



# VCE Board Meeting

May 10, 2018

Woodland City Council Chambers



**VALLEY**  
CLEAN ENERGY

# Item 14 - Summary of Credit Agreement

## Revolving Line of Credit (RLOC)

- Up to \$11 M RLOC
- Monthly Interest payments @ One-Month LIBOR + 1.75% per annum
- Expires in 1 year – with an option to extend for another 6 months – total 18 months

# Item 14 - Summary of Credit Agreement

## Conversion of RLOC

- At expiration – outstanding balance can be converted to amortizing Term Loan maturing up to 5 years

## Term Loan

- Up to 60 equal monthly principal payments
- Interest at fixed rate of 3 yr. Treasury Constant Rate + 2%
- Debt service coverage ratio 1:25:1

# Item 14 - Summary of Credit Agreement

## Other Requirements

- Establish \$1.1 M Debt Service Reserve Account
- JPA member loans subordinate to Credit Agreement
- Various other loan covenants

JPA members approved the Subordination Agreement at member agency meetings

- City of Davis – April 10
- Yolo County – April 24
- City of Woodland – May 1

## Item 14 - Recommendation

Approve the attached Credit agreement with River City Bank as summarized above.

# Item 15: Approval of Master Power Purchase Agreement for Transfer of Title to VCEA

## **Recommendation:**

Approve attached Master Power Purchase Agreement (MPPA) between VCEA and its wholesale energy services provider, Sacramento Municipal Utility District (SMUD), to enable the appropriate transfer of the title to renewable and clean power procured by SMUD for VCEA's regulatory compliance purposes.

# Item 15: Master Power Purchase Agreement for Transfer of Title to VCEA

## Background and Rationale:

- SMUD has been procuring power resources on behalf of VCEA pursuant to Master Services Agreement and Task Order 3
- To comply with CPUC reporting requirements including, among others the State's RPS, VCEA must demonstrate clear title to its renewable and clean power sources.
- This requires a legal mechanism for the transfer of power contracts from SMUD to VCEA's ownership.

# Item 15: Master Power Purchase Agreement for Transfer of Title to VCEA

## Background and Rationale (cont.):

- The recommended MPPA, based on a commonly used Western States Power Pool (WSPP) contract will enable transactions between SMUD and VCEA as a means of “re-contracting” to demonstrate ownership of clean power resources in VCEA’s name.
- Subsequent confirmations will be written for the transfer of each individual renewable power transaction between SMUD and VCEA as per existing/future delegation of authority by the Board to its General Manager.
- The MPPA has been reviewed by staff, consultants and VCEA attorneys. It will not expose VCEA to additional costs or risks.



# Item 16: Approval of Task Order 5

## **Recommendation:**

Authorize VCEA's Interim General Manager to complete final negotiations and execute Task Order 5 related to Long Term Renewable Procurement (LTP) with SMUD pursuant to the VCEA/SMUD Master Agreement.

Services under Task Order 5 are estimated at \$124,550 based on time and materials associated with consummating up to four (4) long term renewable power contracts on VCEA's behalf.

# Item 16: Task Order 5

## Background/Rationale:

- California's IRP process, pursuant to SB 350, requires that by 2021, LSE's like VCEA must have at least 65% of their required RPS resources under contract for a duration of 10+ years.
- SB 350 further requires that by 2030, 50% of VCEA's load must be served by CA RPS eligible resources.
- VCEA is currently resourced through 2020 and into 2021 via short-term contracts which meet stated procurement goals and policies. VCEA has not yet begun the process of long-term power contracting.

# Item 16: Task Order 5

## Background/Rationale (cont.):

- Task Order 5 outlines the terms and process for SMUD to issue RFO's and negotiate up to 4 long-term renewable supply contracts on VCEA's behalf in compliance with State RPS and IRP requirements.
- Over time, it is anticipated that VCEA will develop the capacity to handle power contracting in-house; but for now, SMUD is best qualified to perform these services at industry standard rates.
- The term of TO 5 is effective date (date of signature) plus 16 months unless terminated as per the provisions set forth in the Master Services Agreement.

# Item 16: Task Order 5

## **TO-5 Scope of Work**

Task 1: RFO Package Development

Task 2: Prepare Solicitation Document – Review and Release

Task 3: Bid Evaluation

Task 4: Selection/Short-List

Task 5: Contract Negotiations

Task 6: Contracting including Development of Standard Contract/Final Terms

SMUD will provide full documentation and files to VCEA for future use.

