

## **EXHIBIT A: Scope of Services**

### **A.1 Task Order 1 – Technical and Analytical Services**

SMUD and VCEA agree to the following services, terms, and conditions described in this Task Order. This Task Order is for Technical and Analytical Services (Task Order 1), 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 Task Order conflict with any general provisions in the Agreement, the provisions of this Task Order 1 shall take precedence.

The Effective Date of this Task Order 1 is the date of last signature below.

#### **1. SCOPE OF WORK**

SMUD will provide Technical and Analytical Services to VCEA for Phase 1: Program Development & Launch in order to prepare for and enable the successful launch of VCEA's Community of Choice Energy (CCE) Program and Phase 2, Program Operations. As outlined in detail below, the following services will be delivered to VCEA. Additional or continued technical or analytical services can be provided at any time during the Term of the Agreement through a mutually agreed upon Task Order or Task Order Amendment, subject to Section 6 below.

##### **1.1. CPUC Implementation Plan**

The California Public Utilities Commission ("CPUC") requires newly formed CCAs to file an Implementation Plan. It must be certified by the CPUC (within 90 days of submission) before the CCA can begin serving customers. SMUD, in coordination with VCEA staff and consultants, will draft the Implementation Plan in accordance with all CPUC requirements and established best practices for consideration and approval by the VCEA Board and subsequent submittal to the CPUC. The CPUC Implementation Plan will include the following:

- Process and consequences of aggregation
- Organizational structure of the program, its operations and funding
- Rate setting and other costs to participants
- Disclosure and due process in setting rates and allocating costs among participants
- Methods for entering and terminating agreements with other entities
- Participant rights and responsibilities
- Termination of the program
- Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities

**Deliverable(s):** CPUC Implementation Plan Filed

**Timing:** October 2017

### **1.2. Pro forma Financial Analysis**

SMUD will provide a pro forma financial analysis model based on customer count and load data VCEA obtains from PG&E. The model will provide base case and alternative scenario results based on significant financial performance drivers including, but not limited to: load forecasts, wholesale power prices, owned power supply costs, Resource Adequacy charges, REC charges, rooftop and community solar penetration, net-metering and feed-in-tariff rates, administrative start-up and operating costs, PCIA charges, PG&E rates, GHG emissions, opt-out and participation rates by rate class, participating jurisdictions, and reserve accumulation and debt service coverage ratios through time. At a minimum, the pro forma financial analysis model will model 10 full calendar years from date of launch (e.g. 6/1/18 to 12/31/28).

**Deliverable(s):** Pro forma financial analysis model in Excel

**Timing:** October 2017 – December 2017 (review and Board Approval)

### **1.3. Operating Budget**

SMUD will leverage several inputs to draft a proposed 1-year and 3-year operating budget for VCEA, including decisions from the pro forma financial analysis, rates and resource portfolio discussions. SMUD will present an operating budget to VCEA for review and VCEA Board approval. The operating budget will include forecasts of:

- Customer accounts based on current data, historical trends and expected opt-out rates, including breakdown by customer class.
- Load based on customer account forecast, weather forecast, historical load data and economic indicators, including breakdown by customer class.
- Revenue based on load forecast and VCEA-selected rates, including breakdown by customer class.
- Energy costs based on VCEA-selected resource portfolio, historical data and forward commodity cost curves.
- Operational costs from VCEA, SMUD and other contractors.

**Deliverable(s):** 1-year and 3-year operating budget

**Timing:** October 2017 – March 2018 (review and Board Approval)

### **1.4. Program Financing and Banking Services**

VCEA will require accounting, banking, and auditing services for the CCA program in order to maintain separation of duties and fiduciary oversight. SMUD will assist in comparing accounting products and any financial analysis needed to secure bank or third-party financing. SMUD will

provide support needed to VCEA to secure auditing services, to the extent such support does not create a conflict of interest.

