RESOLUTION NO. 2019-007

A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING A NEW RATE STRUCTURE AND DIVIDEND PROGRAM GUIDELINES AND APPROVING AMENDMENT 11 TO TASK ORDER 2 (DATA MANAGEMENT AND CALL CENTER SERVICES) TO THE SACRAMENTO MUNICIPAL UTILITIES DISTRICT PROFESSIONAL SERVICES AGREEMENT

WHEREAS, the Valley Clean Energy Alliance ("VCEA") is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act"), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo ("County"), the City of Davis ("Davis"), and the City of Woodland ("City") (the "JPA Agreement"), to collectively study, promote, develop, conduct, operate, and manage energy programs; and

WHEREAS, initially VCEA's rate structure provided customers with a pre-determined, up front rate discount relative to PG&E service; and

WHEREAS, an alternative would be to generally match PG&E rates and move from a monthly fixed rate discount structure to an annual dividend rate structure; and

WHEREAS, the New Rate Structure and Dividend Program Guidelines will help VCEA improve financial stability and maintain focus on its primary goals: a cleaner environment, meeting the members' climate action goals, building agency reserves, offering custom tailored programs and awarding customers for their loyalty and trust.

WHEREAS, on August 31, 2017, the VCEA Board considered a proposal by the Sacramento Municipal Utilities District ("SMUD") to provide program launch and operational services and subsequently directed VCEA staff to negotiate a services agreement between VCEA and SMUD for consideration and action by the VCEA Board;

WHEREAS, on September 21, 2017, the SMUD Board of Directors authorized its CEO to enter into a contract with VCEA to provide CCA support services;

WHEREAS, on October 12, 2017 the VCEA Board approved the Master Professional Services Agreement and Task Order 1 and Task Order 2 to provide program launch and operational services consistent with the SMUD proposal and VCEA Board direction;

WHEREAS, on April 11, 2019 the VCEA Board approved Amendment 10 to Task Order 2 (data management and call center services) adding detail to SMUD's invoicing methodologies in the Compensation for Services section; and,

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. Adoption of the New Rate Structure and Dividend Program Guidelines, effective July 1, 2019 (Exhibit A).

2. Authorizes VCEA Interim General Manager to approve and execute Amendment 11 to Task Order 2 (Data Management and Call Center Services) for the development of the technology enhancement to support VCE's annual dividend program.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Valley Clean Energy Alliance, held on the 17th day of June, 2019, by the following vote:

AYES: STALLARD, SANDY, FREERICKS, SAYLOR, CARSON
NOES: NONE
ABSENT: BARAJAS
ABSTAIN: NONE

Tom Stallard, VCEA Chair

ATTEST:

Alisa M. Lembke, VCEA Secretary

EXHIBIT A – New Rate Structure and Dividend Program Guidelines
EXHIBIT B - Amendment 11 to SMUD Master Professional Services Agreement Task Order 2

EXHIBIT A

New Rate Structure and Dividend Program Guidelines

Valley Clean Energy Alliance

New Rate Structure and Dividend Program Guidelines

Purpose: VCE is setting a new rate structure and dividend program to help VCE improve financial stability and maintain focus on its primary goals: a cleaner environment, meeting the members' climate action goals, building agency reserves, offering custom tailored programs, and awarding customers for their loyalty and trust.

Program Guidelines:

- Match PG&E electric generation rates less PCIA exit fee
- Require a minimum 5% annual net margin (less principal debt payments) before any dividends are paid to VCE customers
- Require the enrollment process for the legacy NEM accounts (accounts with solar installation prior to June 2018) in the VCE service area has begun before any dividends are paid to VCE customers
- Annually based on the audited financial statements:
    - Calculate the Annual Net margin less principal debt payments
    - If Annual Net margin < 5% - no customer dividends and Board determine allocation of net margin to Cash reserves and & Local Program reserves
    - If Annual Net margin > 5% - Board determine allocation of any surplus (over 5%) to Cash reserves, Local Program reserves and Customer Dividends
- Guidelines of Allocation of Annual Net Margin
    - Annual Net Margin <= 5%
        - Up to 95% to Cash Reserves (Until 90-days of cash reserves met)
        - At least 5% to Local Program Reserves
    - Annual Net Margin > 5%
        - Follow guidelines for Annual Net Margin up to 5%
        - Annual Net margin in excess of 5%:
            - At least 50% to Cash Reserves (Until 90-days cash reserves met)
            - Remaining excess allocated between Cash Dividends and Local Programs Reserve at the discretion of the Board annually

