Meeting of the Valley Clean Energy Alliance  
Board of Directors  
Thursday, December 10, 2020 at 4:00 p.m.  
Via Teleconference

Pursuant to the Provisions of the Governor’s Executive Orders N-25-20 and N-29-20, which suspends certain provisions of the Brown Act and the Orders of the Public Health Officers with jurisdiction over Yolo County, to Shelter in Place and to provide for physical distancing, all members of the Board of Directors and all staff will attend this meeting telephonically. Any interested member of the public who wishes to listen in should join this meeting telephonically as set forth below.

Please note that the numerical order of items is for convenience of reference. Items may be taken out of order on the request of any Board member with the concurrence of the Board. Staff recommendations are advisory to the Board. The Board may take any action it deems appropriate on any item on the agenda even if it varies from the staff recommendation.

Members of the public who wish to listen to the Board of Director’s meeting may do so with the teleconferencing call-in number and meeting ID code. Teleconference information below to join meeting:

Join meeting via Zoom:

a. From a PC, Mac, iPad, iPhone, or Android device with high-speed internet. (If your device does not have audio, please also join by phone.)
   
   https://us02web.zoom.us/j/82966453835
   Meeting ID: 829 6645 3835

b. By phone
   
   One tap mobile:
   +1-669-900-9128,,82966453835# US
   +1-346-248-7799,,82966453835# US

   Dial:
   +1- 669-900-9128 US
   +1- 346-248-7799 US
   Meeting ID: 829 6645 3835#

Public comments may be submitted electronically or during the meeting. Instructions on how to submit your public comments can be found in the PUBLIC PARTICIPATION note at the end of this agenda.
Board Members: Don Saylor (Chair/Yolo County), Dan Carson (Vice Chair/City of Davis), Tom Stallard (City of Woodland), Wade Cowan (City of Winters), Gary Sandy (Yolo County), Lucas Frerichs (City of Davis), Angel Barajas (City of Woodland), and Jesse Loren (City of Winters)

4:00 p.m. Call to Order

1. Welcome
2. Approval of Agenda
3. Public Comment: This item is reserved for persons wishing to address the Board on any VCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, electronically submitted comments should be limited to approximately 300 words. Comments that are longer than 300 words will only be read for two minutes. All electronically submitted comments, whether read in their entirety or not, will be posted to the VCE website within 24 hours of the conclusion of the meeting. See below under PUBLIC PARTICIPATION on how to provide your public comment.

CONSENT AGENDA

4. Approve November 12, 2020 Board Meeting Minutes.
7. Receive Legislative Update.
11. Approve Amendment #21 to Task Order 4 of the Sacramento Municipal Utilities District agreement – Operational Staff extension of Director of Finance and Internal Operations through January 30, 2021.

REGULAR AGENDA

12. Approve 2021 Legislative Platform providing direction for VCE engagement in the State legislative process.
15. Receive VCE marketing and outreach 2020 year-end review presentation. (Informational)
16. Election of 2021 VCE Board Chair and Vice Chair (Effective January 2021).
17. Board Member and Staff Announcements: Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.
18. Adjournment: The next VCE Board meeting is scheduled for Thursday, January 14, 2021 at 4:00 p.m. to held via teleconference.

PUBLIC PARTICIPATION INSTRUCTIONS FOR VALLEY CLEAN ENERGY BOARD OF DIRECTORS MEETING ON THURSDAY, DECEMBER 10, 2020 AT 4:00 P.M.:

PUBLIC PARTICIPATION. Public participation for this meeting will be done electronically via e-mail and during the meeting as described below.
Public participation via e-mail: If you have anything that you wish to be distributed to the Board and included in the official record, please e-mail it to VCE staff at Meetings@ValleyCleanEnergy.org. If information is received by 3:00 p.m. on the day of the Board meeting it will be e-mailed to the Board members and other staff prior to the meeting. If it is received after 3:00 p.m. the information will be distributed after the meeting, but within 24 hours of the conclusion of the meeting.

