energy Alliance or VCEA, under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.

G. The Parties anticipate adopting an ordinance electing to implement through the VCEA a common Community Choice Energy (CCE) program (also known as a community choice aggregation (CCA) program) hereinafter called a CCE Program, an electric service enterprise available to cities and counties pursuant to California Public Utilities Code Sections 331.1(b) and 366.2. The first priority of the VCEA will be the consideration of those actions necessary to implement the CCE Program.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1: DEFINITIONS AND EXHIBITS

1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions
Exhibit B: List of the Parties
Exhibit C: Annual Energy Use
Exhibit D: Voting Shares
Exhibit E: Signatures
ARTICLE 2: FORMATION OF VALLEY CLEAN ENERGY ALLIANCE

2.1 Effective Date and Term. This Agreement shall become effective and VCEA shall exist as a separate public agency on October 25, 2016, or when the County and the City execute this Agreement, whichever occurs later. The VCEA shall provide notice to the Parties of the Effective Date. VCEA shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 6.4, subject to the rights of the Parties to withdraw from VCEA.

2.2 Formation. There is formed as of the Effective Date a public agency named Valley Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, VCEA is a public agency separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of VCEA shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of VCEA. A Party who has not agreed to assume an VCEA debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of VCEA. Notwithstanding Section 7.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.

2.2.1 Name. VCEA may change its name at any time through adoption of a resolution of the Board of Directors.

2.3 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to build a strong CCE program that achieves deep, long-term GHG emission reductions by offering clean, cost effective and price stable electricity to residents, businesses, and agricultural producers while carrying out innovative programs to reduce customer energy use, substantially increase local renewable energy production, and power the local transportation system. To that end, VCEA will study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate in the CCE Program, as further described in Section 4.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCE Program and any other energy programs approved by VCEA.
2.4  Membership in VCEA.

2.4.1  The initial members of VCEA are the County of Yolo and the City of Davis. The Cities of Woodland, West Sacramento and Winters may also become initial members of VCEA by resolution of the city’s city council adopted prior to the Effective Date.

2.4.2  Any city or county, that is not an initial member, may request to become a member of VCEA by submitting a resolution adopted by its City Council or Board of Supervisors to the Board of VCEA. The Board shall review the request and shall vote to approve or disapprove the request. The Board may establish conditions, including but not limited to financial conditions, under which the city or county may become a member of VCEA. The Board shall notify the then members of VCEA of this request and the date that the request will be on the Board’s meeting agenda for action. The date set for Board action shall be at least forty-five (45) days from the date the notice is mailed to the members. If the request is approved by the Board, the city or county shall become a member of VCEA under the terms and conditions set forth by the Board and upon approval and execution of this Agreement by the city or county.

2.5  Powers. VCEA shall have all powers common to the Parties and such additional powers accorded to it by law. VCEA is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 3.7 through 3.7.5:

2.5.1  to make and enter into contracts;

2.5.2  to employ agents and employees, including but not limited to an Executive Officer;

2.5.3  to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;

2.5.4  to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property; however, VCEA shall not exercise the power of eminent domain within the jurisdiction of a Party over its objection without first meeting and conferring in good faith.

2.5.5  to lease any property;

2.5.6  to sue and be sued in its own name;
2.5.7 to incur debts, liabilities, and obligations, including but not limited to
loans from private lending sources pursuant to its temporary borrowing
powers such as Government Code Sections 53850 et seq. and authority
under the Act;

2.5.8 to form subsidiary or independent corporations or entities if necessary, to
carry out energy supply and energy conservation programs at the lowest
possible cost or to take advantage of legislative or regulatory changes;

2.5.9 to issue revenue bonds and other forms of indebtedness;

2.5.10 to apply for, accept, and receive all licenses, permits, grants, loans or other
aids from any federal, state, or local public agency;

2.5.11 to submit documentation and notices, register, and comply with orders,
tariffs and agreements for the establishment and implementation of the
CCE Program and other energy programs;

2.5.12 to adopt Operating Rules and Regulations;

2.5.13 to make and enter into service agreements relating to the provision of
services necessary to plan, implement, operate and administer the CCE
Program and other energy programs, including the acquisition of electric
power supply and the provision of retail and regulatory support services;
and

2.5.14 to permit additional Parties to enter into this Agreement after the Effective
Date and to permit another entity authorized to be a community choice
 aggregator to designate VCEA to act as the community choice energy
 aggregator on its behalf.

2.6 Limitation on Powers. As required by Government Code Section 6509, the power
of VCEA is subject to the restrictions upon the manner of exercising power
possessed by City of Davis.

ARTICLE 3: GOVERNANCE AND INTERNAL ORGANIZATION

3.1 Board of Directors. VCEA shall be governed by a legislative body known as the
Board of Directors (“Board”). The Initial Board shall consist of two (2)
directors appointed by each of the initial members; for example, if the initial
members are the County of Yolo and the City of Davis, the board shall be four (4)
directors with two (2) directors appointed by the Yolo County Board of
Supervisors and two (2) directors appointed by the City Council of Davis. Each
Director shall serve at the pleasure of the governing board of the Party who
appointed such Director, and may be removed as Director by such governing
board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 60 days of the date that such position becomes vacant. Directors must be members of the Board of Supervisors or members of the City Council of the appointing City that is the signatory to this Agreement. Each Party may appoint an alternate(s) to serve in the absence of its Director(s). Alternates may be either (1) members of the Board of Supervisors or (2) members of the governing board of the municipality that is the signatory to this Agreement.

If additional cities or counties join VCEA, as set forth in section 2.4, each city or county that becomes a member of VCEA shall be entitled to two (2) directors who shall be appointed as set forth above. When the fifth member joins VCEA, the number of directors per member agency of all current member agencies shall be reduced to one (1) director per member agency.

3.1.1 Ex officio Directors. The Board may appoint ex officio members of the Board. Ex officio directors shall receive all meeting notices, shall have the right to participate in Board discussions and the right to place items on the agenda but shall not be counted towards a quorum and shall have no vote.

3.2 Quorum. A majority of the appointed Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.

3.3 Powers and Functions of the Board. The Board shall exercise general governance and oversight over the business and activities of VCEA, consistent with this Agreement and applicable law. The Board shall provide general policy guidance to the CCE Program. Board approval shall be required for any of the following actions:

3.3.1 The issuance of bonds or any other financing even if program revenues are expected to pay for such financing.

3.3.2 The appointment or termination of the Executive Officer and General Counsel.

3.3.3 The appointment or removal of officers described in Section 3.9, subject to Section 3.9.3.

3.3.4 Any decision to provide retirement or post-retirement benefits that are defined benefit programs, subject to the requirements of section 5.3.4, below.

3.3.5 The adoption of the Annual Budget.

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3.3.6 The adoption of an ordinance.

3.3.7 The approval of agreements, except as provided by Section 3.4.

3.3.8 The initiation or resolution of claims and litigation where VCEA will be the defendant, plaintiff, petitioner, respondent, cross complainant or cross petitioner, or intervenor; provided, however, that the Executive Officer or General Counsel, on behalf of VCEA, may intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative agency, without approval of the Board as long as such action is consistent with any adopted Board policies.

3.3.9 The setting of rates for power sold by VCEA and the setting of charges for any other category of service provided by VCEA.

3.3.10 Termination of the CCE Program.

3.4 Executive Officer. The Board of Directors shall appoint an Executive Officer for VCEA, who shall be responsible for the day-to-day operation and management of VCEA and the CCE Program. The Executive Officer may be retained under contract with VCEA, be an employee of VCEA, or be an employee of one of the Parties. The Executive Officer shall report directly to the Board and serve as staff to VCEA. Except as otherwise set forth in this Agreement, the Executive Officer may exercise all powers of VCEA, including the power to hire, discipline and terminate employees as well as the power to approve any agreement if the total amount payable under the agreement is less than $100,000 in any fiscal year, or such higher amount as established by the Board from time to time, by resolution of the Board, except the powers specifically set forth in Section 3.3 or those powers which by law must be exercised by the Board of Directors. The Executive Officer shall serve at the pleasure of the Board.