**Deliverable(s):** 3-year Operating Budget

**Timing:** December 2017 – March 2018 (review and Board Approval)

### **1.5. Rate Analysis, Design, and Rate Setting Process**

SMUD will use the pro forma financial analysis to inform discussions with VCEA to determine overall revenue requirements and make recommendations on rate design. SMUD will use the PG&E rate structures, current rates, and projected future rate growth as the primary basis for constructing a base or standard rate structure for VCEA and determining an expected discount or premium to PG&E's rates through time. Toggles will be available in the pro forma financial analysis to modify supply portfolios and other key variables to determine the rate discount or premium under a variety of scenarios. This will help inform VCEA reserve targets with the goal of maintaining rate stability and near rate parity in the future. Finally, there will be the capability to define multiple service levels with different renewable or carbon attributes and different rates, and estimate the impact on overall revenue based on assumptions about adopted levels for each service. SMUD will design rates to accommodate the following:

- Standard rate schedule and designs for residential and commercial customers following current PG&E rate structures to reflect a default renewable mix.
- Rate design and recommendations on policies that further encourage and support local renewable energy development. Once local renewable options are identified, SMUD will design and recommend a local renewable rate.
- Tariff for the following complementary programs:
  - Net energy metering program tariff.
  - Feed-in-tariff program.
- Rate recommendations on community solar programs.

The rates and financial models will take into account recovery of all expenses, target reserves and debt coverage requirements. All rates will conform to applicable regulations and VCEA policies and restrictions. Upon VCEA request, SMUD will pass through additional rates such as CARE, PCIA, UUT and franchise fees. VCEA acknowledges that its CCA rates are, in part, subject to charges approved by the CPUC (including but not limited to CARE, PCIA, UUT), which may change during the course of the Term. SMUD has no control of these CPUC- approved charges and SMUD expressly disclaims any responsibility for increases or decreases in VCEA's rates resulting from changes in applicable CPUC-approved charges.

**Deliverable(s):** Pro forma financial model which includes rate design options

**Timing:** November 2017 – March 2018 (review and Board Approval)

## **1.6. VCEA Filings and Regulatory Functions - Phase 1**

SMUD will prepare filings and assist VCEA in fulfilling certain regulatory steps during Phase 1: Program Development & Launch of the CCA. SMUD's services will include working with VCEA to correct any deficiencies associated with these filings. This includes the following filings:

- Prepare for CAISO market participant requirements, including identifying agreements between VCEA and CAISO necessary to prepare for Program Operations;
- Submitting a Statement of Intent with the CPUC;
- Meeting CPUC CCA bonding requirements;
- Additional registration requirements with the CPUC;
- Execution of CCA Service Agreement with PG&E;
- Posting of credit collateral with PG&E;
- Submitting a Binding Notice of Intent with PG&E;
- Registration with California Air Resources Board (including CITSS registration); and
- Registration with Western Renewable Energy Generation Information System ("WREGIS").

Additional filings will be completed during Phase 2: Program Operations as defined in Task Order 3: Wholesale Energy Services.

**Deliverable(s):** All filings listed in the bulleted list in sub-section 1.6 above.

**Timing:** October 2017 – May 2018

## **1.7. Initial Integrated Resource Plan**

SMUD will prepare for VCEA an Integrated Resource Plan ("IRP"), consistent with the requirements of the Clean Energy and Pollution Reduction Act of 2015 ("SB350"), which requires any load serving entity with annual electricity consumption exceeding 700 gigawatt-hours per year, to adopt an IRP and a process for updating the plan at least once every five years to ensure, among other things, that each CPUC jurisdictional load-serving entity (including CCAs) meet California's greenhouse gas emission reduction targets and procures resources to meet the 50% RPS by 2030 target. SMUD's services will include working with VCEA to submit the IRP to the CEC and correct any deficiencies identified by the CEC.

- Complete all necessary reporting of planning documents with the CPUC and the California Energy Commission (CEC)
- Prepare an initial IRP and complete related regulatory reporting for the purpose of launching and early operation of VCEA

Ongoing support and updates following completion of the initial IRP is not included in this Task Order 1 but may be provided, as mutually agreed by the Parties separately as part of the Task Order 3: Wholesale Energy Services.

**Deliverable(s):** Initial IRP

**Timing:** October 2017 – May 2018

### **1.8. Additional Phase 1 Work Efforts**

The Parties acknowledge that each particular preparatory task necessary and ancillary to position VCEA for its scheduled June 1, 2018 launch may not have been specifically identified in this Task Order 1. Nonetheless, SMUD agrees to perform such necessary and ancillary tasks as may be identified by SMUD and or VCEA, and which are within SMUD's technical and utility expertise, in order to achieve timely commencement of VCEA's commercial operations, and which SMUD and VCEA mutually agree are required. VCEA agrees to accordingly compensate SMUD pursuant to this Task Order 1 for any such tasks performed by SMUD in accordance with Section 4, below.