# Item 17 - Peak Day Pricing Pilot - Background

- **Peak Day Pricing is a PG&E program that provides customers with a discount on their energy rate from May 1 to Oct 31 in exchange for a significantly higher rate during called program events ( from 2:00 to 6:00 PM, up to 15 events/year)**
- **CPUC (Decision 10-02-032) directed PG&E to default customers exceeding 200 kW onto a Peak Day Pricing (PDP) program beginning May 2010.**
- **The program was updated in 2014 to include all small, medium commercial and industrial customers.**
- **VCE has approximately 3600 customers on the program**
- **Based on input from other CCAs, many PDP customers do not know they are on the program and/or may not financially benefit from program participation.**

# Item 17 - Peak Day Pricing Pilot – Medium/Large Customers

- **VCE will contact E-19, E-20 and key account customers on PDP to inform customers of changes and identify which customers actively participate in the program.**
- **As necessary, we will present VCE's Competitive Offer:**
  - **VCE will match PG&E's bill credit**
  - **VCE will, in addition, provide 2½% generation cost reduction**
- **Customer agrees to follow PDP guidelines.**
- **VCE will calculate benefits once per year after the summer season.**
- **VCE will provide a credit as needed.**

# Item 17 - Peak Day Pricing Pilot – Other PDP Customers

- **VCE will analyze the billing data of all customers in these rate classes (except for the customers included as a key account) and create two lists:**
  - **List 1) PDP customers for which the 2.5% Generation savings is less than the PDP benefit (customers financially benefits from PDP).**
  - **List 2) PDP customers for which the 2.5% Generation savings is greater than the PDP benefit (customers do not benefit from PDP).**
- **VCE will send a letter to PDP customers on List 1 informing them that as a VCE customer, they are no longer eligible for PG&E's PDP program. We will inform the customer of the possible financial impact of being removed from PGE's PDP and describe the benefits of VCE. VCE will give the customer the option to opt-out of VCE if they so choose.**
- **PDP customers on List 2 will be automatically dropped from PDP by PG&E when they move to VCE. They will receive standard opt-out notices the same as other customers.**



# Item 17 - Peak Day Pricing Pilot - Changes to Exhibit A

VCE's Peak Day Pricing Pilot Program will concentrate initially on the medium and large commercial, industrial and agricultural customers participating in PG&E's Peak Day Pricing (PDP) program. ~~These PDP customers are currently on tariff rates A10, AG-4, AG-5, E-19 and E20.~~

## **E-19, ~~and E-20~~ and all Key Account Customers:**

VCE will contact all E-19, ~~and E-20~~ and all key account (top 50% of non-residential customers based on annual energy usage) PDP customers and inform them that as a VCE customer, they will no longer be eligible for PG&E's PDP program... If the customer would like to continue to participate in PDP, VCE will mitigate opt-out risk by providing them with VCE's Competitive Offer which is designed to offset any discount lost by having been switched over to VCE service.





# Item 17 - Peak Day Pricing Pilot - Changes to Exhibit A

## **A-10, AG-4 and AG-5 Customers:**

VCE will analyze the billing data of all customers in these rate classes (except for the customers included as a key account) and create two lists:

List 1) PDP customers for which the 2.5% Generation savings is less than the PDP benefit

List 2) PDP customers for which the 2.5% Generation savings is greater than the PDP benefit.

