

**VALLEY CLEAN ENERGY ALLIANCE**

**Consent Agenda – Item 6**

---

**TO:** Valley Clean Energy Alliance Board of Directors

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

**SUBJECT:** Correct Typographical Error on Delegations for 2018 and 2019 Power Procurement

**DATE:** March 22, 2018

---

**RECOMMENDATION**

Staff recommends the Board adopt a resolution that approves the corrected delegation to SMUD for procuring VCEA’s power portfolio for 2018 and 2019.

**BACKGROUND**

On January 18, 2018 the Board adopted a resolution that approved a specific delegation to SMUD for power procurements for 2018 and 2019. Subsequent to that approval, staff noticed a typographical error in the power budget amount for 2018. The expected power budget shown on the delegation was \$28.45 million. The actual expected power budget for that delegation is \$26.45 million, and the delegation should reflect this. Correcting the budget amount means the authorized procurement cost (budget plus the 5% margin) was also incorrect, and should be \$27.77 million.

There was no consequential impact, in that SMUD managed power procurements to stay within the correct amounts. Attachment A shows edits to the 2018-2019 power procurement delegation, and Attachment B show the corrected procurement delegation.

**REQUESTED ACTION**

Adopt a resolution that approves corrected 2018- 2019 procurement delegation shown in Attachment B.

**ATTACHMENT A**

**Edits to the 2018-2019 Power Procurement Delegation**

SMUD is authorized to procure all forward products needed for VCEA’s 2018 power portfolio, and to begin procurement of the forward products for VCEA’s 2019 power portfolio. Forward products specifically include, renewable power, non-RPS clean power, resource adequacy, and fixed price market power. Procurements will be conducted in accordance with the guidelines in the Procurement Guide and within the following parameters:

<b>Power Budget Element</b>	<b>Parameter</b>
Total net power budget, Calendar Year (CY) 2018	Delegation to procure all forward products for 2018, such that the costs of the forward purchases don’t cause the total expected CY 2018 power costs to exceed <del>\$29.87</del> <u>\$27.77</u> million ( <del>\$28.45</del> <u>\$26.45</u> million expected power budget, plus 5%).
Total net power budget, CY 2019	Delegation to begin procurement of forward products for 2019, such that the costs of the forward purchases don’t cause the total expected CY 2019 power costs to exceed \$43.93 (\$41.84 million expected power budget plus 5%).

In the event that power portfolio purchases are coming in above budget, and it appears that the total net power budget may exceed the specified amounts, VCEA staff will need to come back to the Board for additional authority to proceed.

**Attachment B**  
**Corrected Procurement Delegation**

SMUD is authorized to procure all forward products needed for VCEA’s 2018 power portfolio, and to begin procurement of the forward products for VCEA’s 2019 power portfolio. Forward products specifically include, renewable power, non-RPS clean power, resource adequacy, and fixed price market power. Procurements will be conducted in accordance with the guidelines in the Procurement Guide and within the following parameters:

<b>Power Budget Element</b>	<b>Parameter</b>
Total net power budget, Calendar Year (CY) 2018	Delegation to procure all forward products for 2018, such that the costs of the forward purchases don’t cause the total expected CY 2018 power costs to exceed \$27.77 million (\$26.45 million expected power budget, plus 5%).
Total net power budget, CY 2019	Delegation to begin procurement of forward products for 2019, such that the costs of the forward purchases don’t cause the total expected CY 2019 power costs to exceed \$43.93 (\$41.84 million expected power budget plus 5%).

In the event that power portfolio purchases are coming in above budget, and it appears that the total net power budget may exceed the specified amounts, VCEA staff will need to come back to the Board for additional authority to proceed.

**ATTACHMENT A**

**Edits to the 2018-2019 Power Procurement Delegation**

SMUD is authorized to procure all forward products needed for VCEA’s 2018 power portfolio, and to begin procurement of the forward products for VCEA’s 2019 power portfolio. Forward products specifically include, renewable power, non-RPS clean power, resource adequacy, and fixed price market power. Procurements will be conducted in accordance with the guidelines in the Procurement Guide and within the following parameters:

<b>Power Budget Element</b>	<b>Parameter</b>
Total net power budget, Calendar Year (CY) 2018	Delegation to procure all forward products for 2018, such that the costs of the forward purchases don’t cause the total expected CY 2018 power costs to exceed <del>\$29.87</del> <u>\$27.77</u> million ( <del>\$28.45</del> <u>\$26.45</u> million expected power budget, plus 5%).
Total net power budget, CY 2019	Delegation to begin procurement of forward products for 2019, such that the costs of the forward purchases don’t cause the total expected CY 2019 power costs to exceed \$43.93 (\$41.84 million expected power budget plus 5%).

In the event that power portfolio purchases are coming in above budget, and it appears that the total net power budget may exceed the specified amounts, VCEA staff will need to come back to the Board for additional authority to proceed.

**Attachment B**  
**Corrected Procurement Delegation**

SMUD is authorized to procure all forward products needed for VCEA’s 2018 power portfolio, and to begin procurement of the forward products for VCEA’s 2019 power portfolio. Forward products specifically include, renewable power, non-RPS clean power, resource adequacy, and fixed price market power. Procurements will be conducted in accordance with the guidelines in the Procurement Guide and within the following parameters:

<b>Power Budget Element</b>	<b>Parameter</b>
Total net power budget, Calendar Year (CY) 2018	Delegation to procure all forward products for 2018, such that the costs of the forward purchases don’t cause the total expected CY 2018 power costs to exceed \$27.77 million (\$26.45 million expected power budget, plus 5%).
Total net power budget, CY 2019	Delegation to begin procurement of forward products for 2019, such that the costs of the forward purchases don’t cause the total expected CY 2019 power costs to exceed \$43.93 (\$41.84 million expected power budget plus 5%).

In the event that power portfolio purchases are coming in above budget, and it appears that the total net power budget may exceed the specified amounts, VCEA staff will need to come back to the Board for additional authority to proceed.