

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 19

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations
Mitch Sears, Executive Officer

SUBJECT: 2025 Operating Budget & Customer Rates

DATE: December 12, 2024

RECOMMENDATIONS

1. Approve 2025 VCE Customer Rates:
 1. Standard Green Rates with a 5% discount to PG&E's 2025 generation rates
 - i. Additional 5% discount (10% combined) to PG&E 2025 Rates for CARE/FERA and Medical Baseline customers
 2. Base Green Rate discount of 2.5% to PG&E 2025 generation rates
2. Approve 2025 Budget with \$102.1 M of operating revenues and \$72.7 M of operating expenses for a net income of \$29.4 M.

OVERVIEW

The purpose of this staff report is to: (1) Update 2024 actuals (10-Months) ending December 31, 2024, (2) present analysis of 2025 customer rates, and (3) the recommended 2025 Budget for Board consideration.

As detailed in the body of this report, the 2024 Budget is estimated to have a net positive income of \$22.9M, which is \$1.1M above the adopted Budget for reasons outlined in the analysis section below. The 2025 budget forecasts a positive net income of \$29.4 M, allowing VCE to reach its primary financial objectives of building cash reserves while maintaining competitive rates and executing local programs.

VCE's longer-term outlook (2026+) indicates increased stability and cost certainty with VCE's long-term PPA's on-line combined with continued growth in cash reserves positioning VCE to receive an initial investment grade credit rating.

BACKGROUND

In December 2023, the Board approved the [2024 Operating Budget](#) taking into account matching PG&E's proposed rates, incorporated a 2.5% rate credit for CARE/FERA and Medical Baseline customers, and directed all other revenues to cash reserves to move toward a target of ~180+ days cash on hand by the end of 2024. Based on VCE financial performance, at the January 11, 2024 Board meeting, the Board approved [Item 12](#) to expand discounts to all VCE customers by 1% compared to PG&E in addition to a 2.5% discount for CARE/FERA and medical baseline customers. At the April 11, 2024, the Board approved [Item 18](#) to increase the 1% discount to 2% for all customers.

As discussed in the budget monitoring process in 2024, the California Public Utilities Commission (CPUC) slice of day resource adequacy (RA) requirements for 2025 have increased price volatility in the forward curve for RA costs. Staff has provided updates in July and September on power cost strategies for optimizing the sale of renewable energy credits (RECs) above compliance requirements to help maintain long-term positive financial outlooks and more affordable customer rates. This power cost management approach is similar to other CCA's strategies for the above compliance portfolio RA, RECs, Energy, etc. attributes.

ANALYSIS

This report updates the financial information provided to the Board on November 14, 2024 and provides the basis for the budget Analysis in Section 3 below. The sections below provide updates on: (1) the 2024 Operating Budget, (2) an overview of key factors influencing the operating budgets, and (3) analysis of the recommended 2025 budget.

1. 2024 Operating Budget Update

In December 2023, the Board approved the 2024 Operating Budget taking into account matching PG&E's proposed rates, incorporated a 2.5% rate credit for CARE/FERA and Medical Baseline customers, and directed all other revenues to cash reserves to move toward a target of ~180+ days cash on hand by the end of 2024. Based on VCE's financial performance the Board also implemented discounts for all customers starting in January 2024 by 1% and 2% in July 2024.

Key assumptions in the 2024 Operating Budget included the following:

- 2024 Customer Rates (VCE & PG&E Comparison) were set to collect sufficient revenue from participating customers to fully fund VCE's Budget and continue to contribute to reserve funds to obtain an initial investment grade credit rating while providing more affordable rates.
- 2024 PCIA Forecast –The updated PCIA increased from ~.002 KW/\$2M to .004 KW/\$4M
- 2024 Customer Rates Forecast – The updated forecast for PG&E rates results in a projected 5-7% generation rate increase.
- VCE's Multi-Year Forecast included increases for PCIA, VCE's long-term renewable PPA contracts to provide near/long-term financial stability, allowing VCE to continue to build reserves to 180+ days of operating cash that will support VCE's movement towards an investment grade credit rating (estimated by 2028).

