

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report - Item 8

TO: Community Advisory Committee

FROM: Mitch Sears, Chief Executive Officer

SUBJECT: Draft VCE Large Electric Load (LEL) Customer Service Policy

DATE: August 28, 2025

RECOMMENDATION

Review goals, objectives and desirability of establishing a VCE Large Electric Load (LEL) Customer Service Policy.

OVERVIEW

Large electricity loads are in the headlines and are prompting a re-evaluation of the electricity sector. CCA's in California are encountering questions about how best to provide generation services to these newly emerging loads that have not been part of the State's load forecasts. The purpose of this CAC agenda item and staff report is to initiate discussion around these issues/opportunities and introduce a draft framework for how VCE would engage with new large load customers.

BACKGROUND

Valley Clean Energy's (VCE) mission is to provide clean electricity, product choice, and greenhouse gas emission reductions --- all with local control at competitive prices. Given this mission, VCE desires to efficiently and effectively serve the power supply needs for all existing and new customer electric loads within Member service areas. Significant added load expansion/integration required by new and/or existing customers may necessitate non-standard tariff¹ arrangements to clearly address and mitigate associated power supply costs, operational impacts and to specify other related power service provisions.

¹ A CCA tariff is a rate structure or formula charged by a CCA for electricity generation services that recover the cost of electricity, fixed costs, and establishment of reserves. Tariffs are not just billing formats but are often used by Load Serving Entities like CCA's and

VCE's existing Industrial and Agricultural customers comprise about 10-20% of VCE's overall load and varies seasonally. VCE's current total customer annual retail power sales are about 700,000 MWh, or about 80 aMW². July is typically VCE's peak service month with total energy loads near 125 aMW. Potential new large load additions could range from 2-20 aMW on the lower end, to over 500 aMW or more at the higher end for tech related data facilities. Such new loads could thus increase total VCE annual loads by about 20% at the lower range, to quintupling or more, at the upper range. These potential incremental load additions could have significant impacts on VCE's existing customer base, power generation/resource adequacy portfolios, power system operations, relevant operating risk parameters, and overall budget and financial performance. In addition, some new customers may seek to include new renewable and/or conventional generation facilities to provide backup power service if/when grid level service may be interrupted.

VCE is considering implementing a Large Electric Load (LEL) Customer Service Policy to provide staff with direction to evaluate and address likely impacts associated with large new load additions (and any associated resource additions) and, as warranted, to possibly serve such loads pursuant to a negotiated Power Service Contract (PSC) between VCE and new LEL customers.

ANALYSIS & DISCUSSION

VCE currently has no established policy to evaluate and provide service to new large electric loads that may have significant cost/benefit and operational implications on VCE's existing customer base and power resource portfolio. Further, LEL customers may have unique service needs that could require non-standard contract terms and power procurement/hedging flexibility, or to integrate/manage customer provided generation. Moreover, VCE may need to devise special credit and or contract terms to mitigate impacts on existing customers and assure potential associated operational and financial risks have been addressed in a manner consistent with VCE Board approved policies and procedures.

To this end, staff have developed a discussion draft Large Electric Load (LEL) Customer Service Policy which includes the following elements:

IOU's as a tool to influence consumption behavior and operational decisions (e.g. Time of Use, Dynamic Rates, etc.).

² An average megawatt ("aMW") is calculated by taking total energy load during a given time period divided by the total hours during the same time period, and shows what the resultant energy load would have been if it were constant or "flat" during each hour of the given period.

1. Defining a LEL based on added energy load greater than 20,000 MWh or peak demand equal to or exceeding 2MW during any contiguous 12-month period.
2. LEL customers must notify VCE of intent to add/increase load prior to facilities construction or establishing LEL service.
3. Provisions to conduct a Business and Power Supply Impact study to evaluate how new LEL customers may affect existing customers, power supply portfolio and composition, and identify and recommend any needed mitigation measures.
4. Determination to serve LEL under an existing tariff structure or by way of a negotiated Power Service Contract (PSC).
5. LEL sales are to recover the associated full and reasonable costs incurred by VCE to serve such LEL, including contributions to General & Administrative costs, overhead costs and financial operating reserves.
6. PSCs are to comply with applicable VCE risk management policies and procedures.
7. VCE's Chief Executive Officer, or his/her designee, shall have authority to negotiate PSCs in consultation with General and/or Special Counsel.
8. PSCs must be approved by the VCE Board of Directors.

