VCE BOARD MEETING – January 9, 2020
Item 12 – Distribution System Guiding Principles

City of Woodland Council Chambers, Woodland, CA
Recommendation

Valley Clean Energy adopt a core set of principles to guide the acquisition, ownership and operation of the local distribution system in Yolo County.
Distribution system principles can help VCE:

1. Drive the acquisition of the distribution system assets;

2. Communicate VCE’s message and intent to customers, the community and outside parties;

3. Guide staff in the execution and operation of the distribution system.

Additionally, principles can guide VCE’s participation in the effort to transform PG&E to a public, customer-owned utility.
Background

- At the December 12, 2019 VCE Board Meeting, staff presented a draft set of principles for the ownership and operation of the distribution system.

- Based on direction from VCE Board Members, a set of six core principles have been developed.
VCE Distribution System - Core Principles

1. Create and maintain an electric system that is reliable, maximizes safety for all customers and encourages and supports local economic development.

2. Ensure that rates and bills are affordable for all customer classes.

3. Conduct business in a manner that is ethical, open and transparent to customers and the community.
4. Protect workers by preserving labor agreements and benefits.

5. Develop a governance structure that provides for and encourages customer participation and fosters local decision-making allowing each community to implement energy solutions that are right for them.

6. Demonstrate leadership in climate, clean energy and GHG reduction as well as general environmental stewardship.
Recommendation

Valley Clean Energy adopt a core set of principles to guide VCE’s acquisition, ownership and operation of the local distribution system in Yolo County.
Overview

• Vision and Mission
• Financial
• Outreach and Programs
VCE Integrated Vision – Short term (adopted 2017)
• Provide electricity users with greater choice over the sources and prices of the electricity
  • Opt up/out to provide choice in the source and price of electricity

1. Offer basic electricity service with higher renewable electricity content, at a rate competitive with PG&E
  • 42% Renewable (48% in 2018)
  • Price match with PG&E generation rates + customer dividend
VCE Integrated Vision – Short term (Cont.)

2. Develop and offer additional low-carbon or local generation options at modest price premiums
   - Opt up to 100% renewable Ultra-Green for +1.5 cents/Kwh

3. Establish an energy planning framework for developing local energy programs and local energy resources and infrastructure
   - Solicitations for long-term renewable resources with priority for local/regional projects
   - Open solicitation for local renewable and energy storage projects (pending)
VCE Integrated Vision – Short term (Cont.)

4. Accomplish vision goals while accumulating reserve funds for future VCE energy programs and mitigation of future energy costs and risks

  • Initial 30 days cash reserve in place; progress toward 90 day cash reserve

VCE Integrated Vision – Long term

Future vision for VCE is to continuously improve the electricity choices available to VCE customers, while expanding local energy-related economic opportunities.
Notable Accomplishments
• City of Winters joined VCE; begin customer service in 2021
• Paid start-up loans to member jurisdictions years ahead of schedule
• Exceeded renewable energy and GHG free targets of 42% renewable and 75% renewable for latest full calendar year (2018) – 48% renewable /85% GHG free
• Late stage negotiations on long-term renewable contracts
• Initiated efforts to acquire local PG&E distribution assets
• Maintained competitive rates with PG&E
Item 14 - A Year in Review
Finance & Internal Operations
2019
Item 14 - Financial Performance
## Item 14 - Income Statement Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>YTD 5 Months Jul-Nov 2019</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Budget</td>
<td>Variance</td>
<td>% over/-under</td>
</tr>
<tr>
<td>Electric Revenue</td>
<td>$28,466,061</td>
<td>$28,793,932</td>
<td>$(327,871)</td>
<td>-1%</td>
</tr>
<tr>
<td>Purchased Power</td>
<td>19,757,955</td>
<td>19,901,128</td>
<td>$(143,174)</td>
<td>-1%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>1,928,280</td>
<td>2,089,485</td>
<td>$(161,205)</td>
<td>-8%</td>
</tr>
<tr>
<td>Other Income/(Expense)</td>
<td>$(21,659)</td>
<td>$(24,586)</td>
<td>$2,927</td>
<td>2%</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$6,758,167</td>
<td>$6,778,733</td>
<td>$(20,565)</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Budget Status:
- Fiscal Year 2019-2020 is off to a successful start
- Electric Revenue & Purchased Power within 1% of budget
- Net Income rounds to 0% budget variance
### Item 14 - Balance Sheet vs Pro-Forma

