

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from February 10, 2022 meeting
DATE: March 10, 2022

RECOMMENDATION

Receive, review and approve the attached February 10, 2022 meeting Minutes.



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, FEBRUARY 10, 2022**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting scheduled for Thursday, February 10, 2022 at 5:00 p.m., to be held via Zoom webinar. Board Chair Jesse Loren established that there was a quorum present and began the meeting at 5:02 p.m.

Board Members Present: Jesse Loren, Tom Stallard, Dan Carson, Wade Cowan, Mayra Vega, Lucas Frerichs, Gary Sandy (arrived at 5:16 p.m.), Don Saylor (arrived at 5:23 p.m.)

Members Absent: None

Welcome Chair Loren welcomed everyone. She announced that the Closed Session of the Board has been cancelled.

Public Comment – Board Clerk informed those present that there were no written public
General and comments.
Consent

Verbal Public Comment: Christine Shewmaker thanked Board Member Lucas Frerichs for bringing up the subject of member jurisdictions opting up their accounts to UltraGreen, 100% renewable, at the last Board meeting. She and others have been advocating for this for a while and she does not want the idea to get lost. In 2019, Staff were asked by the Community Advisory Committee to calculate the cost to opt up for the 3 jurisdictions and that information was presented to the Board in March 2019. This is important both for the impact that it has on greenhouse gas emissions and the message it sends to the community at large, both on the importance of reducing emissions and on jurisdictions' commitment to VCEA. She suggested looking at this from the point of view of how much greenhouse gas emissions can be avoided.

Director Dan Carson mentioned that he has asked Davis city Staff to look at this as the city is going through the process of updating their Climate Action Adaptation plan. Vice Chair Tom Stallard asked to see the costs to the individual jurisdictions again.

Verbal Public Comment: Charles Ehrlich has been following the Sites Reservoir Project out of interest and for water policy. He noticed that the scope has changed by eliminating pump storage energy generation component due to budgetary concerns and wanted to move the project forward. He thinks it is an opportunity for pump storage to address demand response needs of the northern California region. He doubts that CC Energy would have the budget to



address this on their own, possibly a collaboration of others would work to pursue pump storage at future sites.

Approval of
Consent Agenda

Motion made by Director Lucas Frerichs to approve the consent agenda, seconded by Vice Chair Stallard. Motion passed with Directors Don Saylor and Gary Sandy absent. The following items were:

3. Authorized to continue remote public meetings as authorized by Assembly Bill 361;
4. Approved January 27, 2022 Board special meeting Minutes;
5. Received 2022 Long Range Calendar;
6. Received December 31, 2021 (unaudited) financial statement;
7. Received February 4, 2022 Regulatory update provided by Keyes & Fox;
8. Received February 2, 2022 Customer Enrollment update;
9. Received Community Advisory Committee January 20, 2022 meeting summary;
10. Received SACOG Grant – Electrify Yolo Project update;
11. Received Time of Use (TOU) Rate Transition update; and,
12. Received update on customer program development.

There were no verbal or written public comments on the consent calendar.

Item 13: Receive
Carbon Neutral by
2030 Draft Report.
(Information)

Interim General Manager Mitch Sears introduced this item. VCE Staff Gordon Samuels reviewed a few summary slides. Maggie Riley of Energeia, USA, VCE's consultant who prepared the carbon neutral study, reviewed project deliverables, Energeia's scope and approach, Integrated Resource planning, average net loads including PPAs, levelized cost of future clean resources, Energeia's portfolio optimization model, optimized resource solutions by portfolio including peak and minimum days, Annual portfolio costs, key risk analysis, annual costs by portfolio, key risk factor impacts, and key recommendations.

(Director Gary Sandy arrived at 5:16 p.m.)

(Director Don Saylor arrived at 5:23 p.m.)

There was a discussion on electric generation, hour by hour approach, load and capacity. There were no written public comments.

Verbal Public Comment: Christine Shewmaker commented as a citizen, Community Advisory Committee and Carbon Neutral Task Group member that Energeia, the Carbon Neutral Task Group and Staff delivered on the carbon neutral study, including fulfilling a strategic plan goal, and obtaining valuable information. There are few others that have a Carbon Neutral Plan, but VCE having one is a great accomplishment.