Verbal public participation during the meeting: If participating during the meeting, there are two (2) ways for the public to provide verbal comments:

1) If you are attending by computer, activate the “participants” icon at the bottom of your screen, then raise your hand (hand clap icon) under “reactions”.
2) If you are attending by phone only, you will need to press *9 to raise your hand.

VCE staff will acknowledge that you have a public comment to make during the item and will call upon you to make your verbal comment.

Public Comments: If you wish to make a public comment at this meeting, please e-mail your public comment to Meetings@ValleyCleanEnergy.org or notifying the host as described above. Written public comments that do not exceed 300 words will be read by the VCE Board Clerk, or other assigned VCE staff, to the Committee and the public during the meeting subject to the usual time limit for public comments [two (2) minutes]. General written public comments will be read during Item 3, Public Comment. Written public comment on individual agenda items should include the item number in the “Subject” line for the e-mail and the Clerk will read the comment during the item. Items read cannot exceed 300 words or approximately two (2) minutes in length. All written comments received will be posted to the VCE website. E-mail comments received after the item is called will be distributed to the Board and posted on the VCE website so long as they are received by the end of the meeting.

Public records that relate to any item on the open session agenda for a regular or special Board meeting are available for public review on the VCE website. Records that are distributed to the Board by VCE staff less than 72 hours prior to the meeting will be posted to the VCE website at the same time they are distributed to all members, or a majority of the members of the Board. Questions regarding VCE public records related to the meeting should be directed to Board Clerk Alisa Lembke at (530) 446-2750 or Alisa.Lembke@ValleyCleanEnergy.org. The Valley Clean Energy website is located at: https://valleycleanenergy.org/board-meetings/.

Accommodations for Persons with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Alisa Lembke, VCE Board Clerk/Administrative Analyst, as soon as possible and preferably at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@ValleyCleanEnergy.org.
TO: Board of Directors  
FROM: Alisa Lembke, Board Clerk / Administrative Analyst  
SUBJECT: Approval of Minutes from November 12, 2020 Board Meeting  
DATE: December 10, 2020

RECOMMENDATION

Receive, review and approve the attached November 12, 2020 Board meeting Minutes.
The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting scheduled for Thursday, November 12, 2020 at 4:00 p.m., to be held via Zoom teleconference. Chairperson Don Saylor established that there was a quorum present and began the meeting at 4:00 p.m.

Board Members Present: Don Saylor, Dan Carson, Tom Stallard (departed at 4:45 p.m.), Gary Sandy, Wade Cowan, Lucas Freric (departed meeting at 4:06 p.m. for Item 15a and returned into the meeting at 4:25 p.m.), Jesse Loren (departed meeting at 4:06 p.m. for Item 15a and returned into the meeting at 4:25 p.m.)

Members Absent: Angel Barajas

Approval of Agenda

Chair Saylor informed the Board that Item 15 – approval of Power Purchase Agreements (PPA) will be addressed separately as Item 15a – Putah Creek Solar Farms PPA and Item 15b – Gibson Renewables due to a conflict a Board Member has with Item 15a.

Motion made by Director Carson to approve the November 12, 2020 agenda as amended, seconded by Director Loren. Motion passed unanimously.

Public Comment

Chairperson Saylor opened the floor for public comment.

There are no written or verbal comments.

Approval of Consent Agenda / Resolution 2020-030 and Resolution 2020-031

There were no written or verbal public comments.

Motion made by Director Carson to approve the consent agenda, seconded by Director Stallard. Motion passed with Director Barajas absent. The following items were approved, ratified, and/or received:

4. October 10, 2020 Board meeting Minutes;
5. 2020 Long Range Calendar;
6. Financial Updated – September 30, 2020 (unaudited) financial statement;
7. November 5, 2020 Regulatory update provided by Keyes & Fox
8. November 3, 2020 Customer Enrollment Update;
9. Community Advisory Committee October 22, 2020 meeting summary;
10. Amendment One (1) to the Automate Mailing Services agreement extending the contract through June 30, 2022 and increase the not to exceed amount by $40,000 as Resolution 2020-030;
11. Amendment One (1) to Green Ideals agreement to extend the contract one (1) year as Resolution 2020-031;
12. accept and attest to the accuracy of VCE’s 2019 Power Content Label for Standard Green and UltraGreen products for 2019;
13. VCE’s 3-year Strategic Plan; and,
14. VCE’s Environmental Justice Statement.