<table>
<thead>
<tr>
<th>Description</th>
<th>Actuals</th>
<th>Mar 2018 ProForma</th>
<th>$ Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents (Unrestricted)</td>
<td>$ 14,621,343</td>
<td>$ 11,768,541</td>
<td>$ 2,852,802</td>
<td>24%</td>
</tr>
<tr>
<td>Restricted Cash</td>
<td>2,000,523</td>
<td>2,701,620</td>
<td>(701,097)</td>
<td>-26%</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>4,405,519</td>
<td>7,721,330</td>
<td>(3,315,811)</td>
<td>-43%</td>
</tr>
<tr>
<td>Other Assets</td>
<td>3,010,914</td>
<td>607,941</td>
<td>2,402,973</td>
<td>395%</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>24,038,299</strong></td>
<td><strong>22,799,432</strong></td>
<td><strong>1,238,867</strong></td>
<td><strong>5%</strong></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>601,457</td>
<td>239,423</td>
<td>362,034</td>
<td>151%</td>
</tr>
<tr>
<td>Accrued Power Purchases</td>
<td>5,552,655</td>
<td>2,614,937</td>
<td>2,937,718</td>
<td>112%</td>
</tr>
<tr>
<td>Due to Member Agencies &amp; SMUD</td>
<td>934,606</td>
<td>2,532,681</td>
<td>(1,598,075)</td>
<td>-63%</td>
</tr>
<tr>
<td>Term Loan (was RLOC)</td>
<td>1,976,611</td>
<td>7,750,000</td>
<td>(5,773,389)</td>
<td>-74%</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>885,970</td>
<td>-</td>
<td>885,970</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>9,951,299</strong></td>
<td><strong>13,137,041</strong></td>
<td><strong>(3,185,742)</strong></td>
<td><strong>-24%</strong></td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td><strong>14,087,000</strong></td>
<td><strong>9,662,391</strong></td>
<td><strong>4,424,609</strong></td>
<td><strong>46%</strong></td>
</tr>
</tbody>
</table>

**Balance Sheet Status:**

- Cash on target despite owing $1.6M less to members and $5.8M less on RLOC than in original Pro-Forma
Item 14 - Financial Covenants

<table>
<thead>
<tr>
<th>Key Financial Measures</th>
<th>Proposed Debt Covenants</th>
<th>As of Nov 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Position</td>
<td>At least $1.00</td>
<td>$6,758,167</td>
</tr>
<tr>
<td>Debt Service Coverage Ratio</td>
<td>1.25 or greater</td>
<td>29</td>
</tr>
<tr>
<td>Net Position</td>
<td>At least $11.0 million</td>
<td>$14,087,000</td>
</tr>
<tr>
<td>Liabilities to Unrestricted Net Position</td>
<td>2.0 or less</td>
<td>0.82</td>
</tr>
</tbody>
</table>

Covenants Status:

- Covenants based on prospective RLOC terms
- Net Position covenant requirement may be modified depending on PCIA outcomes
Item 14 - Significant Financial Items
Financial Accomplishments & Challenges

- Paid $1.5M start-up loans to member jurisdictions years ahead of schedule
- Cash reserves are ahead of schedule; have eclipsed 60 days cash and are progressing towards our goal of 90 days cash
- In the last year, paid down our SMUD obligation by $750K
- Paid down our Revolving Line of Credit by $1M; then converted the balance to Term Loan; currently working to renew RLOC
- PCIA will present a significant challenge to cash flow in 2020 and beyond
Item 14 - A Year in Review

Customer Care/Marketing/Outreach

2019

January 9, 2020
Item 14 - Call Center Metrics
Contact Center Customer Care

TOTAL CONTACTS - 2019

<table>
<thead>
<tr>
<th>Contact Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Calls</td>
<td>44.7%</td>
</tr>
<tr>
<td>IVR Self-serve</td>
<td>38.3%</td>
</tr>
<tr>
<td>Web Transactions</td>
<td>9.1%</td>
</tr>
<tr>
<td>Email</td>
<td>7.6%</td>
</tr>
<tr>
<td>Call backs</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

- CSR Calls: 3,022
- IVR Self-serve: 2,588
- Email: 515
- Call backs: 22
- Web Transactions: 616
Contact Center Customer Care

Rolling 12-Month

LANGUAGE TRANSLATION TRENDS - 2019

Spanish Calls (IVR & CSR)