# Item 17 - Peak Day Pricing Pilot - Requested Action

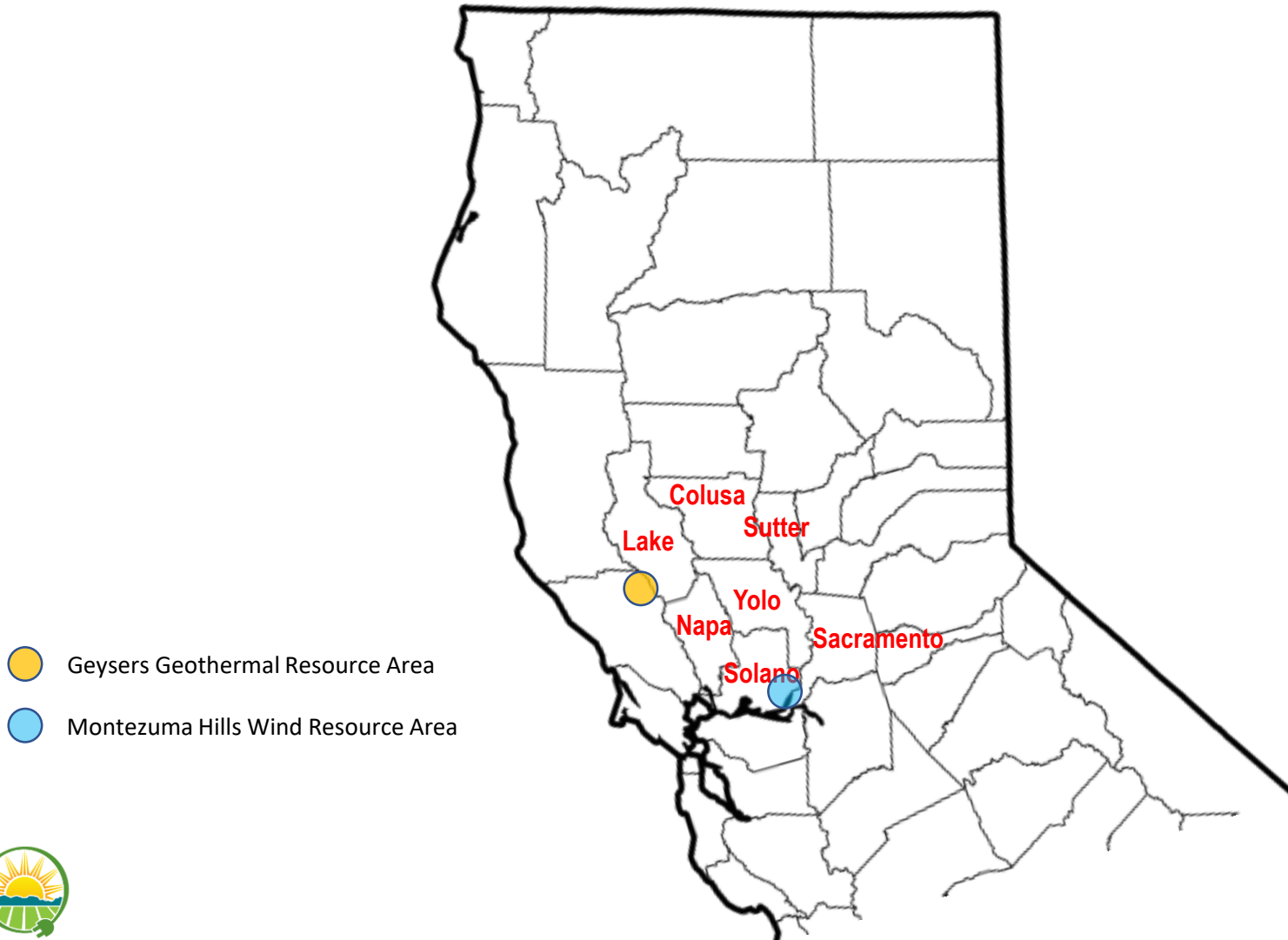
**Approve the Resolution as provided in the Board packet**



# Item 18 - Local Renewables

**Information – Review of issues related to local renewable power supply**

# Item 18 - Local Renewables

## Existing Area Renewable Resources



-  Geysers Geothermal Resource Area
-  Montezuma Hills Wind Resource Area

# Item 18 - Local Renewables

## Existing Area Renewable Resources

- Existing renewable resources in the region surrounding and including Yolo county

Number and Capacity of Nearby RPS Eligible Wholesale Facilities On-Line as of November 1, 2017