## **2. APPROVAL PROCESS / ACCEPTANCE**

Both Parties agree to perform tasks, review, and approve in a timely manner in order to maintain agreed upon timelines as set forth in the Deliverables Schedule (Appendix A) to this Task Order. SMUD will provide deliverables to VCEA's Interim General Manager or other designated staff for review by VCEA. Deliverables that require VCEA Board approval will be identified and time will be appropriately allocated in the project schedule.

## **3. TERM AND TERMINATION**

### **3.1. Term of Task Order 1**

Task Order 1 scope of services for Program Development will commence on the Effective Date of the Agreement and will be complete 60 days after the Launch Date which is currently scheduled for June 1, 2018.

The expiration or termination of this Task Order 1 shall not affect the term of the Agreement.

### **3.2. Termination**

Either Party may terminate this Task Order 1 pursuant to Section 4, ("Term and Termination") of the Agreement.

### **3.3. Transition**

In the event of termination of the Agreement or this Task Order 1, subject to the terms of the Agreement, SMUD shall provide to VCEA all such information and data prepared or collected by SMUD for VCEA under Task Order 1, kept in the ordinary course of business. The exact data, format and method of return will be reasonably agreed by the Parties.

## 4. COMPENSATION FOR SERVICES

### 4.1. Technical and Analytical Services

Services performed under this Task Order 1 are based on “time and materials” compensation structure with a not to exceed amount of \$92,000. This not to exceed amount does not include: travel or expenses defined in Section 4.2 of this Task Order 1, or any Expenses as set forth in Section 8.2 of the Agreement or other pass through expenses as may be mutually agreed by the Parties. SMUD shall receive compensation, including authorized reimbursements, for services rendered under this Task Order at the rates set forth in Section 4.2. Additional Phase 1 work may be authorized by VCEA, and if authorized, will be compensated at the rates and manner set forth in Section 4.2 of this Task Order 1 Hourly Rates

The SMUD hourly billing rates in the schedule below are applicable to any work performed by SMUD under Task Order 1. Hourly rates are fixed through June 30, 2019 and are subject to escalation at U.S. Department of Commerce, Bureau of Labor Statistics, “Consumer Price Index- All Urban Consumers less food and energy” Series ID: CUUR0000SA0LIE thereafter.

Resources	Hourly Rate
SMUD CEO/VP	\$250.00
Principal	\$190.00
Senior Analyst/Specialist	\$150.00
Analyst/Specialist	\$100.00
Administrative	\$80.00

### 4.2. Travel Expenses and Reimbursement

Travel within Sacramento and Yolo counties is included at no cost to VCEA.

Other out-of-pocket expenses for travel and participation in on-site meetings outside Sacramento and Yolo Counties are in addition to the compensation outlined in Section 4.1 of this Task Order

1. Travel costs such as airfare, hotel, ground transportation, reasonable meals and/or per diem will be billed in the amount incurred by SMUD for actual out-of-pocket cost, without any additional mark-up by SMUD. Any expenses incurred shall be invoiced, in arrears, for the month in which the expenses are incurred. Expense reports detailing all expenses, along with receipts, will be presented to VCEA for reimbursement.

## 5. PAYMENT TERMS

Prior to the Launch Date, SMUD will record hours expended for the services of this Task Order 1, and provide a monthly statement to VCEA for review and validation. Payment for these fees will be deferred until October 1, 2018, subject to Section 8.8 of the Agreement

For services under this Task Order 1, VCEA shall pay all undisputed invoices within thirty (30) calendar days of the date of the invoice.

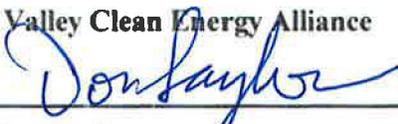
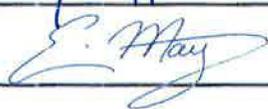
**6. TASK AMENDMENT**

This Task Order 1 may be amended or otherwise modified by the Parties as provided in the Agreement.

It is mutually understood that business requirements, resources, and dates may change subject to the applicable terms of Task Order 1. Any changes to the scope defined in Task Order 1 will be addressed through a task order amendment process, which will not require signatures of the Parties. This is intended to provide flexibility for scope, schedule, budget or resource changes as required to meet Launch date.

**7. SIGNATURES**

The Parties have executed this Task Order 1 and it is effective as of the date of last signature below.

**Valley Clean Energy Alliance**  
By:   
Name: Don Saylor  
Title: Board Chair  
Date: 10/25/17  
Approved as to Form: 

**Sacramento Municipal Utility District**  
By:   
Name: Arlen Orchard  
Title: Chief Executive Officer & General Manager  
Date: 10/20/17  
Approved as to Form: 