3.5 Commissions, Boards, and Committees. The Board may establish commissions, boards or committees, including but not limited to a standing executive committee of the Board, as the Board deems appropriate, to assist the Board in carrying out its authority and functions under this Agreement and may delegate authority to such commission, board or committee as set forth in a Board resolution. Such delegation may be modified, amended or revoked as any time as the Board may deem appropriate. Any decision delegated pursuant to this subsection may be appealed to the Board, as the Board so determines.

3.5.1 The Board may also establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying
out its functions and implementing the CCE Program, other energy programs and the provisions of this Agreement.

3.5.2 Any board, commission or committee formed under this section shall comply with the requirements of the Ralph M. Brown Act. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

3.6 Director Compensation. Directors shall serve without compensation from VCEA. However, Directors may be compensated by their respective appointing authorities. The Board, however, may adopt by resolution a policy relating to the reimbursement by VCEA of expenses incurred by Directors.

3.7 Voting. In general, as described below in Section 3.7.3, action by VCEA Board will be taken solely by a majority vote of the total number of Directors present; provided, however, that so long as VCEA consists of three or less members, all actions of the Board shall require the affirmative vote of at least one director appointed by each member. In addition, as described below in Section 3.7.4, upon request of two (2) Directors each from a different member agency, a weighted vote by shares will also be conducted. When such a request is made, an action must be approved by both a majority vote of Directors present and a majority of the weighted vote by shares present. No action may be approved solely by a vote by shares. The voting shares of Directors and approval requirements for actions of the Board shall be as follows:

3.7.1 Voting Shares.

Each member agency shall have a voting share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 100, where

(a) “Annual Energy Use” means, (i) with respect to the first two (2) years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage during the prior Fiscal Year, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by VCEA; and

(b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy Use will be designated in Exhibit C, and shall be adjusted annually as soon as
reasonably practicable after January 1, but no later than March 1 of each year. These adjustments shall be approved by the Board.

(c) The combined voting share of all Directors representing a member agency shall be based upon the annual electricity usage within the member agency’s jurisdiction; the combined voting share of a county shall be based upon the annual electricity usage within the unincorporated area of the county.

For the purposes of Weighted Voting, if a member agency has more than one director present and voting, then the voting shares allocated to the entity shall be equally divided amongst its Directors that are present and voting.

3.7.2 Exhibit Showing Voting Shares. The initial voting shares will be set forth in Exhibit D. Exhibit D shall be revised no less than annually as necessary to account for changes in the number of Parties and changes in the Parties’ Annual Energy Use. Exhibit D and adjustments shall be approved by the Board.

3.7.3 Approval Requirements Relating to CCE Program. Except as provided in Sections 3.7 above and 3.7.4 and 3.7.5 below, action of the Board shall require the affirmative vote of a majority of Directors present at the meeting.

3.7.4 Option for Approval by Voting Shares. Notwithstanding Section 3.7.3, any two (2) Directors, each appointed from a different member agency, present at a meeting may demand that approval of any matter related to the CCE Program be determined on the basis of both voting shares and by the affirmative vote of a majority of Directors present at the meeting. If two Directors makes such a demand with respect to approval of any such matter, then approval of such matter shall require the affirmative vote of a majority of Directors present at the meeting and the affirmative vote of Directors having a majority of voting shares present, as determined by Section 3.7.1 except as provided in Section 3.7.5.

3.7.5 Special Voting Requirements for Certain Matters.

(a) Two-Thirds and Weighted Voting Approval Requirements Relating to Sections 6.2 and 7.4. Action of the Board on the matters set forth in Section 6.2 (involuntary termination of a Party), or Section 7.4 (amendment of this Agreement) shall require the affirmative vote of at least two-thirds of Directors present; provided, however, that (i) notwithstanding the foregoing, any two (2) Directors present at the meeting, each appointed from a
different member agency, may demand that the vote be determined on the basis of both voting shares and by the affirmative vote of Directors, and if any two (2) Directors makes such a demand, then approval shall require the affirmative vote of both at least two-thirds of Directors present and the affirmative vote of Directors having at least two-thirds of the voting shares present, as determined by Section 3.7.1; (ii) but, Directors from at least two (2) Parties must vote against a matter for the vote to fail; and (iii) for votes to involuntarily terminate a Party under Section 6.2, the Director(s) for the Party subject to involuntary termination may not vote, and the number of Directors constituting two-thirds of all Directors, and the weighted vote of each Party shall be recalculated as if the Party subject to possible termination were not a Party.

(b) Seventy-Five Percent Special Voting Requirements for Eminent Domain and Contributions or Pledge of Assets.

(i) A decision to exercise the power of eminent domain on behalf of VCEA to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors present and voting and a vote of at least two-thirds of all the members of the Board of Directors.

(ii) The imposition on any Party of any obligation to make contributions or pledge assets as a condition of continued participation in the CCE Program shall require a vote of at least 75% of all Directors present and voting and the approval of the governing boards of the Parties who are being asked to make such contribution or pledge.

(iii) Notwithstanding the foregoing, any two (2) Directors present at the meeting, each appointed by a different member agency, may demand that a vote under subsections (i) or (ii) be determined on the basis of voting shares and by the affirmative vote of Directors, and if any two (2) Directors makes such a demand, then approval shall require both the affirmative vote of at least 75% of Directors present and the affirmative vote of Directors having at least 75% of the voting shares present, as determined by Section 3.7.1, but Directors from at least two (2) Parties must vote against a matter for the vote to fail. For purposes of this section, “imposition on any Party of any obligation to make
contributions or pledge assets as a condition of continued participation in the CCE Program” does not include any obligations of a withdrawing or terminated party imposed under Section 6.3.

3.8 Meetings and Special Meetings of the Board. The Board shall hold at least six (6) regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special and Emergency Meetings of the Board may be called in accordance with the provisions of California Government Code Sections 54956 and 54956.5. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

3.9 Selection of Board Officers.

3.9.1 Chair and Vice Chair. The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The Chair and vice Chair shall serve at the pleasure of the Board. There shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if:

(a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or

(b) the Party that he or she represents withdraws from VCEA pursuant to the provisions of this Agreement.

3.9.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of VCEA.

3.9.3 Treasurer and Auditor. The Treasurer shall function as the combined offices of Treasurer and Auditor pursuant to Government code section 6505.6 and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 65.5 of the Act. The Treasurer for VCEA shall be the depository and have custody of all money of VCEA from whatever source and shall draw all warrants and pay demands against VCEA as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of VCEA to be made by a certified public accountant, or public accountant, in compliance with Section 6505
of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 5. The Treasurer shall serve at the pleasure of the Board.

3.10 **Administrative Services Provider.** The Board may appoint one or more administrative services providers to serve as VCEA’s agent for planning, implementing, operating and administering the CCE Program, and any other program approved by the Board, in accordance with the provisions of an Administrative Services Agreement. The appointed administrative services provider may be one of the Parties. One or more of the Parties may agree to provide all or a portion of the services in the manner set forth in an Administrative Services Agreement. Employees of the member agencies utilized to perform such services shall remain employees of the member agency and subject to the employing member agency’s control and supervision. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all or enumerated tasks necessary for planning, implementing, operating and administering the CCE Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement, the services to be provided, and the circumstances under which the Administrative Services Agreement may be terminated by VCEA. This section shall not in any way be construed to limit the discretion of VCEA to hire its own employees to administer the CCE Program or any other program.

**ARTICLE 4: IMPLEMENTATION ACTION AND VCEA DOCUMENTS**

4.1 **Preliminary Implementation of the CCE Program.**

4.1.1 **Enabling Ordinance.** To be eligible to participate in the CCE Program, each Party must adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCE Program by and through its participation in VCEA.

4.1.2 **Implementation Plan.** VCEA shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 3.7.3.
4.1.3 **Termination of CCE Program.** Nothing contained in this Article or this Agreement shall be construed to limit the discretion of VCEA to terminate the implementation or operation of the CCE Program at any time in accordance with any applicable requirements of state law.

4.2 **VCEA Documents.** The Parties acknowledge and agree that the affairs of VCEA will be implemented through various documents duly adopted by the Board through Board resolution. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board, subject to the Parties' right to withdraw from VCEA as described in Article 6.

**ARTICLE 5: FINANCIAL PROVISIONS**

5.1 **Fiscal Year.** VCEA's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

5.2 **Depository.**

5.2.1 All funds of VCEA shall be held in separate accounts in the name of VCEA and not commingled with funds of any Party or any other person or entity.