% of CSR calls in Spanish 12.9%
% of IVR calls in Spanish 12.5%

<table>
<thead>
<tr>
<th>Month</th>
<th>Total</th>
<th>CSR: Spanish</th>
<th>IVR: Spanish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan '19</td>
<td>92</td>
<td>31</td>
<td>61</td>
</tr>
<tr>
<td>Feb '19</td>
<td>103</td>
<td>35</td>
<td>68</td>
</tr>
<tr>
<td>Mar '19</td>
<td>93</td>
<td>29</td>
<td>64</td>
</tr>
<tr>
<td>Apr '19</td>
<td>75</td>
<td>22</td>
<td>53</td>
</tr>
<tr>
<td>May '19</td>
<td>49</td>
<td>18</td>
<td>31</td>
</tr>
<tr>
<td>Jun '19</td>
<td>55</td>
<td>17</td>
<td>38</td>
</tr>
<tr>
<td>Jul '19</td>
<td>73</td>
<td>22</td>
<td>51</td>
</tr>
<tr>
<td>Aug '19</td>
<td>97</td>
<td>26</td>
<td>71</td>
</tr>
<tr>
<td>Sep '19</td>
<td>87</td>
<td>17</td>
<td>70</td>
</tr>
<tr>
<td>Oct '19</td>
<td>179</td>
<td>50</td>
<td>129</td>
</tr>
<tr>
<td>Nov '19</td>
<td>46</td>
<td>14</td>
<td>32</td>
</tr>
<tr>
<td>Dec '19</td>
<td>51</td>
<td>18</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>299</td>
<td></td>
<td>701</td>
</tr>
</tbody>
</table>
Contact Center Customer Care

IVR CONTACTS - 2019

Rolling 12-Month

<table>
<thead>
<tr>
<th>Month</th>
<th>Self-serve</th>
<th>Transfer to CSR</th>
<th>Transfer to PG&amp;E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan '19</td>
<td>98</td>
<td>226</td>
<td>73</td>
</tr>
<tr>
<td>Feb '19</td>
<td>109</td>
<td>184</td>
<td>74</td>
</tr>
<tr>
<td>Mar '19</td>
<td>96</td>
<td>184</td>
<td>71</td>
</tr>
<tr>
<td>Apr '19</td>
<td>86</td>
<td>139</td>
<td>50</td>
</tr>
<tr>
<td>May '19</td>
<td>72</td>
<td>120</td>
<td>39</td>
</tr>
<tr>
<td>Jun '19</td>
<td>60</td>
<td>96</td>
<td>36</td>
</tr>
<tr>
<td>Jul '19</td>
<td>89</td>
<td>140</td>
<td>75</td>
</tr>
<tr>
<td>Aug '19</td>
<td>141</td>
<td>191</td>
<td>75</td>
</tr>
<tr>
<td>Sep '19</td>
<td>233</td>
<td>488</td>
<td>186</td>
</tr>
<tr>
<td>Oct '19</td>
<td>303</td>
<td>788</td>
<td>358</td>
</tr>
<tr>
<td>Nov '19</td>
<td>91</td>
<td>256</td>
<td>64</td>
</tr>
<tr>
<td>Dec '19</td>
<td>70</td>
<td>210</td>
<td>39</td>
</tr>
</tbody>
</table>

Total: 1,448 (Self-serve) + 3,022 (Transfer to CSR) + 1,140 (Transfer to PG&E) = 5,610
## Contact Center Customer Care