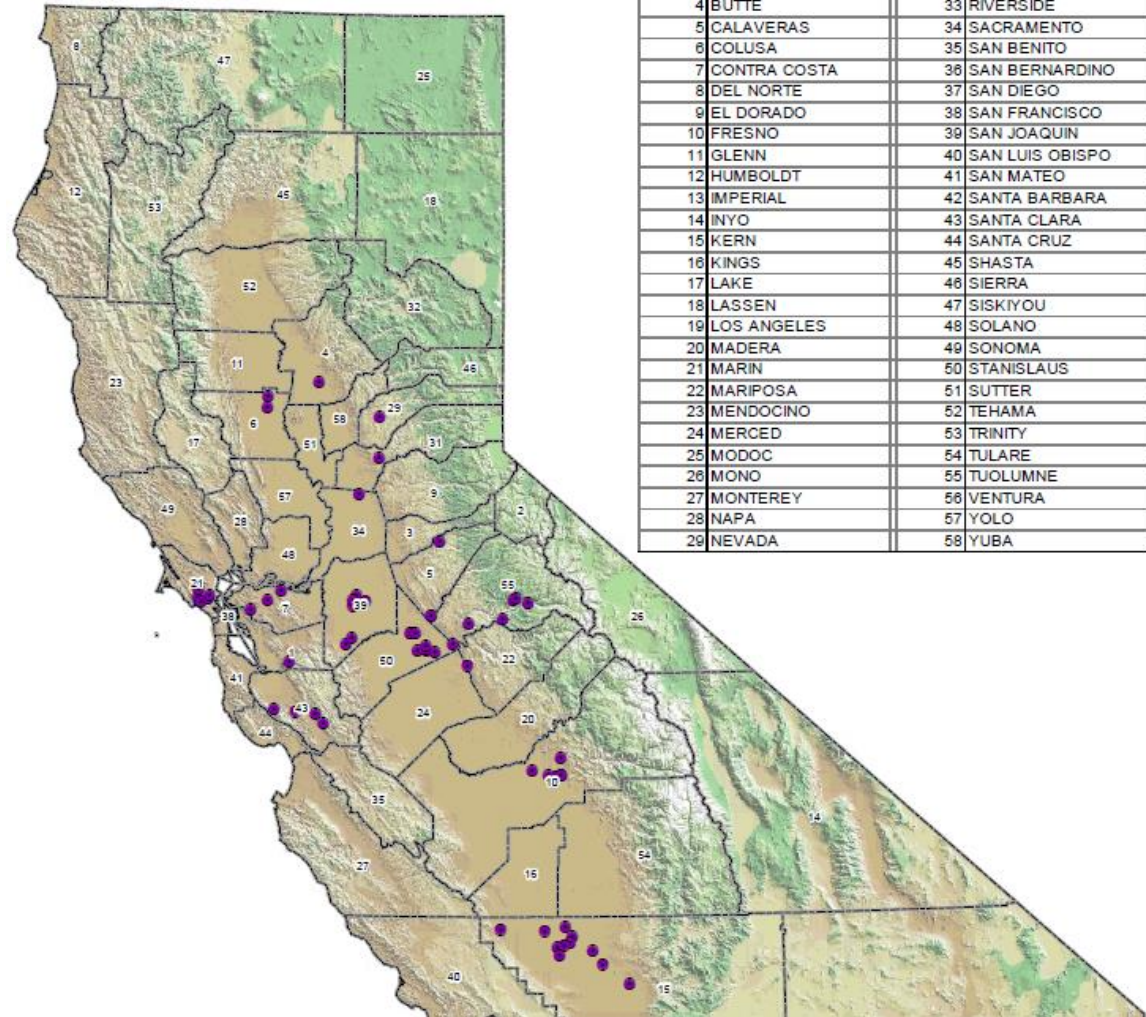
County	Biomass		Geothermal		Small Hydro		Solar PV		Wind		Total	
	#	MW	#	MW	#	MW	#	MW	#	MW	#	MW
Yolo	2	31			1	12	7	10	1	1	11	54
Lake			5	396	2	6	3	3			10	405
Colusa	1	29									1	29
Yuba	1	3			3	1	1	1			5	5
Sacramento	1	9			1	14	38	133			40	156
Solano	2	10			14	18			13	1,035	29	1,063
Napa	1	1					2	2			3	3
Sonoma	3	8	12	1238	1	3	12	14			28	1,263
<b>Total</b>	<b>11</b>	<b>91</b>	<b>17</b>	<b>1,634</b>	<b>22</b>	<b>54</b>	<b>63</b>	<b>163</b>	<b>14</b>	<b>1,036</b>	<b>127</b>	<b>2,978</b>

Source: California Energy Commission Renewable Energy Tracking Progress, December 2017