Motion made by Director Dan Carson to approve Staff's recommendation:

1. Receive and provide feedback on the Carbon Neutral by 2030 Final Report.
2. Direct Staff to re-assess VCE's policy of 80% renewable by 2030 and consider increasing this goal.
3. Direct Staff to return with recommendation(s) related to the Carbon Neutral Report in Q3 2022.

This motion was seconded by Director Lucas Frerichs. Motion passed unanimously by the following vote:

AYES: Loren, Stallard, Carson, Cowan, Vega, Frerichs, Sandy, Saylor

NOES: None

ABSENT: None

ABSTAIN: None

Item 14: Approve participation in and authorize VCE participating in the CC Power long duration storage project: Tumbleweed.

Mr. Samuels summarized the Tumbleweed Project, long duration storage joint procurement goals, mid-term Reliability Procurement Order (MTR) adopted by California Public Utilities Commission (CPUC), procurement order timing, project overview, those CCAs that are participating, project allocations and authority, contract structure, and conclusion.

There was a discussion on the similarities and differences between rates and cost of resources, approach to meeting VCE's renewable goals, procurement requirements, the Integrated Resource Plan (IRP) process, and the goal of procuring local resources. There were no verbal or written public comments.

Motion made by Director Frerichs to approve Staff's recommendation:

- 1) Authorize the Interim General Manager to execute on behalf of Valley Clean Energy as a member of CC Power the following agreements and any necessary ancillary documents for the Tumbleweed long duration storage project with a delivery term of 15 years starting at the commercial operation date on or about June 1, 2026:
 - a. Project Participation Share Agreement between Valley Clean Energy, California Community Power and other participating CCAs
 - b. Buyer Liability Pass Through Agreement between Valley Clean Energy, California Community Power and Tumbleweed Energy Storage, LLC.

This motion was seconded by Director Mayra Vega. Motion passed unanimously by the following vote:

AYES: Loren, Stallard, Carson, Cowan, Vega, Frerichs, Sandy, Saylor

NOES: None

ABSENT: None

ABSTAIN: None



Item 15: Approve
2022 Customer
Rates

Mr. Sears introduced this item and informed those present that the California Public Utilities Commission (CPUC) made a decision on Energy Resource and Recovery Account (ERRA) forecast proceeding, which includes Power Charge Indifference Adjustment (PCIA) and Pacific Gas & Electric rates. Mr. Sears provided an overview of the background, 2022 Customer Rate and Budget scenarios, updated Customer Rate and Budget scenarios, analysis of rate effect on average customer classes (total electricity bill), financial reserves target, customer outreach and communications, and Staff's recommendation.

Several items were discussed and commented on, such as: remaining in parity with PG&E's rates; the volatility of inputs that impact customer rates; the need to stabilize VCE's position and enhance VCE's potential of a bond rating; revenues and rate review; factors that go into forecasting; achievability of VCE reaching financial goals to fund programs; characteristics and quantity of CARE and FERA customers; and costs associated with these customers. There were no verbal or written public comments.

Director Don Saylor made a motion to adopt Staff's recommendation, this motion was seconded by Chair Loren.

Vice Chair Stallard made a substitute motion to adopt the second option [Scenario 2 (Base Case): approve VCE 2022 Customer Rates with no modifications; all revenues directed to reserves], this substitute motion was seconded by Director Gary Sandy.

The Board continued their discussion on rate options. Chair Loren asked for a vote on the substitute motion supporting the second option, and #2 and #3 of Staff's recommendation. Director Carson called for a "no vote" on this substitute motion.

Board Clerk took the vote on the substitute motion. Motion failed to pass with the following vote:

AYES: Stallard, Sandy, Cowan, Vega

NOES: Loren, Carson, Frerichs, Saylor

ABSENT: None

ABSTAIN: None

Due to the substitute motion failing, Chair Loren asked to take a vote on the first motion made by Director Saylor to approve Staff's recommendation. Director Saylor expressed his rationale for his motion. The Board continued to discuss the motion. Director Carson made an amendment to the motion to postpone a mid-year rate review to the Fall.