Item 15a.: Approve Power Purchase Agreement - Putah Creek Solar Farms / Resolution 2020-032

Chair Saylor reminded those present that Item 15 will be addressed by the Board as two items: 15a and 15b, due to Director Loren having to abstain from Item 15a – Putah Creek Solar Farms PPA. Director Loren explained that she lives too close to the site area and recused herself from this item. Director Loren signed off the teleconference meeting at 4:06 p.m. and will be contacted to rejoin the meeting once Item 15a has been completed.

VCE Staff Gordon Samuel reviewed the Putah Creek Solar Farms Power Purchase Agreement (PPA) and informed those present that several representatives from Putah Creek Solar Farms were present and available to answer any questions. Mr. Samuel opened up the floor for questions from the Board. It was asked that Mr. Samuel explain for the record the process that Staff used to review each proposed project. Mr. Samuel explained that all the projects were reviewed against the same advertised primary qualitative criteria. One project did not pass the criteria because the project was outside the December 31, 2023 commercial operation date (COD) and the timeline would not work for them. Mr. Samuel was asked to explain a little bit more about the site location of this project. Mr. Samuel informed those present that the site location for this project is off of Highway 128 and Road 87D outside Winters.

There were no written or verbal public comments.

Director Frerichs made a motion to approve a Power Purchase Agreement between VCE and Putah Creek Solar Farms for 3 MW AC solar photovoltaic facility co-located with a 3-MW/12 MWh (4-hour) battery energy storage system, seconded by Director Stallard. Motion passed as Resolution 2020-032 by the following vote:

AYES: Saylor, Carson, Stallard, Sandy, Frerichs, Cowan
NOES: None
ABSENT: Barajas
ABSTAIN: Loren

Item 15b: Approve Power Purchase Agreement - Gibson Renewables / Resolution 2020-033

Director Loren rejoined the meeting at 4:25 p.m.

VCE Staff Gordon Samuel reviewed the Gibson Renewables Power Purchase Agreement (PPA). There were no questions from the Board.

There were no written or verbal public comments.
Director Cowan made a motion to approve a Power Purchase Agreement between VCE and Gibson Renewables for 20 MW solar photovoltaic facility combined with a 6.5-MW/26 MWh (4-hour) battery energy storage system, seconded by Director Frerichs. Motion passed as Resolution 2020-033 by the following vote:

AYES: Saylor, Carson, Stallard, Sandy, Frerichs, Cowan, Loren
NOES: None
ABSENT: Barajas
ABSTAIN: None

Item 16: Receive update on short and long-range COVID impacted financial forecast, load, revenue, and power costs. (Informational)

VCE Staff George Vaughn presented a modified and updated set of forecasts due to COVID, specifically addressing two topics related to the fiscal outlook for VCE: (1) updated electricity demand forecast for COVID/recessionary period and beyond (calendar year 2020 to 2022); and (2) updated high-level look at the profitability and cash outlooks for fiscal years ending June 30, 2021 and June 30, 2022. Questions were asked about 1) whether or not expenditures are coming in as expected and 2) when the Board should take fiscal action to achieve our 2022 and 2023 budget goals.

Director Stallard departed the meeting at 4:45 p.m. There were no verbal or written public comments.

Item 17: Allocation of Fiscal Year 2020 Net Margin between cash reserves, dividends, and local program reserve / Resolution 2020-034

Mr. Vaughn provided various options to the Board on determining how to allocate audited net margin for Fiscal Year 2020, taking into account the Dividend Program parameters as well as available and forecast cash reserves. Chair Saylor asked if the Community Advisory Committee (CAC) reviewed Staff’s information and recommendation and Mr. Vaughn stated that the CAC reviewed and asked lots of questions. There were no verbal or written public comments.