# Item 18 - Local Renewables

## Small Hydro – Potential New

- No potential for new small hydro identified w/in Yolo County



LABEL	COUNTY	LABEL	COUNTY
1	ALAMEDA	30	ORANGE
2	ALPINE	31	PLACER
3	AMADOR	32	PLUMAS
4	BUTTE	33	RIVERSIDE
5	CALAVERAS	34	SACRAMENTO
6	COLUSA	35	SAN BENITO
7	CONTRA COSTA	36	SAN BERNARDINO
8	DEL NORTE	37	SAN DIEGO
9	EL DORADO	38	SAN FRANCISCO
10	FRESNO	39	SAN JOAQUIN
11	GLENN	40	SAN LUIS OBISPO
12	HUMBOLDT	41	SAN MATEO
13	IMPERIAL	42	SANTA BARBARA
14	INYO	43	SANTA CLARA
15	KERN	44	SANTA CRUZ
16	KINGS	45	SHASTA
17	LAKE	46	SIERRA
18	LASSEN	47	SISKIYOU
19	LOS ANGELES	48	SOLANO
20	MADERA	49	SONOMA
21	MARIN	50	STANISLAUS
22	MARIPOSA	51	SUTTER
23	MENDOCINO	52	TEHAMA
24	MERCED	53	TRINITY
25	MODOC	54	TULARE
26	MONO	55	TUOLUMNE
27	MONTEREY	56	VENTURA
28	NAPA	57	YOLO
29	NEVADA	58	YUBA

# Item 18 - Local Renewables

## Estimates of Potential for Area Renewable Resources

- DavisFREE study estimated PV potential on city of Davis preferred land parcels of 154 – 178 MWs ( $\approx$ 300 GWhs/year of energy production).
- CPUC estimates of new renewable potential:

CPUC Identified Potential for New Renewable Energy Facilities						
County	Biomass MW	Geothermal MW	Small Hydro MW	Solar PV MW	Wind MW	Total MW
Yolo	2			962	947	964
Lake	28			429	47	457
Colusa	28			1546	432	1,574
Sutter				1346	320	1,346
Sacramento	40			941	39	981
Solano	1			659		660
Napa	2			433		435
Sonoma	49	135		780	231	964
Total	150	135	0	7,096		7,381

Source: California Public Utilities Commission, Integrated Resource Planning Process, RPS Calculator, v62

# Item 18 - Local Renewables

## Possible Definitions of “Local Renewables”

- Option 1. Projects only within Yolo County
- Option 2 . Projects only having a nexus to Yolo county/VCEA. For example:
  - Projects sited within Yolo County/VCEA service area
  - Williams biomass – Rice processing operations in Yolo County send agricultural waste to plant for its fuel supply.
  - Indian Valley Hydro Project – owned by a public agency within Yolo county
  - A VCEA customer has a project not located in Yolo County
- Option 3. Define a geographic boundary beyond and including Yolo county



# Item 19 - IRP Workshop Summary

- Held on April 26, 2018 at Woodland Senior and Community Center
- The workshop was a noticed CAC meeting, with members of the public in attendance
- Goals of workshop:
  - Present overview of IRP process and regulatory requirements
  - Provide information on expected electric demand, potential supply alternatives, and cost implications
  - Seek inputs/guidance on resource preferences
  - Seek inputs/guidance on 3 year action plan and studies to be undertaken
  - Seek inputs to guide resource procurement and long term contracting in the next 1-3 years



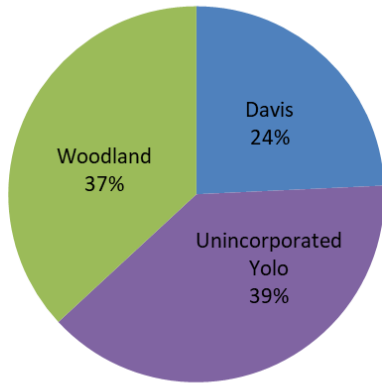
# Item 19 - IRP Workshop Summary

- Among the issues discussed:
  - Minimum CPUC requirements for the IRP.
  - GHG targets for 2030
  - VCEA member climate action plans
  - Energy efficiency assumptions in the load forecast.
  - Resource Options and costs
  - Sample resource portfolios
- CAC Assignment
  - Review a list of possible action plan items for the 1-3 action plan.
  - Develop criteria for resource selection for VCEA's planned LT Renewable Solicitation which is priority 1 for the action plan.
- Next Steps
  - Review first draft IRP Plan at next CAC
  - Provide feedback on 3 alternative resource portfolios for IRP
  - Review action plan items list/finalize priority