5.2.2 All funds of VCEA shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of VCEA shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of VCEA, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

5.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

5.3 **Budget and Recovery of Costs.**

5.3.1 **Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of VCEA shall be approved by the Board in accordance with the Operating Rules and Regulations.
5.3.2 **Funding of Initial Costs.** The County of Yolo and the City of Davis have funded certain activities necessary to implement the CCE Program. If the CCE Program becomes operational, these Initial Costs paid by the County and the City shall be included in the customer charges for electric services as provided by Section 5.3.3 to the extent recovery of such costs is permitted by law, and the County and the City shall be reimbursed from the payment of such charges by customers of VCEA. Prior to such reimbursement, the County and the City shall provide such documentation of costs paid as the Board may request. VCEA may establish a reasonable time period over which such costs are recovered. In the event that the CCE Program does not become operational, Yolo and Davis shall not be entitled to any reimbursement of the Initial Costs that have paid from VCEA or any Party. If any of the initial member agency assists in funding initial costs, that initial member shall also be entitled to reimbursement pursuant to this section.

5.3.3 **CCE Program Costs.** The Parties desire that all costs incurred by VCEA that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCE Program, including but not limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCE customers receiving such electric services, or from revenues from grants or other third-party sources.

5.3.4 **Employee Retirement and Post-retirement benefits.** Should the Board determine to provide a defined benefits retirement benefit to VCEA employees (such as PERS) or other post-retirements benefits that would be within an Other Post-Retirement Benefits (OPEB) obligation to VCEA employees, prior to providing such benefit(s) to any employee, the Board shall (1) obtain a third party independent actuarial report on the long term costs of the benefit or benefits, (2) adopt a funding plan for the payment of both current and long-term costs that provides for the payment of all such costs on a current, pay-as-you-go, basis and eliminates any known or reasonably anticipated unfunded liability associated with the benefit(s) and (3) notice all member agencies of the pending consideration of the benefit(s) together with the actuarial report and funding plan, for at least sixty (60) days and obtain the unanimous consent, by resolution, of all the Directors present and voting on the resolution.

**ARTICLE 6: WITHDRAWAL AND TERMINATION**

6.1 **Withdrawal.**
6.1.1 **Right to Withdraw.** A Party may withdraw its participation in the CCE Program, effective as of the beginning of VCEA’s fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to VCEA and each Party. Withdrawal of a Party shall require an affirmative vote of the Party’s governing board.

6.1.2 **Right to Withdraw After Amendment.** Notwithstanding Section 6.1.1, a Party may withdraw its membership in VCEA following an amendment to this Agreement adopted by the Board which the Party’s Director(s) voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party shall require an affirmative vote of the Party’s governing board and shall not be subject to the six month advance notice provided in Section 6.1.1. In the event of such withdrawal, the Party shall be subject to the provisions of Section 6.3.

6.1.3 **The Right to Withdraw Prior to Program Launch.** After receiving bids from power suppliers, VCEA shall provide to the Parties the report from the electrical utility consultant retained by VCEA that compares the total estimated electrical rates that VCEA will be charging to customers as well as the estimated greenhouse gas emissions rate and the amount of estimated renewable energy used with that of the incumbent utility. If the report provides that VCEA is unable to provide total electrical rates, as part of its baseline offering, to the customers that are equal to or lower than the incumbent utility or to provide power in a manner that has a lower greenhouse gas emissions rate or uses less renewable energy than the incumbent utility, a Party may immediately withdraw its membership in VCEA without any financial obligation, as long as the Party provides written notice of its intent to withdraw to VCEA Board no more than fifteen (15) days after receiving the report. Any withdrawing Party shall not be entitled to any return of funds provided to VCEA, provided, however, that if, after the program is launched there an unobligated and unused funds, the withdrawing member shall be refunded its pro rata share of the unobligated and unused funds.

6.1.4 **Continuing Financial Obligation: Further Assurances.** Except as provided by Section 6.1.3, a Party that withdraws its participation in the CCE Program may be subject to certain continuing financial obligations, as described in Section 6.3. Each withdrawing Party and VCEA shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from participation in the CCE Program.
6.2 Involuntary Termination of a Party. Participation of a Party in the CCE Program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's participation in the CCE Program upon a vote of Board members as provided in Section 3.7.5. Prior to any vote to terminate participation with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least thirty (30) days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its participation in the CCE Program terminated may be subject to certain continuing liabilities, as described in Section 6.3.

6.3 Continuing Financial Obligations; Refund. Except as provided by Section 6.1.3, upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or other financial obligations arising from the Party membership or participation in the CCE Program through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any financial obligations arising after the date of the Party’s withdrawal or involuntary termination. Claims, demands, damages, or other financial obligations for which a withdrawing or terminated Party may remain liable include, but are not limited to, losses from the resale of power contracted for by VCEA to serve the Party’s load and any unfunded liabilities such as unfunded retirement contributions or costs and any unfunded post-retirement benefits. With respect to such financial obligations, upon notice by a Party that it wishes to withdraw from the CCE Program, VCEA shall notify the Party of the minimum waiting period under which the Party would have no costs for withdrawal if the Party agrees to stay in the CCE Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party elects to withdraw before the end of the minimum waiting period, the charge for withdrawal shall be set at a dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. In addition, such Party shall also be responsible for any costs or obligations associated with the Party’s participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. VCEA may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with VCEA, as reasonably determined by VCEA and approved by a vote of the Board of Directors, to cover the Party’s financial obligations for the costs described above. Any amount of the Party’s funds held on deposit with VCEA above that which is
required to pay any financial obligations shall be returned to the Party. If there is a disagreement related to the charge(s) for withdrawal or exiting, the Parties shall attempt to settle the amount through mediation or other dispute resolution process as authorized by section 7.1. If the dispute is not resolved, the Parties may agree in writing to proceed to arbitration, or any party may seek judicial review. The liability of any Party under this section 6.3 is subject and subordinate to the provisions of Section 2.2, and nothing in this section 6.3 shall reduce, impair, or eliminate any immunity from liability provided by Section 2.2.

6.4 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its participation in the CCE Program, as described in Section 6.1.

6.5 Disposition of Property upon Termination of VCEA. Upon termination of this Agreement, any surplus money or assets in possession of VCEA for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

ARTICLE 7: MISCELLANEOUS PROVISIONS

7.1 Dispute Resolution. The Parties and VCEA shall make reasonable efforts to informally settle all disputes arising out of or in connection with this Agreement. Should such informal efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be mediated in accordance with policies and procedures established by the Board.

7.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of VCEA shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. VCEA shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses and immunities available under the law, to the Parties, VCEA, or its Directors, officers, or employees.

7.3 Indemnification of Parties. VCEA shall acquire such insurance coverage as is necessary to protect the interests of VCEA, the Parties, and the public. VCEA shall defend, indemnify, and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries, and liabilities of every kind arising

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Approved [October 25, 2016]

JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE

(11/16/2016)
82499.04003/29016479.16
directly or indirectly from the conduct, activities, operations, acts, and omissions of VCEA under this Agreement.

7.4 Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Board members as provided in Section 3.7.5. VCEA shall provide written notice to all Parties of amendments to this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.

7.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 7.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 7.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party’s contributions to VCEA, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of VCEA or the Parties under this Agreement.

7.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

7.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

7.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

7.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time
of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of VCEA or Party, as the case may be, or such other person designated in writing by VCEA or Party. Notices given to one Party shall be copied to all other Parties. Notices given to VCEA shall be copied to all Parties.

CITY:

CITY OF DAVIS, a California municipal corporation

By: [Signature]

Robb Davis, Mayor

ATTEST:

By: [Signature]

Zoe Mirabile, City Clerk

APPROVED AS TO FORM:

By: [Signature]

Harriet A. Steiner, City Attorney

COUNTY:

COUNTY OF YOLO

By: [Signature]

Jim Provenza, Chair
Board of Supervisors

ATTEST:

[Stamp]

Julie Dichtler, Deputy Clerk
Board of Supervisors

By: [Signature]

(Seal)

APPROVED AS TO FORM:

Philip Pogledich, County Counsel

By: [Signature]

Eric May, Senior Deputy County Counsel
EXHIBIT A
DEFINITIONS

"Act" means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.)