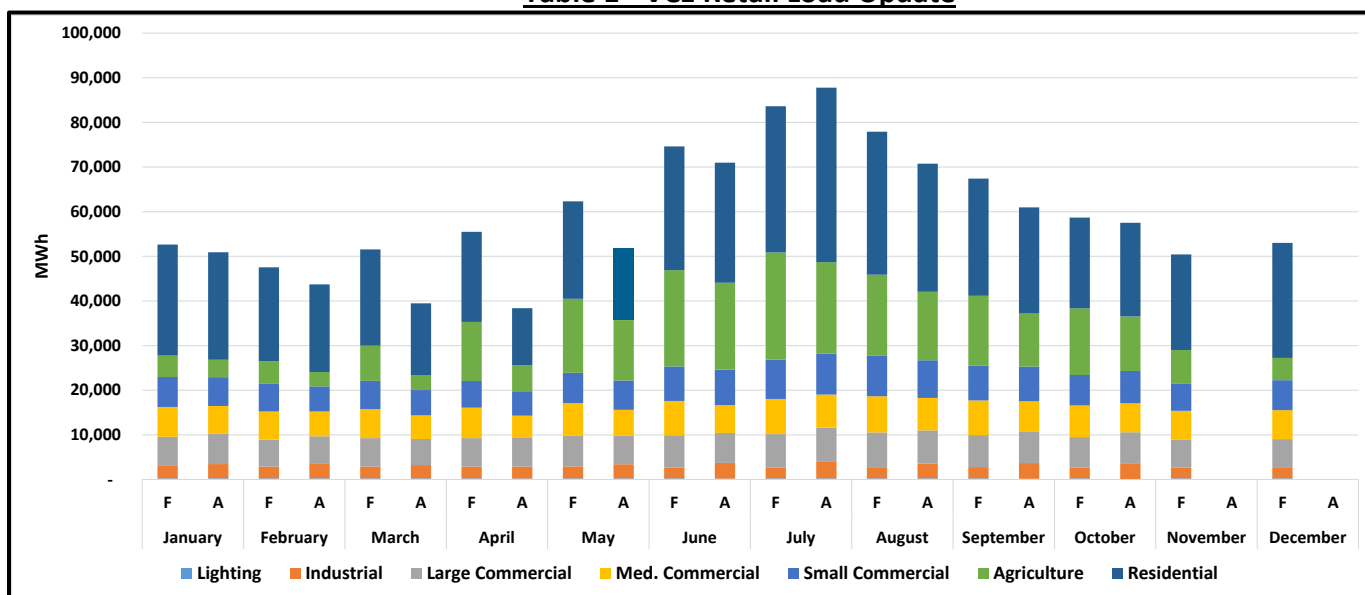
Staff provided a mid-year financials update in June 2024 to track/report actual 2024 Operating Budget results. As shown in Table 1 below, customer load demand has remained lower than forecasted resulting in reduced revenues throughout 2024.

VCE's 2024 Budget is estimated to have a net positive income of \$22.9M, which is \$1M above the adopted Budget inclusive of budget adjustments for rate discounts mainly driven by lower retail load in Agriculture and Residential sectors resulting from lower average temperatures, reduced and shorter heat events, and an above average precipitation year. Key factors influencing the 2024 Operating Budget results include:

- Load Forecast. As shown in Table 2, 2024 energy use in most sectors have been lower than forecasted in first half of 2024. Retail load normalized in the second half of 2024.

For example, two large sectors showed lower than forecast energy use: (1) residential and (2) commercial use related to agriculture due to wet and long winter, lower overall summer temperatures, and reduced heat events.

Table 1 - VCE Retail Load Update



- Budgeted revenues. The 2024 Budget incorporated revenues associated with a normalized load. These revenues have not fully materialized in the actuals for 2024 due to the lower overall load as described above resulting in lower revenues in the first half of 2024.
- Power Costs. Average forward market power prices have decreased from the Winter highs in 2022/2023. They have remained fairly consistent throughout 2024 despite lower load demand, stable natural gas storage levels and lower natural gas prices for an overall decrease of approximately 4%.

The following Table 2 summarizes the 2024 Operating Budget results to date.