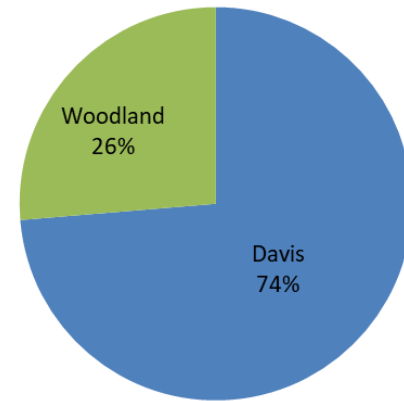


# Item 8 - Enrollment Update

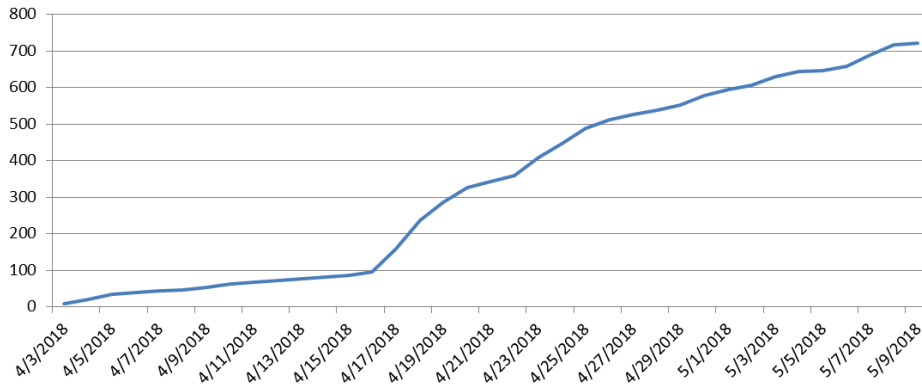
**722 Opt Outs**  
1.2% of customers



**19 Opt Ups**



**Cumulative Opt Outs**



**Opt Out Channel**

CSR	27%
IVR	32%
Web	40%

	Eligible	Opt-Out	% Opt Out
Residential	56,182	661	1.2%
Non-Residential	8,615	61	0.7%
<b>Total</b>	<b>64,797</b>	<b>722</b>	<b>1.1%</b>



Status Date: 5/9/18

# Item 7 - Regulatory/Legislative Update

## **Regulatory Priorities:**

- PCIA Rulemaking
- CCA Bond Requirements
- Integrated Resource Planning
- Time of Use (TOU) Pilots and Applications
- RPS Procurement Plans
- Implementation of AB 1110 – Power Source Disclosures

# Item 7 - Regulatory/Legislative Update

## CPUC's "Green Book" – CA Customer Choice Project

- Draft Report issued on May 3; comments due on June 4; Another En-Banc to be scheduled in mid-June (date TBD)

[www.cpuc.ca.gov/customerchoice](http://www.cpuc.ca.gov/customerchoice)

- Framed around 3 CPUC policy objectives: Affordability, Decarbonization, Reliability

**CPUC Problem Statement:** With growth of non-IOU electric choice – thru Direct Access, CCAs, Distributed Generation/NEM, et al - central control and decision-making is becoming fragmented; Need for a plan to avoid another energy crisis.

# Item 7 - Regulatory/Legislative Update

## CPUC's "Green Book" – CA Customer Choice Project

- The report provides a history of CA deregulation and legislative actions; current status of non-IOU providers and models; looks at electric markets/models in NY, IL, TX and UK; Asks a series of “framing questions” but stops short of specific recommendations.
- Acknowledges the rapid rise of CCA in CA
- Cal-CCA, LEAN and others are preparing a response.
- VCEA reps have participated in Project workshops and will continue to do so.

# Item 7 - Regulatory/Legislative Update

## Priority Legislation:

- AB 2208 (Aguiar-Curry) – Baseload in RPS
- SB 1135 (Hertzberg) – New Resource Adequacy Rules
- AB 2693 (Quirk) – Natural Gas Cost Recovery
- AB 2726 (Levine) – GHG Accounting Mechanisms
- SB 100 (De Leon) – 60% RPS in 2030, 100% Carbon-Free Grid in 2045