"Administrative Services Agreement" means an agreement or agreements entered into after the Effective Date by VCEA with an entity that will perform tasks necessary for planning, implementing, operating and/or administering the CCE Program, or any portion of the CCE Program or any other energy programs adopted by VCEA.

"Agreement" means this Joint Powers Agreement.

"Alliance" or "Authority" or "VCEA" means the Valley Clean Energy Alliance.

"Annual Energy Use" has the meaning given in Section 3.7.1.

"Board" means the Board of Directors of VCEA.

"CCE" or "Community Choice Energy" or "CCA" or "Community Choice Aggregation" means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

"CCE Program" or "CCA Program" means VCEA’s program relating to CCE that is principally described in Sections 2.3, 2.4, and 4.1.

"Director" means a member of the Board of Directors representing a Party.

"Effective Date" means October 25, 2016 or when initial members of VCEA, including but not limited to the County of Yolo and the City of Davis execute this Agreement, whichever occurs later, as further described in Section 2.1.

"Implementation Plan" means the plan generally described in Section 4.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCE Program.

"Initial Costs" means all costs incurred by the County, the City and/or VCEA relating to the establishment and initial operation of VCEA, such as the hiring of an Executive Officer and any administrative staff, and any required accounting, administrative, technical, or legal services in support of VCEA’s initial activities or in support of the negotiation, preparation, and approval of one or more Administrative Services Agreements.

"Operating Rules and Regulations" means the rules, regulations, policies, bylaws and procedures governing the operation of VCEA.

"Parties" or "Members" means, collectively, the County, the City of Davis and any city or county which executes this Agreement.
"Party", "Member" or "Member Agency" means a signatory to this Agreement.

"Total Annual Energy" has the meaning given in Section 3.7.1.

"VCEA Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions, and activities of VCEA, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.
EXHIBIT B
LIST OF PARTIES

Parties: County of Yolo
        City of Davis
## EXHIBIT C
### ANNUAL ENERGY USE / VOTING SHARES

<table>
<thead>
<tr>
<th>Location</th>
<th>KWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unincorporated Yolo County</td>
<td>318,300,165 KWh</td>
</tr>
<tr>
<td>Davis</td>
<td>284,129,391 KWh</td>
</tr>
</tbody>
</table>
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JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE

This Joint Exercise of Powers Agreement, effective on the date determined by Section 2.1, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers and establishes the Valley Clean Energy Alliance (“VCEA”), is by and between the County of Yolo (“County”), the City of Davis (“City”) and those other cities and counties who become signatories to this Agreement as provided herein, who agree as follows:

RECATIALS

A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions.

B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local governments to develop programs to reduce greenhouse gas emissions.

C. The purposes for entering into this Agreement include:
   a. Reducing greenhouse gas emissions related to the use of power in Yolo County and neighboring regions;
   b. Providing electric power and other forms of energy to customers at a competitive cost;
   c. Carrying out programs to reduce energy consumption;
   d. Stimulating and sustaining the local economy by developing local jobs in renewable energy; and
   e. Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.

D. It is the mission and purpose of this Agreement to build a strong Community Choice Energy program that is locally controlled and delivers cost-competitive clean electricity, product choice, price stability, energy efficiency and greenhouse gas emission reductions.
E. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar, wind, and biomass energy production. The purchase of renewable power and greenhouse gas-free energy sources will be the desired approach to decrease regional greenhouse gas emissions and accelerate the State’s transition to clean power resources to the extent feasible. The Agency will also add increasing levels of locally generated renewable resources as these projects are developed and customer energy needs expand.

F. The Parties desire to establish a separate public agency, known as the Valley Clean Energy Alliance or VCEA, under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.

G. The Parties anticipate adopting an ordinance electing to implement through the VCEA a common Community Choice Energy (CCE) program (also known as a community choice aggregation (CCA) program) hereinafter called a CCE Program, an electric service enterprise available to cities and counties pursuant to California Public Utilities Code Sections 331.1(b) and 366.2. The first priority of the VCEA will be the consideration of those actions necessary to implement the CCE Program.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1: DEFINITIONS AND EXHIBITS

1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions
Exhibit B: List of the Parties
Exhibit C: Annual Energy Use
Exhibit D: Voting Shares
Exhibit E: Signatures
ARTICLE 2: FORMATION OF VALLEY CLEAN ENERGY ALLIANCE

2.1 Effective Date and Term. This Agreement shall become effective and VCEA shall exist as a separate public agency on October 25, 2016, or when the County and the City execute this Agreement, whichever occurs later. The VCEA shall provide notice to the Parties of the Effective Date. VCEA shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 6.4, subject to the rights of the Parties to withdraw from VCEA.

2.2 Formation. There is formed as of the Effective Date a public agency named Valley Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, VCEA is a public agency separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of VCEA shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of VCEA. A Party who has not agreed to assume an VCEA debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of VCEA. Notwithstanding Section 7.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.

2.2.1 Name. VCEA may change its name at any time through adoption of a resolution of the Board of Directors.

2.3 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to build a strong CCE program that achieves deep, long-term GHG emission reductions by offering clean, cost effective and price stable electricity to residents, businesses, and agricultural producers while carrying out innovative programs to reduce customer energy use, substantially increase local renewable energy production, and power the local transportation system. To that end, VCEA will study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate in the CCE Program, as further described in Section 4.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCE Program and any other energy programs approved by VCEA.
2.4 Membership in VCEA.

2.4.1 The initial members of VCEA are the County of Yolo and the City of Davis. The Cities of Woodland, West Sacramento and Winters may also become initial members of VCEA by resolution of the city's city council adopted prior to the Effective Date.

2.4.2 Any city or county, that is not an initial member, may request to become a member of VCEA by submitting a resolution adopted by its City Council or Board of Supervisors to the Board of VCEA. The Board shall review the request and shall vote to approve or disapprove the request. The Board may establish conditions, including but not limited to financial conditions, under which the city or county may become a member of VCEA. The Board shall notify the then members of VCEA of this request and the date that the request will be on the Board’s meeting agenda for action. The date set for Board action shall be at least forty-five (45) days from the date the notice is mailed to the members. If the request is approved by the Board, the city or county shall become a member of VCEA under the terms and conditions set forth by the Board and upon approval and execution of this Agreement by the city or county.

2.5 Powers. VCEA shall have all powers common to the Parties and such additional powers accorded to it by law. VCEA is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 3.7 through 3.7.5:

2.5.1 to make and enter into contracts;

2.5.2 to employ agents and employees, including but not limited to an Executive Officer;

2.5.3 to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;

2.5.4 to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property; however, VCEA shall not exercise the power of eminent domain within the jurisdiction of a Party over its objection without first meeting and conferring in good faith.

2.5.5 to lease any property;

2.5.6 to sue and be sued in its own name;
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2.5.7 to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Sections 53850 et seq. and authority under the Act;

2.5.8 to form subsidiary or independent corporations or entities if necessary, to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;

2.5.9 to issue revenue bonds and other forms of indebtedness;

2.5.10 to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;

2.5.11 to submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCE Program and other energy programs;

2.5.12 to adopt Operating Rules and Regulations;

2.5.13 to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCE Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services; and

2.5.14 to permit additional Parties to enter into this Agreement after the Effective Date and to permit another entity authorized to be a community choice aggregator to designate VCEA to act as the community choice energy aggregator on its behalf.

2.6 Limitation on Powers. As required by Government Code Section 6509, the power of VCEA is subject to the restrictions upon the manner of exercising power possessed by City of Davis.

ARTICLE 3: GOVERNANCE AND INTERNAL ORGANIZATION

3.1 Board of Directors. VCEA shall be governed by a legislative body known as the Board of Directors ("Board"). The Initial Board shall consist of two (2) directors appointed by each of the initial members; for example, if the initial members are the County of Yolo and the City of Davis, the board shall be four (4) directors with two (2) directors appointed by the Yolo County Board of Supervisors and two (2) directors appointed by the City Council of Davis. Each Director shall serve at the pleasure of the governing board of the Party who appointed such Director, and may be removed as Director by such governing
board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 60 days of the date that such position becomes vacant. Directors must be members of the Board of Supervisors or members of the City Council of the appointing City that is the signatory to this Agreement. Each Party may appoint an alternate(s) to serve in the absence of its Director(s). Alternates may be either (1) members of the Board of Supervisors or (2) members of the governing board of the municipality that is the signatory to this Agreement.