Table 2 – 2024 Actuals vs. Budget

Description	APPROVED 2024 BUDGET	2024 Proforma (10 Month Actuals + 2 Month Budget)	Variance
Revenue	\$ 103,881	\$ 100,800	\$ (3,081)
Power Cost	\$ 75,200	\$ 71,500	\$ 3,700
Other Expenses	\$ 6,800	\$ 6,305	\$ 495
Net Income	\$ 21,881	\$ 22,995	\$ 1,114

Note: The 2024 interim audit will begin in December 2024 and will be completed in Q2 2025. Adjustments, if any, will be included in the annual report.

2. Proposed 2025 Customer Rates

As discussed at previous Board and Community Advisory Committee meetings, the CPUC is scheduled to adopt 2025 PG&E bundled rates at their December 2024 meeting. The updated analysis shown below is based on the best available information as of the writing of this report, with an effective rate change date of January 1, 2025, and following our current rate policy and financial objectives.

VCE Rate Policy (Update Approved November 10, 2021)

Cost-Based Rate Policy: VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and establish sufficient operating reserve funds. VCE's 2024 Target was set to fully fund 180 days of operating cash reserves and incorporated into 2024 rate setting.

2025 Customer Rates Drivers

Based on information from VCE and CalCCA's analysts on the proposed PG&E rates decision outlined above, VCE has incorporated the following assumptions in its updated financial forecasts for 2025 (assuming PG&E rates/PCIA are implemented on January 1, 2025):

- PCIA: 75% decrease over 2024 PCIA (net zero charge)- Results in approximately \$4M increase in revenue for 2025
- PG&E Bundled rates (PCIA & Generation): 5-7% increase – Results in approximately \$6M revenue for 2025

Staff continues to evaluate the balancing of rate affordability, rate equity, and environmental impacts through the cost recovery rate setting process.

Rate Discounts/Revenue Investment

- Revenues can be “invested” in rate discounts, programs, increased procurement of clean energy resources (e.g. short-term RECs), or a combination of these and other elements.
- Every 1% discount results in approximately \$1.50/month reduction in the average residential customer bill and approximately \$3.75/month reduction in the average small commercial customer bill.
- Every 1% discount would be approximately \$1M in reduced net income available for cash reserves, rate stabilization, programs, and procurement of additional clean energy resources. Net Income allocations for reserves and programs are normally evaluated in May as part of VCE's audited financial results.
- If selected, rate discounts are best implemented during PG&E rate changes (e.g. January), to minimize billing efforts, risk of errors, and customer messaging.

VCE Rates Recommendation

1. Standard Green Rates (default rate): 5% Discount to PG&E's 2025 generation Rates (increase VCE's 2024 rate discount by 3%)
 - i. 10% Discount to PG&E 2025 Rates for CARE/FERA and Medical Baseline customers (increase VCE's 2024 rate discount by 5.5%)
2. Base Green Rate (Opt-down rate option): discount of 2.5% to PG&E 2024 generation rates

Fiscal Effects

The rates (and budget) approach outlined in this report allows VCE to offer more affordable customer rates and higher renewable content than PG&E while positioning itself to obtain an initial investment grade credit rating, build additional rate stabilization funds, execute VCE programs, and prepare for future PCIA increases and power market volatility to achieve long-term rate stability. Note: The VCE generation charges plus PCIA and franchise fees are approximately 40% of the total average residential electricity bill. PG&E's Transmission, Distribution, and other charges account for the remainder 60% of the total electricity bill.

Staff will continue evaluate sustainable customer rate discounts as part of the 2024 net margin allocation and financial results for the second quarter of 2025 as part of the Customer Program and Dividend Policy. As part of this process, Staff will incorporate any budget amendment for the power purchase agreement prepayment discounts and impacts to the VCE's initial investment grade credit rating. If approved by the Board, these customer rates would help meet VCE's strategic financial objectives. The longer-term outlook (2026+) shows increased stability and cost certainty.

3. Proposed 2025 Operating Budget

As noted in the November budget update, slightly reduced forward power market prices have been partially offset by significant increases in resource adequacy (RA) and renewable portfolio standard (RPS) eligible resources which contribute to a reduced 2025 PCIA. Based on analysis by CalCCA, Staff anticipates lower PCIA and an increase in PG&E Customer rates. The net result is \$29.4 M in net income initially forecast for 2025 (Table 3 below).