Adopted: June 17, 2019

- Board approves allocation of Annual Net Margin on or around the September Board meeting
- Any surplus allocation to customer dividends will appear as bill credits or the customer may have the option to apply their dividend to the Local Program Reserve. Any customer dividends will appear as bill credits as follows:
    - Residential customers – annually in October bill
    - Non-residential customers – bi-annually in October and April bills

Adopted: June 17, 2019

EXHIBIT B

Amendment 11 to SMUD Master Professional Services Agreement Task Order 2

AMENDMENT 11 TO EXHIBIT A: Scope of Services

A.4 Task Order 2 – Data Management and Customer Call Center Services

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 11 to Exhibit A, Task Order No. 2 (Amendment 11), the provisions of which are subject to the terms and conditions of the Master Professional Services Agreement (Agreement) between the Parties. If any specific provisions of this Amendment 11 conflict with any general provisions in the Agreement or Task Order 2, the provisions of this Amendment 11, shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the Agreement or a previous Amendment thereof.

The Effective Date of this Amendment 11 is the date of last signature below.

1. **Section 1, SCOPE OF WORK, is amended to include Sections 1.9 below:**

" 1.9 ANNUAL DIVIDEND PROGRAM IMPLEMENTATION

SMUD will implement a technology solution to support VCE's dividend policy.

1.9.1 If a dividend is earned, a bill credit will be applied annually on the October bill for residential customers and applied in two payments of 50% each on the October and April bills for non-residential customers.

1.9.2 The bill line item will state "Your VCE dividend is $#.##".

1.9.3 The dividend value will be provided by VCE to SMUD as percentage multiplier to apply to payments received during VCE's fiscal year, defined as July 1 through June 30, regardless of the associated bill periods. VCE will provide the dividend percentage no later than September 20. The bill credit amounts will be calculated and staged in the billing system for application to the appropriate bills:

- 100% in October for residential customers
- 50% in October and 50% in April for non-residential customers.

1.9.4 Credits are only applied for DA_XREFs that are still active as of defined dividend month(s). Customers who move out or opt out prior to the dividend months will not receive that portion of their dividend payment.

1.9.5 The dividend floor will be configurable but set by default to $0.00. If VCE chooses to set a floor greater than $0.00, the floor value must be provided to SMUD no later than September 20. There will be no negative dividend for NEM customers.

1.9.6 The dividend amount will only be applied to the dividend payment month bills. A running balance will not be maintained for application to future bills if the dividend amount exceeds the bill amount.

1.9.7 Dividends will show in accounting reports when applied to the bill (when usage data is received from PG&E), not when they are staged in the billing system. Therefore, dividend amounts that are calculated but never applied, due to a move out or opt out, will not show on accounting reports.

1.9.8 Customers with no payment remitted to VCE will receive no dividend.

1.9.9 NEM customers receive no special treatment. Customers with an annual net payment

remitted to VCE will receive a dividend. Customers with no payment remitted will not receive a dividend. Their benefit will be from the retail and wholesale $0.01 adders.

Deliverables and Due Dates

The schedule for the implementation of the Annual Dividend Program is estimated to be twelve (12) months, and includes the following milestones and due dates:

Milestone	Responsible Party	Due Date
Development complete	SMUD	June 12, 2020
User testing complete	SMUD	June 26, 2020
Enhancement release date	SMUD	June 30, 2020
Provide dividend amount and floor to SMUD	VCE	September 20, 2020
Dividends begin appearing on customer bills	SMUD	October 1, 2020

Section 4, COMPENSATION FOR SERVICES is amended to add Section 4.5, *Annual Dividend Program Implementation,* as follows:

"The fixed fee for the Annual Dividend Program Implementation is $75,000. Ongoing support of the Annual Dividend Program is included in the fixed fee for Data Management and Call Center Services as described in Section 4.1 of this Task Order 2."

Section 5, PAYMENT TERMS, is amended to add the following.

"SMUD will invoice the fixed fee for the Annual Dividend Program Implementation upon completion, and payment will be due net thirty (30) days from date of the invoice."

[Signature Page follows]

SIGNATURES

The Parties have executed this Amendment 11, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By: _____

Name: Mitch Sears

Title: Interim General Manager

Date: June 18, 2019

Sacramento Municipal Utility District

By: _____

Name: Arlen Orchard

Title: CEO

Date: June 23, 2019

Approved as to Form: _____