After further discussion, Director Saylor amended his motion to approve Staff's recommendation and move the rate review to the Fall 2022 as follows:

1. Approve VCE 2022 Customer Rates:
 - a. Customer rates for 2022 to match PG&E 2022 generation rates for all customer classes.
 - b. A rate credit of 2.5% for CARE and FERA customers in 2022
2. Conduct a mid-year rates review in Fall 2022 to assess rates forecast and determine the feasibility of:
 - a. allocating additional funds for 2022 clean energy content procurement,
 - b. allocating additional funds to program implementation,
 - c. providing additional rate credits for all customer classes during peak summer months in 2022.
3. Direct Staff to continue to develop and evaluate the feasibility of a revised rate structure with three customer options: (1) Standard Green (default) and (2) UltraGreen (100% renewable) with cost-based rates and adding a (3) least-cost customer rate option.

This motion was seconded by Jesse Loren. Motion passed unanimously by the following vote:

AYES: Loren, Stallard, Carson, Cowan, Vega, Frerichs, Sandy, Saylor
NOES: None
ABSENT: None
ABSTAIN: None

Item 16: Approve 2022 Operating Budget (Resolution 2022-005)

VCE Staff Edward Burnham reviewed with those present the 2022 Operating Budget, current fiscal year numbers, key factors influencing the VCE 2022 Budget, 2022 Budget scenarios, and Staff's recommendation.

The Board discussed items: budget, drought and energy costs and how this effects ag customers, forecasting, reserves, the needs of our customers, and the AgFIT (Agricultural Flexible Irrigation Technology) pilot program. There were no verbal or written public comments.

Motion made by Director Saylor to approve 2022 Operating Budget Scenario 1 with \$89.8M of operating revenues and \$72.3M of operating expenses for a net income of \$17.5M, seconded by Director Vega. Motion passed unanimously as Resolution 2022-005 by the following vote:

AYES: Loren, Stallard, Carson, Cowan, Vega, Frerichs, Sandy, Saylor
NOES: None
ABSENT: None
ABSTAIN: None



Item 17: Approve Line of Credit Agreement with the County of Yolo (Resolution 2022-006)

Mr. Sears introduced this item and provided the background on the short term credit agreement with County of Yolo. Mr. Burnham briefly summarized the credit agreement. There were no verbal or written public comments.

Motion made by Director Frerichs to authorize the Interim General Manager to conduct any final negotiations and sign all necessary documents on behalf of VCE for the short-term line of credit agreement with Yolo County in an amount not to exceed \$5,000,000, seconded by Director Dan Carson. Motion passed unanimously as Resolution 2022-006 by the following vote:

AYES: Loren, Stallard, Carson, Cowan, Vega, Frerichs, Sandy, Saylor

NOES: None

ABSENT: None

ABSTAIN: None

Item 18: VCE Three-Year Strategic Plan Annual update. (Informational)

Mr. Sears informed those present that he will not present slides on the Strategic Plan update. However, he reminded those present that the slides covered goals, objectives and activities, procurement, fiscal responsibility, operational innovation, leg/reg activities, and carbon neutral planning.

There were no verbal or written public comments. The Board Clerk was asked to resend the slides to the Board members since most of the slides distributed and posted have information that is cut off.

Item 19: Board Member and Staff Announcements

Mr. Sears informed those present that he presented information to UC Davis Graduate School of Management on Net Energy Metering (NEM) 3.0 He had a great discussion with the graduate students and received good feedback. As a result, VCE received an application from an application requesting to intern with VCE. He also informed those present that he will be speaking at the Yolo County Climate Action Committee meeting scheduled for tomorrow. He and Mark Fenstermaker of Pacific Policy Group, VCE's lobbyist consultant, met with Assemblymember Cecilia Aguiar-Curry's office to talk about VCE's AgFIT program. There is interest from other Assemblymembers' offices to speak with them about the pilot program. Director Saylor invite all to attend the Yolo County Climate Committee meeting tomorrow at 10 a.m.

Chair Loren reminded those present that there will be no closed session. She announced that the Board's next regular meeting is scheduled for Thursday, March 10, 2022 at 5 p.m.

Adjournment

Chair Loren adjourned the regular Board meeting at 7:21 p.m.

Alisa M. Lembke
VCEA Board Secretary