The California Public Utilities Commission (CPUC) slice of day resource adequacy (RA) requirements for 2025 have increased price volatility in the forward curve for RA costs. Staff provided updates in July and September on power cost strategies for optimizing the sale of renewable energy credits (RECs) above compliance requirements to help maintain long-term positive financial outlooks. This power cost management approach is similar across the CCA community for above compliance portfolio RA, RECs, Energy, etc. attributes.

Most recently, Staff has updated the forecasts to incorporate additional PG&E actuals reflecting an under-collection of 2024 revenues and the updated power cost forwards that include the increasing RA and RPS market price benchmarks. These factors are primary drivers leading to a revised forecast resulting in the 2025 PCIA stabilizing and a PG&E rate change going from a ~3% reduction to a ~5-7% increase for 2025. Additionally, VCE's long-term renewable contracts continue to have cost/rate stabilization effects while significantly increasing VCE's renewable content.

Key Assumptions included in the 2025 Budget Summary (Table 3) and Multi-year forecast (Table 4):

- 2025 Customer Rates (VCE & PG&E Comparison) VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and continue to contribute to reserve funds to obtain an initial investment grade credit rating.
- 2025 PCIA Forecast –The updated PCIA increased from ~.002 KW/\$2M to .004 KW/\$4M

- 2025 Customer Rates Forecast – The updated forecast for PG&E rates results in a projected 5-7% generation rate increase (higher increases currently being considered by the CPUC are associated with non-VCE portions of the bill such as transmission and distribution charges).

Table 3 – 2025 Budget Summary

VALLEY CLEAN ENERGY 2025 DRAFT BUDGET SUMMARY			
	APPROVED 2024 BUDGET	ACTUAL (YTD) Oct. 31 2024 2024 Proforma	PROPOSED 2025 BUDGET
OPERATING REVENUE	\$ 106,500	\$ 96,250	\$ 101,200
OPERATING EXPENSES:			
Cost of Electricity	75,200	72,500	64,000
Contract Services	2,261	2,196	2,640
Outreach & Marketing Programs	300	235	370
Staffing	2,018	1,102	2,170
General, Administration and other	1,632	1,632	2,100
	1,139		1,560
TOTAL OPERATING EXPENSES	82,550	77,665	72,840
TOTAL OPERATING INCOME	23,950	18,585	28,360
NONOPERATING REVENUES (EXPENSES)			
Interest income	550	826	990
Interest expense		-	-
TOTAL NONOPERATING REV/(EXPENSES)	550	826	990
NET MARGIN	\$ 24,500	\$ 19,411	\$ 29,350
NET MARGIN %	23.0%	20.2%	29.0%

Multi-Year Forecast

As shown in Table 4 below – Multi-Year Forecast, the changes to PCIA and VCE's long-term renewable PPA contracts are forecasted to provide near/long-term financial stability, allowing VCE to continue to build reserves to 180+ days of operating cash that will support VCE's ability to offer competitive customer rates, local programs, and move toward long-term financial goals (e.g. rate stability and investment grade credit rating - estimated by 2028).

Table 4 – Multi-Year Forecast

Description	Actuals		Actual YTD August 31 (10 MO) + Forecast (2 MO)	2025 Proposed Budget	*Preliminary Forecast		
	2022	2023	2024	2025	2026	2027	2028
Customer Revenue	85,323	95,430	100,800	101,200	97,300	100,500	101,700
Power Cost	75,130	68,528	71,500	64,100	72,100	69,700	68,400
Other Expenses	4,469	6,030	6,305	7,750	8,138	8,544	8,972
Net Income	5,724	20,872	22,995	29,350	17,063	22,256	24,328

* The preliminary forecast is based on analysis by CalCCA, MRW, and TEA and power cost forwards.

Note: Forecasted financials are based on the most current available data and assumptions, as displayed in Table 4. These scenarios may rely on future rate adjustments, reserves, or both to maintain VCE's financial strength.