Note, due to existing large load customers and pending/proposed large loads, several CCA's in California have adopted similar LEL policies (e.g. Silicon Valley Clean Energy), which have been used to successfully provide electrical generation services to these types of customers.

FISCAL IMPACT

There are no direct fiscal impacts. Under the draft LEL Customer Service Policy new large electric load fiscal impacts would be evaluated and addressed on a case-by-case basis when such prospective customers notice intention of becoming a VCE LEL customer.

SUMMARY

Establishing a large electric load service policy would provide guidance to staff and prospective LEL customers regarding evaluating and managing such new loads as well as provide flexibility to incorporate nonstandard terms and conditions on a case-by-case basis. Any negotiated Power Service Contract would need to be approved by the Board prior to service implementation.

ATTACHMENT

1. Draft Large Electric Load Customer Service Policy.

VALLEY CLEAN ENERGY

LARGE ELECTRIC LOAD CUSTOMER SERVICE POLICY

Valley Clean Energy's (VCE) mission is to provide clean electricity, product choice, and greenhouse gas emission reductions --- all with local control at lower prices. VCE has adopted this Large Electric Load Customer Service Policy (Policy) to assure consistency with its mission while providing efficiency and value when offering retail power supply to Large Electric Load (LEL) Customers. The purpose of this Policy is to provide guidance to LEL Customers regarding VCE electric service pursuant to defined commercial terms, and to provide transparent guidelines to VCE staff in evaluating and providing such service to existing and new LEL Customers. This Policy may be revised from time to time by the VCE Board.

POLICY PARTICULARS:

- 1) A LEL Customer is an existing or new customer that has historically, or is projected to consume and/or add greater than 20,000 MWh or incur a 2 MW or greater peak demand to its energy use during any contiguous 12-month period.
- 2) Prospective and existing LEL Customers are required to contact VCE's business office at [email/phone #] prior to facilities construction for new load service and or increasing existing load service above the threshold levels described in Paragraph 1 above.
- 3) For LEL additions, VCE, at its sole discretion, may require a Business and Power Supply Impact Study (IS) to estimate reasonable costs and operational implications of serving such LEL, together with identifying associated administrative, economic, reliability and or regulatory compliance effects on VCE or VCE's customer base, including, but not limited to, procurement composition requirements such as Renewables Portfolio Standards and Integrated Resource Planning processes. If an IS is conducted, VCE will manage or oversee such IS, the funding for which will be provided by VCE, the LEL entity, or some combination of both, as outlined in a letter agreement between VCE and the LEL.
- 4) VCE shall analyze the feasibility and implications of new load service to the LEL and form of such service (e.g., whether the prospective LEL is to be served under an existing tariff arrangement or may require a separately negotiated Power Sales Contract (PSC) between VCE and the LEL entity). If a PSC is required, such PSC shall identify and formalize commercial terms of service including power supply charges, resource adequacy obligations, local and system capacity obligations, contract duration, credit provisions, current and future regulatory requirements and other factors pertinent to VCE and the LEL. Such PSC may include flexibility for the LEL to self-provide and or self-procure, all or a portion of its power supply requirements.
- 5) LEL PSCs are intended to recover reasonable costs incurred by VCE associated with serving such LEL including a reasonable contribution to VCE's administrative and general costs and financial operating reserves, while complying with applicable law, VCE's Implementation Plan, Board rates and rate adjustments, approved business, operating and

risk management policies and the goals of controlling transaction costs and protecting VCE's customers.

- 6) LEL PSCs are intended to identify and mitigate potential operational and cost risks to VCE, VCE's existing customer base, and the LEL customer, in a manner consistent with VCE's risk management policies and procedures. Successful consummation of a PSC is a prerequisite for any LEL to obtain power supply services from VCE.
- 7) VCE's Chief Executive Officer, or his/her designee, shall have the authority to negotiate PSCs in consultation with VCE's General or Special Counsel, as applicable. VCE's Enterprise Risk Oversight Committee (EROC) shall review and recommend approval of any PSC prior to consideration by the Board of Directors.
- 8) PSCs must be approved by the VCE Board of Directors.