If additional cities or counties join VCEA, as set forth in section 2.4, each city or county that becomes a member of VCEA shall be entitled to two (2) directors who shall be appointed as set forth above. When the fifth member joins VCEA, the number of directors per member agency of all current member agencies shall be reduced to one (1) director per member agency.

3.1.1 Ex officio Directors. The Board may appoint ex officio members of the Board. Ex officio directors shall receive all meeting notices, shall have the right to participate in Board discussions and the right to place items on the agenda but shall not be counted towards a quorum and shall have no vote.

3.2 Quorum. A majority of the appointed Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.

3.3 Powers and Functions of the Board. The Board shall exercise general governance and oversight over the business and activities of VCEA, consistent with this Agreement and applicable law. The Board shall provide general policy guidance to the CCE Program. Board approval shall be required for any of the following actions:

3.3.1 The issuance of bonds or any other financing even if program revenues are expected to pay for such financing.

3.3.2 The appointment or termination of the Executive Officer and General Counsel.

3.3.3 The appointment or removal of officers described in Section 3.9, subject to Section 3.9.3.

3.3.4 Any decision to provide retirement or post-retirement benefits that are defined benefit programs, subject to the requirements of section 5.3.4, below.

3.3.5 The adoption of the Annual Budget.
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3.3.6 The adoption of an ordinance.

3.3.7 The approval of agreements, except as provided by Section 3.4.

3.3.8 The initiation or resolution of claims and litigation where VCEA will be the defendant, plaintiff, petitioner, respondent, cross complainant or cross petitioner, or intervenor; provided, however, that the Executive Officer or General Counsel, on behalf of VCEA, may intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative agency, without approval of the Board as long as such action is consistent with any adopted Board policies.

3.3.9 The setting of rates for power sold by VCEA and the setting of charges for any other category of service provided by VCEA.

3.3.10 Termination of the CCE Program.

3.4 Executive Officer. The Board of Directors shall appoint an Executive Officer for VCEA, who shall be responsible for the day-to-day operation and management of VCEA and the CCE Program. The Executive Officer may be retained under contract with VCEA, be an employee of VCEA, or be an employee of one of the Parties. The Executive Officer shall report directly to the Board and serve as staff to VCEA. Except as otherwise set forth in this Agreement, the Executive Officer may exercise all powers of VCEA, including the power to hire, discipline and terminate employees as well as the power to approve any agreement if the total amount payable under the agreement is less than $100,000 in any fiscal year, or such higher amount as established by the Board from time to time, by resolution of the Board, except the powers specifically set forth in Section 3.3 or those powers which by law must be exercised by the Board of Directors. The Executive Officer shall serve at the pleasure of the Board.

3.5 Commissions, Boards, and Committees. The Board may establish commissions, boards or committees, including but not limited to a standing executive committee of the Board, as the Board deems appropriate, to assist the Board in carrying out its authority and functions under this Agreement and may delegate authority to such commission, board or commission as set forth in a Board resolution. Such delegation may be modified, amended or revoked as any time as the Board may deem appropriate. Any decision delegated pursuant to this subsection may be appealed to the Board, as the Board so determines.

3.5.1 The Board may also establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying
out its functions and implementing the CCE Program, other energy programs and the provisions of this Agreement.

3.5.2 Any board, commission or committee formed under this section shall comply with the requirements of the Ralph M. Brown Act. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

3.6 **Director Compensation.** Directors shall serve without compensation from VCEA. However, Directors may be compensated by their respective appointing authorities. The Board, however, may adopt by resolution a policy relating to the reimbursement by VCEA of expenses incurred by Directors.

3.7 **Voting.** In general, as described below in Section 3.7.3, action by VCEA Board will be taken solely by a majority vote of the total number of Directors present; provided, however, that so long as VCEA consists of three or less members, all actions of the Board shall require the affirmative vote of at least one director appointed by each member. In addition, as described below in Section 3.7.4, upon request of two (2) Directors each from a different member agency, a weighted vote by shares will also be conducted. When such a request is made, an action must be approved by both a majority vote of Directors present and a majority of the weighted vote by shares present. No action may be approved solely by a vote by shares. The voting shares of Directors and approval requirements for actions of the Board shall be as follows:

3.7.1 **Voting Shares.**

Each member agency shall have a voting share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 100, where

(a) “Annual Energy Use” means, (i) with respect to the first two (2) years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage during the prior Fiscal Year, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by VCEA; and

(b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy Use will be designated in Exhibit C, and shall be adjusted annually as soon as
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reasonably practicable after January 1, but no later than March 1 of each year. These adjustments shall be approved by the Board.

(c) The combined voting share of all Directors representing a member agency shall be based upon the annual electricity usage within the member agency’s jurisdiction; the combined voting share of a county shall be based upon the annual electricity usage within the unincorporated area of the county.

For the purposes of Weighted Voting, if a member agency has more than one director present and voting, then the voting shares allocated to the entity shall be equally divided amongst its Directors that are present and voting.

3.7.2 Exhibit Showing Voting Shares. The initial voting shares will be set forth in Exhibit D. Exhibit D shall be revised no less than annually as necessary to account for changes in the number of Parties and changes in the Parties’ Annual Energy Use. Exhibit D and adjustments shall be approved by the Board.

3.7.3 Approval Requirements Relating to CCE Program. Except as provided in Sections 3.7 above and 3.7.4 and 3.7.5 below, action of the Board shall require the affirmative vote of a majority of Directors present at the meeting.

3.7.4 Option for Approval by Voting Shares. Notwithstanding Section 3.7.3, any two (2) Directors, each appointed from a different member agency, present at a meeting may demand that approval of any matter related to the CCE Program be determined on the basis of both voting shares and by the affirmative vote of a majority of Directors present at the meeting. If two Directors makes such a demand with respect to approval of any such matter, then approval of such matter shall require the affirmative vote of a majority of Directors present at the meeting and the affirmative vote of Directors having a majority of voting shares present, as determined by Section 3.7.1 except as provided in Section 3.7.5.

3.7.5 Special Voting Requirements for Certain Matters.

(a) Two-Thirds and Weighted Voting Approval Requirements Relating to Sections 6.2 and 7.4. Action of the Board on the matters set forth in Section 6.2 (involuntary termination of a Party), or Section 7.4 (amendment of this Agreement) shall require the affirmative vote of at least two-thirds of Directors present; provided, however, that (i) notwithstanding the foregoing, any two (2) Directors present at the meeting, each appointed from a
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different member agency, may demand that the vote be determined on the basis of both voting shares and by the affirmative vote of Directors, and if any two (2) Directors makes such a demand, then approval shall require the affirmative vote of both at least two-thirds of Directors present and the affirmative vote of Directors having at least two-thirds of the voting shares present, as determined by Section 3.7.1; (ii) but, Directors from at least two (2) Parties must vote against a matter for the vote to fail; and (iii) for votes to involuntarily terminate a Party under Section 6.2, the Director(s) for the Party subject to involuntary termination may not vote, and the number of Directors constituting two-thirds of all Directors, and the weighted vote of each Party shall be recalculated as if the Party subject to possible termination were not a Party.

(b) Seventy-Five Percent Special Voting Requirements for Eminent Domain and Contributions or Pledge of Assets.

(i) A decision to exercise the power of eminent domain on behalf of VCEA to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors present and voting and a vote of at least two-thirds of all the members of the Board of Directors.

(ii) The imposition on any Party of any obligation to make contributions or pledge assets as a condition of continued participation in the CCE Program shall require a vote of at least 75% of all Directors present and voting and the approval of the governing boards of the Parties who are being asked to make such contribution or pledge.

(iii) Notwithstanding the foregoing, any two (2) Directors present at the meeting, each appointed by a different member agency, may demand that a vote under subsections (i) or (ii) be determined on the basis of voting shares and by the affirmative vote of Directors, and if any two (2) Directors makes such a demand, then approval shall require both the affirmative vote of at least 75% of Directors present and the affirmative vote of Directors having at least 75% of the voting shares present, as determined by Section 3.7.1, but Directors from at least two (2) Parties must vote against a matter for the vote to fail. For purposes of this section, “imposition on any Party of any obligation to make

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contributions or pledge assets as a condition of continued participation in the CCE Program” does not include any obligations of a withdrawing or terminated party imposed under Section 6.3.