Additional Considerations

Other Operating Expenses – Budget Other operating expenses (not including power costs) are nearly flat compared to the 2024 budget, reflecting a 4% increase in line with CPI at ~4%. The majority of the cost increases are related to programs, increased staffing, and special projects to support the execution of VCE's long-term Strategic Goals. The primary factors of increased costs in this category of expenses include:

- \$2.2M in customer programs related to AgFIT expansion, ERRO, EV Phase II, Member Agency Energy Advisory, and other programs to be allocated to specific programs throughout the year.
- Staffing includes the addition of one full-time Sr. Financial Analyst (Power Costs and Revenues) and increase a currently budgeted part-time position allocation to a full-time Regulatory & Legislative Analyst
- Allowance for Staffing market adjustments based on recent salary survey results; between 5-9% dependent on position and potential promotions.
- Additional costs related to the scheduled strategic plan "Major Update" and customer focus groups
- Additional costs for the initial investment grade credit rating
- Increased interest income with increased cash reserves
- 4% annual salary and contractor inflation rate based on the 2024 4% inflation rate.
- 5% administrative contingency rate for unanticipated expenses.
- Additional cost for Office leasehold improvements.

Based on the updated information, Staff recommends continuing to build programs and reserves for VCE's target of 180+ days of cash reserves to position itself to achieve an investment grade credit rating.

CONCLUSION

Consistent with the adopted Reserves, Rates, and Budget policy, Staff is recommending that VCE set rates and adopt a budget for 2025 at a level that will fully fund the 2025 budget, offer more affordable rates to VCE customers with additional financial relief to CARE/FERA and Medical Baseline customers while positioning VCE to achieve and maintain an investment grade credit rating in 2025. Staff will continue to review and report operating results and propose adjustments upwards or downwards as needed. Staff's next scheduled review of financial results is in Q2 of 2025 with the audited financial results for 2024.