### Rolling 12-Month

#### IVR TRANSACTIONAL TRENDS - 2019

<table>
<thead>
<tr>
<th>Month</th>
<th>Opt In</th>
<th>Opt Up</th>
<th>Opt Down</th>
<th>Opt Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan '19</td>
<td>45</td>
<td>1</td>
<td>1</td>
<td>45</td>
</tr>
<tr>
<td>Feb '19</td>
<td>45</td>
<td>1</td>
<td>1</td>
<td>45</td>
</tr>
<tr>
<td>Mar '19</td>
<td>53</td>
<td>1</td>
<td>1</td>
<td>53</td>
</tr>
<tr>
<td>Apr '19</td>
<td>28</td>
<td>1</td>
<td>1</td>
<td>28</td>
</tr>
<tr>
<td>May '19</td>
<td>23</td>
<td>1</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>Jun '19</td>
<td>22</td>
<td>2</td>
<td>1</td>
<td>21</td>
</tr>
<tr>
<td>Jul '19</td>
<td>34</td>
<td>2</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>Aug '19</td>
<td>58</td>
<td>2</td>
<td>1</td>
<td>57</td>
</tr>
<tr>
<td>Sep '19</td>
<td>78</td>
<td>2</td>
<td>1</td>
<td>77</td>
</tr>
<tr>
<td>Oct '19</td>
<td>105</td>
<td>2</td>
<td>1</td>
<td>104</td>
</tr>
<tr>
<td>Nov '19</td>
<td>39</td>
<td>3</td>
<td>1</td>
<td>36</td>
</tr>
<tr>
<td>Dec '19</td>
<td>37</td>
<td>6</td>
<td>1</td>
<td>32</td>
</tr>
</tbody>
</table>

| Total   | 1      | 2      | 6        | 559     |
### Monthly Move-ins and Move-outs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Move-ins</td>
<td>749</td>
<td>694</td>
<td>872</td>
<td>939</td>
<td>892</td>
<td>1,352</td>
<td>1,603</td>
<td>3,761</td>
<td>4,473</td>
<td>881</td>
<td>795</td>
<td>628</td>
</tr>
<tr>
<td>Total Move-Outs</td>
<td>737</td>
<td>634</td>
<td>770</td>
<td>844</td>
<td>853</td>
<td>1,298</td>
<td>1,529</td>
<td>3,663</td>
<td>4,390</td>
<td>791</td>
<td>739</td>
<td>662</td>
</tr>
<tr>
<td>New Service Points</td>
<td>83</td>
<td>97</td>
<td>78</td>
<td>99</td>
<td>96</td>
<td>135</td>
<td>103</td>
<td>107</td>
<td>114</td>
<td>74</td>
<td>68</td>
<td>86</td>
</tr>
</tbody>
</table>

- **Total Move-ins**
- **Total Move-Outs**
- **New Service Points**

*Graph shows the monthly move-ins and move-outs for the specified period.*
Opt Outs/Ups & SACOG
Item 14 - Enrollment Update

6,318 Opt Outs
9.7% of customers

- Unicorp. Yolo: 32%
- Davis: 23%
- Woodland: 45%

Monthly Opt Outs

Status Date: 1/2/20
Item 14 - Enrollment Update

155 Opt Ups

- Woodland 21%
- Unicorp. Yolo 6%
- Davis 73%

Monthly Opt Ups

Status Date: 1/2/20
### Item 14 - Opt Outs by Jurisdiction/Classification

<table>
<thead>
<tr>
<th></th>
<th>Davis</th>
<th>Woodland</th>
<th>Yolo Co</th>
<th>Total</th>
<th>Ag</th>
<th>Commercial</th>
<th>Industrial</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VCEA customers</strong></td>
<td>25,529</td>
<td>18,676</td>
<td>9,228</td>
<td>53,433</td>
<td>1,757</td>
<td>5,733</td>
<td>4</td>
<td>45,939</td>
</tr>
<tr>
<td><strong>Eligible customers</strong></td>
<td>26,959</td>
<td>21,354</td>
<td>11,465</td>
<td>59,778</td>
<td>2,021</td>
<td>6,369</td>
<td>5</td>
<td>51,383</td>
</tr>
<tr>
<td><strong>Participation Rate</strong></td>
<td>95%</td>
<td>87%</td>
<td>80%</td>
<td>89%</td>
<td>87%</td>
<td>90%</td>
<td>80%</td>
<td>89%</td>
</tr>
</tbody>
</table>

- There are currently 6,336 NEM customers not included in this table. They will enroll throughout 2020.
Item 14 - SACOG Grant

• SACOG Board approved the award of $2.9 million on December 20, 2018
• With cost-share, the total project cost is $3.3 million
• The project includes:
  1. 15 to 40 Level 2 Chargers
  2. 2 to 5 DC Fast Chargers in downtown areas within ½ to 5 miles of major freeway corridors
  3. 2 to 10 Mobile Chargers
  4. Electric Shuttle Pilot Project in Davis, with purchase or lease of one or more electric vehicles to transport 8 or more people.
Fund Swap was approved by SACOG at the end of 2019 – Davis to provide final approval at the January 28 City Council meeting.

The Electrify Yolo team has gone through several iterations to determine how to facilitate the project—developed MOU and RFP.