Director Loren made a motion to approve staff’s recommended allocation of fiscal year ending 2020 (FY2020) net margin between cash reserves, dividends, and local program reserve (LPR) as follows:

- $138,000 to the Local Programs Reserve (LPR)
- $0 to dividends, given the current cash reserve forecast
- The balance ($6,180,000) to cash reserves to help stabilize customer rates over the next two fiscal years.

Motion was seconded by Director Carson. Motion passed as Resolution 2020-034 by the following vote:

AYES: Saylor, Carson, Sandy, Frerichs, Cowan, Loren
NOES: None
ABSENT: Barajas, Stallard
ABSTAIN: None
Item 18: Receive update on City of Winters enrollment and outreach. (Informational)

VCE Staff Rebecca Boyles reviewed outreach and communication efforts of enrolling Winters customers into VCE. Enrollment will begin in January 2021 with outreach already started at the beginning of November.

Director Loren commented that she is pleased to see the roll out information and street pole banners. She has seen comments and questions on social media, which have been difficult to respond to. Director Cowan commented that he likes the outreach roll out information and banners. Both Director Loren and Cowan wanted to know what they could do to assist in getting the word out about VCE and enrollment. Director Carson suggested to refer people to the VCE website. Director Frerichs also suggested an op ed or editorial in the local Winters newspaper. Director Loren responded saying that an op ed is in the works.

Public verbal comment was provided by Yvonne Hunter, Chair of the Community Advisory Committee (CAC), who encouraged others, such as Winters CAC members, to answer questions and disseminate correct information through social media. She found that this worked well in getting the information out to the public when VCE initially launched in 2018.

There were no written public comments.

Board Member and Staff Announcements

Mr. Sears reminded those present that this time last year, CalCCA held their annual meeting in Redondo Beach. Due to COVID, this year’s meeting had been cancelled. Today, CalCCA held a virtual “mini” conference mostly attended by CCA staff. CalCCA recognized Dawn Weisz, CEO of Marin Clean Energy (MCE) for her historical work promoting CCAs. Mr. Sears reported that CalCCA issued a press release on the overall CCA movement with 23 active CCAs and over 11 million customers. He informed those present that the CAISO Director was in attendance and shared his perspective and interest in CCAs, resource adequacy, procurement and reliability and how CCAs interact at the state level. Mr. Sears also commented that VCE has reached a milestone with the Board approving local power purchase agreements at today’s meeting.

Adjournment

With no further business to conduct, Chairperson Saylor adjourned the meeting at 5:20 p.m. with the next Board meeting scheduled for Thursday, December 10, 2020 at 4 p.m. via teleconference.
TO: Board of Directors
FROM: Alisa Lembke, Board Clerk/Administrative Analyst
SUBJECT: Board and Community Advisory Committee 2020 and 2021 Long-Range Calendar
DATE: December 10, 2020

Recommendation

Please find attached portions of the 2020 the Board and Community Advisory Committee long-range calendar and the 2021 long-range calendar.
## 2020 Meeting Dates and Proposed Topics – Board and Community Advisory Committee