ATTACHMENTS

1. 2025 Operational Budget
2. Resolution 2024-XXX

VALLEY CLEAN ENERGY - 2025 OPERATING BUDGET

Description	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	TOTAL
Total Revenues	\$ 6,725,000	\$ 5,895,000	\$ 5,907,000	\$ 6,002,000	\$ 7,131,000	\$ 12,748,000	\$ 13,667,000	\$ 12,659,000	\$ 10,714,000	\$ 7,337,000	\$ 6,363,000	\$ 6,997,000	\$ 102,145,000
Electric Revenue	\$ 6,586,000	\$ 5,755,000	\$ 5,767,000	\$ 5,857,000	\$ 6,986,000	\$ 12,603,000	\$ 13,527,000	\$ 12,519,000	\$ 10,574,000	\$ 7,192,000	\$ 6,218,000	\$ 6,852,000	\$ 100,436,000
Interest Revenues	\$ 80,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 990,000
Reimbursable Revenues	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 720,000
Purchased Power	\$ 4,056,000	\$ 3,461,000	\$ 3,831,000	\$ 3,885,000	\$ 4,450,000	\$ 5,466,000	\$ 9,014,000	\$ 9,035,000	\$ 8,532,000	\$ 4,097,000	\$ 3,669,000	\$ 4,496,000	\$ 63,992,000
Purchased Power Base	\$ 3,863,000	\$ 3,296,000	\$ 3,649,000	\$ 3,700,000	\$ 4,238,000	\$ 5,206,000	\$ 8,585,000	\$ 8,605,000	\$ 8,126,000	\$ 3,902,000	\$ 3,494,000	\$ 4,282,000	\$ 60,946,000
Purchased Power Contingency 5%	\$ 193,000	\$ 165,000	\$ 182,000	\$ 185,000	\$ 212,000	\$ 260,000	\$ 429,000	\$ 430,000	\$ 406,000	\$ 195,000	\$ 175,000	\$ 214,000	\$ 3,046,000
Labor & Benefits	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 2,100,000
Salaries & Wages	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 1,728,000
Benefits	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 192,000
Human Resources & Payroll	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 180,000
Office Supplies & Other Expenses	\$ 39,700	\$ 39,700	\$ 39,700	\$ 66,000	\$ 39,700	\$ 39,700	\$ 39,700	\$ 39,700	\$ 46,500	\$ 39,700	\$ 39,700	\$ 39,700	\$ 509,500
Technology Costs	\$ 3,200	\$ 3,200	\$ 3,200	\$ 10,000	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 10,000	\$ 3,200	\$ 3,200	\$ 3,200	\$ 52,000
Office Supplies	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Travel	\$ 500	\$ 500	\$ 500	\$ 20,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 25,500
CalCCA Dues	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 192,000
CC Power	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 216,000
Memberships	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Contractual Services	\$ 208,400	\$ 208,400	\$ 336,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 223,400	\$ 208,400	\$ 2,643,800
Other Contract Services (e.g. IRP)	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 72,000
Don Dame	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 21,600
Wholesale Energy Services (TEA)	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 864,000
2030 100% Renewable & Storage	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 30,000
Customer Support Call Center	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 966,000
Operating Services	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
Commercial Legal Support	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Legal General Counsel	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
Regulatory Counsel	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 204,000
Joint CCA Regulatory counsel	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 19,200
Legislative - (Lobbyist)	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 69,000
Accounting Services	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Financial Consultant	\$ 2,000	\$ 2,000	\$ 75,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 97,000
Audit Fees	\$ -	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ 70,000
Marketing	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 372,000
Marketing Collateral	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 324,000
Community Engagement Activities & Sponsorships	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 48,000
Programs	\$ 374,500	\$ 374,500	\$ 114,500	\$ 114,500	\$ 114,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 2,174,000
Program Costs (Rebates, Incentives, etc.)	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,000,000
Member Agency Advisory Services	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 156,000
AG Fit	\$ 300,000	\$ 300,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 1,000,000
PIP Program	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Rents & Leases	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 49,200
Hunt Boyer Mansion	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 25,200
Lease Improvement	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Other A&G	\$ 51,700	\$ 51,700	\$ 176,500	\$ 51,700	\$ 58,500	\$ 51,700	\$ 51,700	\$ 51,700	\$ 51,700	\$ 51,700	\$ 51,700	\$ 51,700	\$ 752,000
Development - New Members	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 25,200
Strategic Plan Implementation	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 76,800
Strategic Plan Update & Community Focus Group	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
PG&E Data Fees	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 300,000
Insurance	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 96,000
Banking Fees	\$ 200	\$ 200	\$ 125,000	\$ 200	\$ 7,000	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 134,000
Miscellaneous Operating Expenses	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,100
Contingency	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 240,000
TOTAL OPERATING EXPENSES	\$ 4,961,400	\$ 4,366,400	\$ 4,729,200	\$ 4,556,700	\$ 5,102,200	\$ 6,151,400	\$ 9,699,400	\$ 9,720,400	\$ 9,224,200	\$ 4,782,400	\$ 4,369,400	\$ 5,181,500	\$ 72,844,600
Interest on RCB Term loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME	\$ 1,764,600	\$ 1,528,600	\$ 1,177,800	\$ 1,445,300	\$ 2,028,800	\$ 6,596,600	\$ 3,967,600	\$ 2,938,600	\$ 1,489,800	\$ 2,554,600	\$ 1,993,600	\$ 1,815,500	\$ 29,301,400

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024 - ____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
ADOPTING THE CUSTOMER RATES AND OPERATING BUDGET FOR YEAR 2025**

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

WHEREAS, beginning in 2020, VCE faced financial constraints associated with power market and regulatory volatility driven by forces outside VCE's direct control; and

WHEREAS, on November 10, 2021, the Board adopted a cost-based rate policy via Resolution 2021-023; and,

WHEREAS, to address volatility driven by forces outside of VCE’s direct control there is a need to adopt rates and operational budgets to cover actual cost and reserve requirements; and

WHEREAS, the VCE 2025 proposed Budget for the calendar year 2025 includes Operating Revenues totaling \$102.1M and purchased power and other operating expenses totaling \$72.7M for a net income of \$29.4M;

WHEREAS, proposed VCE 2025 customer rates include Standard Green Rates with a 5% discount to PG&E’s 2025 generation rates and an additional 5% discount (10% combined) to PG&E 2025 Rates for CARE/FERA and Medical Baseline customers, and VCE Base Green Rate 2.5% lower than PG&E 2025 generation rates.

NOW, THEREFORE, the Board of Directors of Valley Clean Energy Alliance hereby adopts the 2025 proposed Budget and Customer Rates for 2025.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____ 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment: 2025 Operating Budget