3.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least six (6) regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special and Emergency Meetings of the Board may be called in accordance with the provisions of California Government Code Sections 54956 and 54956.5. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

3.9 **Selection of Board Officers.**

3.9.1 **Chair and Vice Chair.** The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The Chair and vice Chair shall serve at the pleasure of the Board. There shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if:

(a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or

(b) the Party that he or she represents withdraws from VCEA pursuant to the provisions of this Agreement.

3.9.2 **Secretary.** The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of VCEA.

3.9.3 **Treasurer and Auditor.** The Treasurer shall function as the combined offices of Treasurer and Auditor pursuant to Government code section 6505.6 and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 65.5 of the Act. The Treasurer for VCEA shall be the depository and have custody of all money of VCEA from whatever source and shall draw all warrants and pay demands against VCEA as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of VCEA to be made by a certified public accountant, or public accountant, in compliance with Section 6505
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of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 5. The Treasurer shall serve at the pleasure of the Board.

3.10 Administrative Services Provider. The Board may appoint one or more administrative services providers to serve as VCEA’s agent for planning, implementing, operating and administering the CCE Program, and any other program approved by the Board, in accordance with the provisions of an Administrative Services Agreement. The appointed administrative services provider may be one of the Parties. One or more of the Parties may agree to provide all or a portion of the services in the manner set forth in an Administrative Services Agreement. Employees of the member agencies utilized to perform such services shall remain employees of the member agency and subject to the employing member agency’s control and supervision. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all or enumerated tasks necessary for planning, implementing, operating and administering the CCE Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement, the services to be provided, and the circumstances under which the Administrative Services Agreement may be terminated by VCEA. This section shall not in any way be construed to limit the discretion of VCEA to hire its own employees to administer the CCE Program or any other program.

ARTICLE 4: IMPLEMENTATION ACTION AND VCEA DOCUMENTS

4.1 Preliminary Implementation of the CCE Program.

4.1.1 Enabling Ordinance. To be eligible to participate in the CCE Program, each Party must adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCE Program by and through its participation in VCEA.

4.1.2 Implementation Plan. VCEA shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 3.7.3.
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4.1.3 **Termination of CCE Program.** Nothing contained in this Article or this Agreement shall be construed to limit the discretion of VCEA to terminate the implementation or operation of the CCE Program at any time in accordance with any applicable requirements of state law.

4.2 **VCEA Documents.** The Parties acknowledge and agree that the affairs of VCEA will be implemented through various documents duly adopted by the Board through Board resolution. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board, subject to the Parties’ right to withdraw from VCEA as described in Article 6.

**ARTICLE 5: FINANCIAL PROVISIONS**

5.1 **Fiscal Year.** VCEA’s fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

5.2 **Depository.**

5.2.1 All funds of VCEA shall be held in separate accounts in the name of VCEA and not commingled with funds of any Party or any other person or entity.

5.2.2 All funds of VCEA shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of VCEA shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of VCEA, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

5.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

5.3 **Budget and Recovery of Costs.**

5.3.1 **Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of VCEA shall be approved by the Board in accordance with the Operating Rules and Regulations.
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5.3.2 **Funding of Initial Costs.** The County of Yolo and the City of Davis have funded certain activities necessary to implement the CCE Program. If the CCE Program becomes operational, these Initial Costs paid by the County and the City shall be included in the customer charges for electric services as provided by Section 5.3.3 to the extent recovery of such costs is permitted by law, and the County and the City shall be reimbursed from the payment of such charges by customers of VCEA. Prior to such reimbursement, the County and the City shall provide such documentation of costs paid as the Board may request. VCEA may establish a reasonable time period over which such costs are recovered. In the event that the CCE Program does not become operational, Yolo and Davis shall not be entitled to any reimbursement of the Initial Costs that have paid from VCEA or any Party. If any of the initial member agency assists in funding initial costs, that initial member shall also be entitled to reimbursement pursuant to this section.

5.3.3 **CCE Program Costs.** The Parties desire that all costs incurred by VCEA that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCE Program, including but not limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCE customers receiving such electric services, or from revenues from grants or other third-party sources.

5.3.4 Employee Retirement and Post-retirement benefits. Should the Board determine to provide a defined benefits retirement benefit to VCEA employees (such as PERS) or other post-retirements benefits that would be within an Other Post-Retirement Benefits (OPEB) obligation to VCEA employees, prior to providing such benefit(s) to any employee, the Board shall (1) obtain a third party independent actuarial report on the long term costs of the benefit or benefits, (2) adopt a funding plan for the payment of both current and long-term costs that provides for the payment of all such costs on a current, pay-as-you-go, basis and eliminates any known or reasonably anticipated unfunded liability associated with the benefit(s) and (3) notice all member agencies of the pending consideration of the benefit(s) together with the actuarial report and funding plan, for at least sixty (60) days and obtain the unanimous consent, by resolution, of all the Directors present and voting on the resolution.

**ARTICLE 6: WITHDRAWAL AND TERMINATION**

6.1 **Withdrawal.**
Approval of Woodland as member of JPA –

June 13, 2017

6.1.1 **Right to Withdraw.** A Party may withdraw its participation in the CCE Program, effective as of the beginning of VCEA’s fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to VCEA and each Party. Withdrawal of a Party shall require an affirmative vote of the Party’s governing board.

6.1.2 **Right to Withdraw After Amendment.** Notwithstanding Section 6.1.1, a Party may withdraw its membership in VCEA following an amendment to this Agreement adopted by the Board which the Party’s Director(s) voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party shall require an affirmative vote of the Party’s governing board and shall not be subject to the six month advance notice provided in Section 6.1.1. In the event of such withdrawal, the Party shall be subject to the provisions of Section 6.3.

6.1.3 **The Right to Withdraw Prior to Program Launch.** After receiving bids from power suppliers, VCEA shall provide to the Parties the report from the electrical utility consultant retained by VCEA that compares the total estimated electrical rates that VCEA will be charging to customers as well as the estimated greenhouse gas emissions rate and the amount of estimated renewable energy used with that of the incumbent utility. If the report provides that VCEA is unable to provide total electrical rates, as part of its baseline offering, to the customers that are equal to or lower than the incumbent utility or to provide power in a manner that has a lower greenhouse gas emissions rate or uses less renewable energy than the incumbent utility, a Party may immediately withdraw its membership in VCEA without any financial obligation, as long as the Party provides written notice of its intent to withdraw to VCEA Board no more than fifteen (15) days after receiving the report. Any withdrawing Party shall not be entitled to any return of funds provided to VCEA, provided, however, that if, after the program is launched there an unbudgeted and unused funds, the withdrawing member shall be refunded its pro rata share of the unbudgeted and unused funds.

6.1.4 **Continuing Financial Obligation; Further Assurances.** Except as provided by Section 6.1.3, a Party that withdraws its participation in the CCE Program may be subject to certain continuing financial obligations, as described in Section 6.3. Each withdrawing Party and VCEA shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from participation in the CCE Program.
6.2 **Involuntary Termination of a Party.** Participation of a Party in the CCE Program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's participation in the CCE Program upon a vote of Board members as provided in Section 3.7.5. Prior to any vote to terminate participation with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least thirty (30) days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its participation in the CCE Program terminated may be subject to certain continuing liabilities, as described in Section 6.3.

6.3 **Continuing Financial Obligations: Refund.** Except as provided by Section 6.1.3, upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or other financial obligations arising from the Party membership or participation in the CCE Program through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any financial obligations arising after the date of the Party’s withdrawal or involuntary termination. Claims, demands, damages, or other financial obligations for which a withdrawing or terminated Party may remain liable include, but are not limited to, losses from the resale of power contracted for by VCEA to serve the Party’s load and any unfunded liabilities such as unfunded retirement contributions or costs and any unfunded post-retirement benefits. With respect to such financial obligations, upon notice by a Party that it wishes to withdraw from the CCE Program, VCEA shall notify the Party of the minimum waiting period under which the Party would have no costs for withdrawal if the Party agrees to stay in the CCE Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party elects to withdraw before the end of the minimum waiting period, the charge for withdrawal shall be set at a dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. In addition, such Party shall also be responsible for any costs or obligations associated with the Party’s participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. VCEA may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with VCEA, as reasonably determined by VCEA and approved by a vote of the Board of Directors, to cover the Party’s financial obligations for the costs described above.

