

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

TO: Valley Clean Energy Community Advisory Committee

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

SUBJECT: 2021 Short Term Procurement Planning

DATE: November 12, 2019

2021 SHORT TERM PROCUREMENT PLANNING

BACKGROUND

At the September Community Advisory Committee Meeting (September 26, 2019) staff introduced the issues related to 2021 power procurements that we'll bring to the Board when we seek approval of the procurement plan for 2021 purchases (the 2020 Procurement Plan). We now intend on presenting that plan for approval at the December Board meeting.

The key issue is that in 2021 VCE transitions away from short term contracts for renewable power to long-term contracts.

Table 1 shows the anticipated deliveries from the new long-term projects. As discussed, VCE is in active negotiations with two developers of solar projects for up to 222MW of installed solar capacity. The first 50 MW is anticipated to be online at the end of 2020, with another 122 MW coming on line across 2021. The final 50 MW (which is being negotiated as a purchase option) would be on line in 2022.

Please note that Power Purchase Agreements (PPAs) have not been executed yet, so there could be changes to expected energy production. The incremental Contribution percentages shown in Table 1 assumes that Winters load becomes part of VCE in January 2021.

Table 1. Anticipated Deliveries from Long Term Renewables

	Project COD	PPA Capacity	2020	2021	2022	2023
Short Listed Projects						
<i>Project 1 Phase 1</i>	4/1/2021	36 MWs	0	81,560	102,795	102,795
<i>Project 1 Phase 2</i>	7/1/2021	36 MWs	0	48,711	102,795	102,795
<i>Project 2 Phase 1</i>	10/1/2020	50 MWs	21,380	139,281	139,281	139,281
<i>Project 2 Phase 2</i>	7/1/2021	50 MWs	0	65,889	139,281	139,281
<i>Project 2 Option</i>	7/1/2022	50 MWs	0	0	65,889	139,281
Total Supply		222 MWs	21,380	335,440	550,040	623,432
Incremental Contribution to Renewable Content			3.0%	45.3%	74.3%	84.1%

Table 1 below shows the power mix for years 2019 through 2022 that was introduced at the September meeting. The energy production estimates from Table 1 have been factored into the values in Table 2, based upon the proposed construction and commercial operation data milestones staff anticipates from projects that will be under contract when the long term renewable power purchase agreements are signed.

Additionally, the portfolio percentages now reflect the anticipated addition of Winters load in January of 2021.

Table 2. Current VCE Targeted Power Mix and Proposed Power Mix

	2019	2020	2021	2022
Renewable Content	42.0%	42.0%	45.3%	74.3%
PCC1	55.36%	58.93%	100.00%	100.00%
PCC2	44.64%	41.07%	0.00%	0.00%
Required RPS Minimums	31.0%	33.0%	35.8%	38.5%
PCC1	75%	75%	100%	100%
PCC2	25%	25%	0%	0%
Incremental Discretionary Renewables	11.0%	9.0%	9.6%	35.8%
PCC1	0%	0%	100%	100%
PCC2	100%	100%	0%	0%
Large Hydro	33%	33%	33%	26%
Total "Clean"	75%	75%	78%	100%

PROPOSED STAFF RECOMMENDATIONS TO BOARD

No Planned Short Term Renewable Procurements for 2021

Proposed Recommendation 1: For the 2020 Procurement Plan, Staff is proposing to recommend to the Board that staff will not seek any short term renewable procurements for 2021 until such time that staff may determine that anticipated deliveries from long-term project might fall below the current 42% renewable portfolio target. In the event that staff determines that long-term renewable deliveries would not satisfy the 42% target, staff would then procure enough short term PCC1 renewables to insure that the renewable content of the portfolio at least equal 42%.

Additional Discussion: Avoiding PCC2 procurement for 2021 long-term shortfalls will eliminate the unfavorable Greenhouse Gas Reporting now associated with PCC2 renewable power.

Large Hydro Power Procurement

Proposed Recommendation 2: Staff proposes to maintain the 33% large hydro procurement target in 2021. This will assure that VCE has at least 75% clean energy in its portfolio in the event that renewable deliveries end up closer to the 42% minimum target level.

Additional Discussion: Any decision on large hydro procurement targets for 2022 will be not need to be made until next year, at which time staff should have a better estimate of expected

2022 long-term renewable energy deliveries.

STAFF RECOMMENDATION TO CAC

Staff is recommending that the CAC support the proposed staff Recommendations 1 and 2 to the Board regarding short term clean energy procurements for 2021.