<table>
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<tr>
<th>MEETING DATE</th>
<th>TOPICS</th>
<th>ACTION</th>
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<td><strong>October 8, 2020</strong>&lt;br&gt;Via Teleconference</td>
<td><strong>Board</strong>&lt;br&gt;<strong>WINTERS</strong>&lt;br&gt;- Approval of FY19/20 Audited Financial Statements (James Marta &amp; Co.)&lt;br&gt;- Adoption of 3 year Strategic Plan&lt;br&gt;- Adoption of Statement on Environmental Justice Issues&lt;br&gt;- Long term energy procurement update</td>
<td>• Action&lt;br&gt;• Action&lt;br&gt;• Action&lt;br&gt;• Informational</td>
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<td><strong>October 22, 2020</strong>&lt;br&gt;Via Teleconference 4 P.M. START TIME</td>
<td><strong>Advisory Committee</strong>&lt;br&gt;<strong>DAVIS</strong>&lt;br&gt;- Committee Evaluation of Calendar Year End (Draft Report)&lt;br&gt;- Quarterly Power Procurement / Renewable Portfolio Standard Update</td>
<td>• Discussion&lt;br&gt;• Informational</td>
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<tr>
<td><strong>November 12, 2020</strong>&lt;br&gt;Via Teleconference</td>
<td><strong>Board</strong>&lt;br&gt;<strong>WOODLAND</strong>&lt;br&gt;- Certification of Power Content Label&lt;br&gt;- Power Purchase Agreements&lt;br&gt;- Financial Load Forecast&lt;br&gt;- FY2019/2020 Allocation of Net Margin</td>
<td>• Action&lt;br&gt;• Action&lt;br&gt;• Informational&lt;br&gt;• Action</td>
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<td><strong>November 26, 2020</strong>&lt;br&gt;Thanksgiving Holiday – Rescheduled to 3rd Thursday, November 19, 2020&lt;br&gt;Via Teleconference</td>
<td><strong>Advisory Committee</strong>&lt;br&gt;<strong>WOODLAND</strong>&lt;br&gt;- Committee Evaluation of Calendar Year End (Draft Report)&lt;br&gt;- Review CAC Charge (updated 11/15/2018)</td>
<td>• Discussion&lt;br&gt;• Discussion</td>
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<td><strong>December 10, 2020</strong>&lt;br&gt;Via Teleconference</td>
<td><strong>Board</strong>&lt;br&gt;<strong>DAVIS</strong>&lt;br&gt;- Enterprise Risk Management Report&lt;br&gt;- Receive CAC 2020 Calendar Year End Report&lt;br&gt;- Election of Officers for 2020 (at end of agenda)</td>
<td>• Informational&lt;br&gt;• Receive Report&lt;br&gt;• Nominations / Action</td>
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<td><strong>December 24, 2020</strong>&lt;br&gt;Rescheduled to 3rd Thursday, December 17, 2020&lt;br&gt;Via Teleconference</td>
<td><strong>Advisory Committee</strong>&lt;br&gt;<strong>DAVIS</strong>&lt;br&gt;- Revised and Updated CAC “Charge”&lt;br&gt;- Discuss 2021 Task Group(s) formation&lt;br&gt;- Review Revised Procurement Guide&lt;br&gt;- Election of Officers for 2021 (at end of agenda)</td>
<td>• Action: Recommendation to Board&lt;br&gt;• Discussion&lt;br&gt;• Action: Recommendation to Board&lt;br&gt;• Nominations/Action</td>
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<td>January 14, 2021</td>
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<td>• Approve Updated CAC Charge</td>
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<td>• Approve Revised Procurement Guide</td>
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<td>• Treasurer Function / Investment</td>
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<td>• Task Groups – Present Tasks/Projects</td>
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<td>• Receive Update on 3 year Strategic Plan (adopted Oct. 2020)</td>
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<td>• Certification of Standard and UltraGreen Products</td>
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<td>October 28, 2021</td>
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<td>• Receive Financial Load Forecast and Allocation of Net Margin information</td>
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<td>November 11, 2021</td>
<td>Board WOODLAND</td>
<td>Update on Power Content Label Customer Mailer</td>
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<td>Receive CAC 2021 Calendar Year End Report</td>
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<td>December 23, 2021</td>
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<td>Discuss 2022 Task Group(s) formation</td>
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<td>Approve Updated CAC Charge (tentative)</td>
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Note: CalCCA Annual Meeting EARLY November
TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
       George Vaughn, Finance and Operations Director

SUBJECT: Financial Update – October 31, 2020 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2020

DATE: December 10, 2020

RECOMMENDATION:
Accept the following Financial Statements (unaudited) for the period of October 1, 2020 to October 31, 2020 (with comparative year to date information) and Actual vs. Budget year to date ending October 31, 2020.

BACKGROUND & DISCUSSION:
The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:
- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, staff is reporting the Actual vs. Budget variances year to date ending October 31, 2020.