Any amount of the Party’s funds held on deposit with VCEA above that which is
required to pay any financial obligations shall be returned to the Party. If there is a disagreement related to the charge(s) for withdrawal or exiting, the Parties shall attempt to settle the amount through mediation or other dispute resolution process as authorized by section 7.1. If the dispute is not resolved, the Parties may agree in writing to proceed to arbitration, or any party may seek judicial review. The liability of any Party under this section 6.3 is subject and subordinate to the provisions of Section 2.2, and nothing in this section 6.3 shall reduce, impair, or eliminate any immunity from liability provided by Section 2.2.

6.4 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its participation in the CCE Program, as described in Section 6.1.

6.5 Disposition of Property upon Termination of VCEA. Upon termination of this Agreement, any surplus money or assets in possession of VCEA for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

ARTICLE 7: MISCELLANEOUS PROVISIONS

7.1 Dispute Resolution. The Parties and VCEA shall make reasonable efforts to informally settle all disputes arising out of or in connection with this Agreement. Should such informal efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be mediated in accordance with policies and procedures established by the Board.

7.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of VCEA shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. VCEA shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses and immunities available under the law, to the Parties, VCEA, or its Directors, officers, or employees.

7.3 Indemnification of Parties. VCEA shall acquire such insurance coverage as is necessary to protect the interests of VCEA, the Parties, and the public. VCEA shall defend, indemnify, and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all
Approval of Woodland as member of JPA –

June 13, 2017

claims, losses, damages, costs, injuries, and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of VCEA under this Agreement.

7.4 Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Board members as provided in Section 3.7.5. VCEA shall provide written notice to all Parties of amendments to this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.

7.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 7.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 7.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party’s contributions to VCEA, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of VCEA or the Parties under this Agreement.

7.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

7.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

7.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

7.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with
return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of VCEA or Party, as the case may be, or such other person designated in writing by VCEA or Party. Notices given to one Party shall be copied to all other Parties. Notices given to VCEA shall be copied to all Parties.

CITY:

CITY OF DAVIS, a California municipal corporation

By: ____________________________

Robb Davis, Mayor

ATTEST:

By: ____________________________

Zoe Mirabile, City Clerk

APPROVED AS TO FORM:

By: ____________________________

Harriet A. Steiner, City Attorney

COUNTY:

COUNTY OF YOLO

By: ____________________________

Jim Provenza, Chair
Board of Supervisors

ATTEST:

Julie Dachtler, Deputy Clerk
Board of Supervisors

By: ____________________________

Deputy (Seal)

APPROVED AS TO FORM:

Philip Pogledich, County Counsel

By: ____________________________

Eric May, Senior Deputy County Counsel
EXHIBIT A
DEFINITIONS

"Act" means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.).

"Administrative Services Agreement" means an agreement or agreements entered into after the Effective Date by VCEA with an entity that will perform tasks necessary for planning, implementing, operating and/or administering the CCE Program, or any portion of the CCE Program or any other energy programs adopted by VCEA.

"Agreement" means this Joint Powers Agreement.

"Alliance" or "Authority" or "VCEA" means the Valley Clean Energy Alliance.

"Annual Energy Use" has the meaning given in Section 3.7.1.

"Board" means the Board of Directors of VCEA.

"CCE" or "Community Choice Energy" or "CCA" or "Community Choice Aggregation" means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

"CCE Program" or "CCA Program" means VCEA's program relating to CCE that is principally described in Sections 2.3, 2.4, and 4.1.

"Director" means a member of the Board of Directors representing a Party.

"Effective Date" means October 25, 2016 or when initial members of VCEA, including but not limited to the County of Yolo and the City of Davis execute this Agreement, whichever occurs later, as further described in Section 2.1.

"Implementation Plan" means the plan generally described in Section 4.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCE Program.

"Initial Costs" means all costs incurred by the County, the City and/or VCEA relating to the establishment and initial operation of VCEA, such as the hiring of an Executive Officer and any administrative staff, and any required accounting, administrative, technical, or legal services in support of VCEA's initial activities or in support of the negotiation, preparation, and approval of one or more Administrative Services Agreements.

"Operating Rules and Regulations" means the rules, regulations, policies, bylaws and procedures governing the operation of VCEA.
Exhibit A

“Parties” or “Members” means, collectively, the County, the City of Davis and any city or county which executes this Agreement.

“Party”, “Member” or “Member Agency” means a signatory to this Agreement.

“Total Annual Energy” has the meaning given in Section 3.7.1.

“VCEA Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions, and activities of VCEA, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.
EXHIBIT B
LIST OF PARTIES

Parties:  County of Yolo
          City of Davis
          City of Woodland
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EXHIBIT D
VOTING SHARES 6/13/17

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<td>29.772529 votes</td>
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Woodland membership – effective 6/13/2017
Approved by the City of Woodland And VCEA

CITY:

CITY OF WOODLAND, a California municipal corporation
By: [Signature]
Angel Barajas, Mayor

ATTEST:
By: [Signature]
Ana Gonzalez, City Clerk

APPROVED AS TO FORM:
By: [Signature]
Kara Ueda, City Attorney

VCEA:

Valley Clean Energy Alliance, a Joint Powers Agency
By: [Signature]
Chair

Page 25 of 25
Approved [October 25, 2016]
JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE VALLEY CLEAN ENERGY ALLIANCE
(6/8/2017)
82499.04003\29016479.18
ORDINANCE NO. 2487

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DAVIS AMENDING THE DAVIS MUNICIPAL CODE TO ADD CHAPTER 16 TO BE ENTITLED COMMUNITY CHOICE AGGREGATION (ELECTRICITY) AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DAVIS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. PURPOSE
The purpose of this Ordinance is to authorize the implementation of a community choice aggregation program, otherwise known as community choice energy, through the Valley Clean Energy Alliance Joint Powers Authority, as required by California Public Utilities Code section 366.2(c)(12).

SECTION 2. AMENDMENT OF THE MUNICIPAL CODE
Chapter 16 is hereby added to the Municipal Code to read as follows:

CHAPTER 16
COMMUNITY CHOICE AGGREGATION (ELECTRICITY)

Article 16.01 Authorization to Implement a Community Choice Aggregation Program.

Section 16.01.010 Authorization.
In order to provide businesses and residents within the City with a choice of power providers, the City hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating in the Community Choice Aggregation Program of the Valley Clean Energy Alliance, as described in its Joint Powers Agreement.

SECTION 3. SEVERABILITY
If any section, sub-section, sentence, clause, or phrase of this Ordinance is held by a court of competent jurisdiction to be invalid, such decision shall not affect the remaining portions this Ordinance. The City Council hereby declares that it would have passed this Ordinance, and each section, sub-section, sentence, clause, and phrase hereof, irrespective of the fact that one or more sections, sub-sections, sentences, clauses, and phrases be declared invalid.

SECTION 4. EFFECTIVE DATE
This Ordinance shall take effect and be in force thirty (30) days following its adoption. Prior to expiration of fifteen (15) days after its passage of this Ordinance, it shall be published by title.
and summary only in the Davis Enterprise or other newspaper of general circulation together with the names of members of the City Council voting for and against the same.

INTRODUCED on the 25th day of October, 2016, and PASSED AND ADOPTED by the City Council of the City of Davis this 1st day of November, 2016, by the following vote:

AYES: Arnold, Frerichs, Lee, Davis

NOES: None

ABSENT: Swanson

ATTEST:

Robb Davis
Mayor

Zoe S. Mihalice, CMC
City Clerk
CONSENT CALENDAR
Excerpt of Minute Order No. 16-159 Item No. ____9____, of the Board of Supervisors’ meeting of November 8, 2016.