Recent direction—distribute funds to each local government to run their respective projects.

Benefits—each entity can work at their own pace to complete their respective projects.
• Team to determine project requirements
  • Demand response capable
  • Ability to charge for a charge
  • “Push” ability for charger software upgrades
  • Coordination on EVSE suppliers/maintenance
  • MOU to identify roles and responsibilities
  • Reporting requirements

• Each entity to determine—
  • Charger locations
  • Installation contractors/internal labor

• VCE Role—TBD, possible reporting responsibility
Marketing/Outreach Activities
2019 Marketing Outreach tasks have included:

- Strategic and tactical planning
- Website updates and expansion
- Brand building work – ad campaign
- Publicity – OpEds and News Releases
- Outreach materials – brochures, pamphlets, signage, SWAG

Kudos to the Outreach Task Group for their review and support

- Mark Aulman
- Yvonne Hunter
- Marsha Baird
- Christine Casey
Strategic challenges required planning and careful communication:

- General outreach plan to build program awareness
- Communication plans for: PCIA increases, NEM delays, PG&E bankruptcy
- PG&E asset purchase bid
Website efforts included a full design facelift and many updates:

- New photos – fresh, local and optimistic
- News features, updated rates and information
- Navigation improvements/expansion
- Corrected/expanded Spanish sections
- Commercial UltraGreen feature
- City of Winters section
- Graphics for ease of understanding
- “Programs” tab for EV info
Some of our own customers still don’t know us

• Ad campaign to build awareness

• Print, digital, transit ads
  • 3 months in print; 4 months on buses

• Social media campaign promoting UltraGreen
  • Nearly 400 facebook followers; Twitter followers doubled
OpEds and News Releases were distributed across the county:

- 3 OpEds from Board Members and staff (more planned)
- 10 News Releases re: grant, workshops, NEM, asset bid, early loan repayment, City of Winters, etc. (more planned)
- Board meeting announcements monthly
1. VCE achievements/NEM postponement 1/15
2. PG&E Bankruptcy 1/29
3. NEM/Dividend Program 7/24
4. Fraud alert 8/6
5. TOU workshop announcements 8/25
6. High summer bills 9/5
7. Power Content news release 9/13
8. Public Power bid 10/18
9. NEM workshop announcement 9/27
10. Early loan repayment 10/25
11. Integrated Resource Plan workshop announcement 11/22
12. City of Winters joining VCE 10/31
13. NEM 2020 enrollment notice 12/10
Brochures and pamphlets designs that lead with VCE values:

- Fingertip Facts
- UltraGreen highlights
- City of Winters to join
- All in English and Spanish
- Window clings for UltraGreen customers
Promotional and outreach efforts have included:

- Social media to inform, promote, build a following
- Digital quarterly newsletter to inform and amuse
- Power Content postcard
- Joint Rates mailers
We got Interns!
New Program
• We developed an informational electric transportation program with the assistance of the CAC’s Rates and Services Task Group--
  • Marsha Baird
  • Christine Shewmaker
  • Gerry Braun
• The program is up and running on our website
• This lays the foundation for additions to the program— incentives, charging infrastructure, etc.
We accomplished a lot—

- NEM enrollment

Item 14 - Electric Transportation Informational Program
Electric Vehicles

Are You Planning to Buy, or Already Driving an EV?

There are plenty of reasons to be thinking about driving an electric vehicle these days. They cost far less to run than standard combustion engine cars, require less maintenance, are extremely efficient, quiet to run, eliminate tailpipe emissions, and are incredibly fun to drive. You can even charge them at home from a standard 120V outlet.

Whether you're just beginning to think about replacing your current car with an electric model, or already driving one, here is some information you might find helpful.

- [EV Benefits](#)
- [EV facts](#)
- [Savings Calculator](#)
- [CO2 Reduction](#)
- [EV Models](#)
- [Credits & Rebates](#)
- [Charger Locator](#)
Item 14 - Next Steps on Programs

• Develop 5-year program plan
  • Agriculture
  • Building electrification
  • Electric transportation
  • Energy storage
  • Energy efficiency
  • Education

• Include budgets, high-level goals and targets, etc.

• Sets the basis for consistent/ongoing program budgets
We accomplished a lot--

- Work completed in 2019 laid the foundation for NEM enrollment
- Extensive awareness campaign
- Winters joining VCE
- Bid to acquire PG&E assets
- Started a new electric transportation program...