Financial Statements for the period October 1, 2020 – October 31, 2020
In the Statement of Net Position, VCEA as of October 31, 2020 has a total of $12,481,563 in its checking, money market and lockbox accounts, $1,100,000 restricted assets for the Debt Service Reserve account and $1,427,730 restricted assets for the Power Purchases Reserve account. VCEA has incurred obligations from Member agencies and owes as of October 31, 2020 $198,761. VCE also incurred obligations from SMUD but as of October 31, 2020 has paid it off and owes $0. VCEA began paying SMUD for the monthly operating expenditures (starting with January 2018 expenditures) and repayment of the
deferred amount of $1,522,433 over a 24-month period. VCEA began paying the Member agencies for the quarterly reimbursable expenditures starting in June 2019 and repayment of the deferred amount of $556,188 over a 12-month period.

The term loan with River City Bank includes a current portion of $395,322 and a long-term portion of $1,218,910 as of October 31, 2020, for a total of $1,614,232. At October 31, 2020, VCE’s net position is $16,867,893.

In the Statement of Revenues, Expenditures and Changes in Net Position, VCEA recorded $5,598,376 of revenue (net of allowance for doubtful accounts) of which $5,910,374 was billed in October and $511,101 represent estimated unbilled revenue. The cost of the electricity for the October revenue totaled $5,551,318. For October, VCEA’s gross margin is approximately 1% and the operating loss totaled ($338,154). The year-to-date change in net position was $280,207.

In the Statement of Cash Flows, VCEA cash flows from operations was $1,150,009 due to October cash receipts of revenues being higher than the monthly cash operating expenses.

**Actual vs. Budget Variances for the year to date ending October 31, 2020**

Below are the financial statement line items with variances >$50,000 and 5%:

Electric Revenue - $2,976,118 and 13% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts haven’t been as severe as anticipated and the weather has been warmer than forecast.

Purchased Power - $4,008,687 and 20% – variance is due to load being more favorable year-to-date than planned; the COVID and recessionary impacts haven’t been as severe as anticipated and the weather has been warmer than forecast.

Contingency – ($83,704) and (100%) – variance is due to not having a need yet to utilize the contingency funds set aside in the budget.

**Attachments:**
1) Financial Statements (Unaudited) October 1, 2020 to October 31, 2020 (with comparative year to date information.)
2) Actual vs. Budget for year to date ending October 31, 2020
VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2020

PREPARED ON NOVEMBER 27, 2020
## ASSETS

Current assets:
- Cash and cash equivalents: $12,481,563
- Accounts receivable, net of allowance: 6,933,273
- Accrued revenue: 2,112,928
- Prepaid expenses: 23,147
- Inventory - Renewable Energy Credits: 849,400
- Other current assets and deposits: 6,883

| Total current assets | 22,407,194 |

Restricted assets:
- Debt service reserve fund: 1,100,000
- Power purchase reserve fund: 1,427,730

| Total restricted assets | 2,527,730 |

Noncurrent assets:
- Other noncurrent assets and deposits: 100,000

| Total noncurrent assets | 100,000 |

| TOTAL ASSETS | $25,034,924 |

## LIABILITIES

Current liabilities:
- Accounts payable: $542,606
- Accrued payroll: 20,166
- Interest payable: 4,203
- Due to member agencies: 198,761
- Accrued cost of electricity: 5,124,760
- Other accrued liabilities: (294,392)
- Security deposits - energy supplies: 859,140
- User taxes and energy surcharges: 97,555
- Current Portion of LT Debt: 395,322

| Total current liabilities | 6,948,121 |

Noncurrent liabilities:
- Term Loan - RCB: 1,218,910

| Total noncurrent liabilities | 1,218,910 |

| TOTAL LIABILITIES | $8,167,031 |

## NET POSITION

Restricted
- Local Programs Reserve: 224,500
- Restricted: 2,527,730
- Unrestricted: 14,115,663

| TOTAL NET POSITION | $16,867,893 |
# VALLEY CLEAN ENERGY ALLIANCE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

FOR THE PERIOD OF OCTOBER 1, 2020 TO OCTOBER 31, 2020

(WITH COMPARATIVE YEAR TO DATE INFORMATION)