9. Waive second reading and adopt ordinance authorizing implementation of the Community Choice Energy program in the unincorporated County of Yolo and the City of Davis. (No general fund impact) (Echiburu/Espinoza)

Approved Ordinance No. 1475 on Consent.
Subject
Waive second reading and adopt ordinance authorizing implementation of the Community Choice Energy program in the unincorporated County of Yolo and the City of Davis. (No general fund impact) (Echiburu/Espinoza)

Recommended Action
Waive second reading and adopt ordinance authorizing implementation of the Community Choice Energy program in the unincorporated County of Yolo and the City of Davis.

Strategic Plan Goal(s)
Operational Excellence
Sustainable Environment

Reason for Recommended Action/Background
On October 25, 2016, the Board of Supervisors introduced an ordinance authorizing the implementation of a Community Choice Aggregation program, also referred to as Community Choice Energy (CCE), through the Valley Clean Energy Alliance Joint Powers Authority to provide businesses and residents within unincorporated Yolo County and the City of Davis with a choice of power providers. Public comment in support was received and now staff recommends that the Board waive the second reading and adopt the ordinance (Attachment A).

Collaborations (including Board advisory groups and external partner agencies)
County Administrator's Office, County Counsel, VCEA/CCE Planning Team (Board of Supervisors/Davis City Council/Woodland City Council CCE subcommittees), LEAN Energy

Fiscal Information
Fiscal impact (see budgetary detail below)
Total cost of recommended action $500,000
Amount budgeted for expenditure $500,000
Additional expenditure authority needed $0
One-time commitment Yes

Source of Funds for this Expenditure
General Fund $0

Further explanation as needed
The 2016-17 budget includes $500,000 loan from Demeter funds to partially fund reimbursable CCE program start-up costs. The City of Davis also allocated $500,000 for the same purpose.

Attachments
Att. A. Ordinance

Form Review
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Final Approval Date: 11/01/2016
ORDINANCE NO. 1475

AN ORDINANCE OF THE YOLO COUNTY BOARD OF SUPERVISORS
AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE
AGGREGATION PROGRAM

The Board of Supervisors of the County of Yolo, hereby ordains as follows:

SECTION 1. PURPOSE

The purpose of this Ordinance is to authorize the implementation of a community choice aggregation program through the Valley Clean Energy Alliance Joint Powers Authority, as required by California Public Utilities Code section 366.2(c)(12).

SECTION 2. ADDITIONS TO TITLE 2 OF THE COUNTY CODE

Chapter 10 is hereby added to Title 2 of the County Code:

Chapter 10: Community Choice Aggregation

Sec. 2-10.01: Authorization to Implement a Community Choice Aggregation Program.

In order to provide businesses and residents within unincorporated Yolo County with a choice of power providers, the County of Yolo hereby elects to implement a community choice aggregation program within the jurisdiction of unincorporated Yolo County by participating in the Community Choice Aggregation Program of the Valley Clean Energy Alliance, as described in its Joint Powers Agreement.

SECTION 3. SEVERABILITY

If any section, sub-section, sentence, clause, or phrase of this Ordinance is held by a court of competent jurisdiction to be invalid, such decision shall not affect the remaining portions this Ordinance. The Board of Supervisors hereby declares that it would have passed this Ordinance, and each section, sub-section, sentence, clause, and phrase hereof, irrespective of the fact that one or more sections, sub-sections, sentences, clauses, and phrases be declared invalid.

SECTION 4. EFFECTIVE DATE

This Ordinance shall take effect and be in force thirty (30) days following its adoption. Prior to expiration of fifteen (15) days after its passage of this Ordinance, it shall be published by title and summary only in the Davis Enterprise or other newspaper of general circulation together with the names of members of the Board of Supervisors voting for and against the same.
I HEREBY CERTIFY that the foregoing Ordinance was introduced before the Board of Supervisors of the County of Yolo and, at a further public hearing, said Board adopted this Ordinance on the 8th day of November, 2016, by the following vote:

AYES: Chamberlain, Villegas, Saylor, Rexroad, Provenza.
NOES: None.
ABSENT: None.
ABSTAIN: None.

Jim Provenza, Chair
Yolo County Board of Supervisors

ATTEST: June Dachler, Deputy Clerk,
Board of Supervisors

By
Deputy

APPROVED AS TO FORM:

Philip J. Pogledich, County Counsel

By
Eric May, Senior Deputy
PUBLIC NOTICE

ADOPTED ORDINANCE NO. 1475

NOTICE is hereby given that at its regularly scheduled meeting of November 8, 2016 the Yolo County Board of Supervisors adopted Ordinance No. 1475 authorizing the implementation of a Community Choice Aggregation Program.

The Ordinance was adopted by the following vote:

AYES: Chamberlain, Villegas, Saylor, Rexroad, Provenza.
NOES: None.
ABSENT: None.
ABSTAIN: None.

Copies of the full text of the Ordinance are available at the Office of the Clerk of the Board of Supervisors, 625 Court Street, Room 204, Woodland, CA 95695.

Dated: November 11, 2016
Lupita Ramirez, Deputy Clerk
Yolo County Board of Supervisors
I am a citizen of the United States and a resident of the county aforesaid. I am over the age of eighteen years and not a party to or interested in the above-entitled matter. I am the principal clerk of the printer of

THE DAVIS ENTERPRISE
315 G STREET

printed and published Wednesday, Friday and Sunday in the city of Davis, County of Yolo, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Yolo, State of California, under the date of July 14, 1952, Case Number 12680.

That the notice, of which the annexed is a printed copy (set in type not smaller than non-pareil), has been issue of said newspaper and not in any supplement thereof on the following dates to-wit:

November 11

All in the year(s) 2016

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Davis, California, This 9th day of November, 2016.

Molly McMahon
Legal Advertising Clerk

PUBLIC NOTICE
ADOPTED ORDINANCE NO. 1475

NOTICE is hereby given that at its regularly scheduled meeting of November 8, 2016 the Yolo County Board of Supervisors adopted Ordinance No. 1475 authorizing the implementation of a Community Choice Aggregation Program.

The Ordinance was adopted by the following vote:
AYES: Chamberlain, Villegas, Saylor, Rexroad, Provenza.
NOES: None.
ABSENT: None.
ABSTAIN: None.

Copies of the full text of the Ordinance are available at the Office of the Clerk of the Board of Supervisors, 625 Court Street, Room 204, Woodland, CA 95695.

Dated: November 11, 2016

Lupita Ramirez, Deputy Clerk
Yolo County Board of Supervisors
ORDINANCE NO. 1616

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WOODLAND AMENDING THE WOODLAND MUNICIPAL CODE TO ADD CHAPTER 7A, ENTITLED “COMMUNITY CHOICE AGGREGATION (ELECTRICITY)” AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

BE IT ORDAINED by the City Council of the City of Woodland as follows:

SECTION 1. Purpose

The purpose of this Ordinance is to authorize the implementation of a community choice aggregation program through the Valley Clean Energy Alliance Joint Powers Authority, as required by California Public Utilities Code section 366.2(c)(12).

SECTION 2. Amendment to the Municipal Code Chapter 7A is hereby added to the Municipal Code to read as follows:

Chapter 7A. - Community Choice Aggregation (Electricity)

Article 1. - Authorization to Implement a Community Choice Aggregation Program.

Section 7A-1-1. - Authorization: In order to provide businesses and residents within the City with a choice of power providers, the City hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating in the Community Choice Aggregation Program of the Valley Clean Energy Alliance, as described in its Joint Powers Agreement.

SECTION 3. Severability

If any section, sub-section, sentence, clause, or phrase of this Ordinance is held by a court of competent jurisdiction to be invalid, such decision shall not affect the remaining portions this Ordinance. The City Council hereby declares that it would have passed this Ordinance, and each section, sub-section, sentence, clause, and phrase hereof, irrespective of the fact that one or more sections, sub-sections, sentences, clauses, and phrases be declared invalid.

SECTION 4. Effective Date

This Ordinance shall take effect and be in force thirty (30) days following its adoption.
PASSED AND ADOPTED by the City Council this 6th day of June, 2017, by the following vote:

AYES: Council Members Davies, Fernandez, Rodriguez, Stallard and Mayor Barajas
NOES: None
ABSENT: None
ABSTAIN: None

Angel Barajas, Mayor

ATTEST:

Ana B. Gonzalez, City Clerk

APPROVED AS TO FORM:

Kara K. Ueda, City Attorney