(UNAUDITED)

<table>
<thead>
<tr>
<th>OPERATING REVENUE</th>
<th>FOR THE PERIOD ENDING</th>
<th>YEAR TO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td>$ 5,598,376</td>
<td>$ 26,081,120</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>5,598,376</strong></td>
<td><strong>26,081,120</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>FOR THE PERIOD ENDING</th>
<th>YEAR TO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of electricity</td>
<td>5,551,318</td>
<td>24,215,492</td>
</tr>
<tr>
<td>Contract services</td>
<td>231,883</td>
<td>1,044,244</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>93,518</td>
<td>373,773</td>
</tr>
<tr>
<td>General, administration, and other</td>
<td>59,811</td>
<td>169,162</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>5,936,530</strong></td>
<td><strong>25,802,671</strong></td>
</tr>
</tbody>
</table>

| TOTAL OPERATING INCOME (LOSS) | (338,154) | 278,449 |

<table>
<thead>
<tr>
<th>NONOPERATING REVENUES (EXPENSES)</th>
<th>FOR THE PERIOD ENDING</th>
<th>YEAR TO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>4,591</td>
<td>22,698</td>
</tr>
<tr>
<td>Interest and related expenses</td>
<td>(4,962)</td>
<td>(20,940)</td>
</tr>
<tr>
<td><strong>TOTAL NONOPERATING REVENUES (EXPENSES)</strong></td>
<td><strong>(371)</strong></td>
<td><strong>1,758</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET POSITION</th>
<th>FOR THE PERIOD ENDING</th>
<th>YEAR TO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of period</td>
<td>17,206,416</td>
<td>16,587,684</td>
</tr>
<tr>
<td>Net position at end of period</td>
<td>$ 16,867,891</td>
<td>$ 16,867,891</td>
</tr>
</tbody>
</table>
## VALLEY CLEAN ENERGY ALLIANCE
**STATEMENTS OF CASH FLOWS**
**FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 31, 2020**
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2020</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from electricity sales</td>
<td>$6,388,149</td>
<td>$26,005,609</td>
</tr>
<tr>
<td>Receipts for security deposits with energy suppliers</td>
<td>$420,000</td>
<td>$343,500</td>
</tr>
<tr>
<td>Payments to purchase electricity</td>
<td>($4,809,243)</td>
<td>($24,531,559)</td>
</tr>
<tr>
<td>Payments for contract services, general, and administration</td>
<td>($756,721)</td>
<td>($2,124,263)</td>
</tr>
<tr>
<td>Payments for staff compensation</td>
<td>($92,176)</td>
<td>($365,411)</td>
</tr>
<tr>
<td>Other cash payments</td>
<td>-</td>
<td>($4,343)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>$1,150,009</td>
<td>($676,467)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2020</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal payments of Debt</td>
<td>($32,943)</td>
<td>($131,774.00)</td>
</tr>
<tr>
<td>Interest and related expenses</td>
<td>($4,900)</td>
<td>($21,172.00)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by non-capital financing activities</strong></td>
<td>($37,843)</td>
<td>($152,946.00)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2020</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>$4,591</td>
<td>$22,698.00</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td>$4,591</td>
<td>$22,698</td>
</tr>
</tbody>
</table>

### NET CHANGE IN CASH AND CASH EQUIVALENT:

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2020</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>$13,892,534</td>
<td>$15,816,006</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>$15,009,291</td>
<td>$15,009,291</td>
</tr>
</tbody>
</table>

Cash and cash equivalents included in:

<table>
<thead>
<tr>
<th>Description</th>
<th>October 31, 2020</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$12,481,563</td>
<td>$11,365,680</td>
</tr>
<tr>
<td>Restricted assets</td>
<td>$2,527,730</td>
<td>$2,526,854</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>$15,009,293</td>
<td>$13,892,534</td>
</tr>
<tr>
<td>Description</td>
<td>Operating Income (Loss)</td>
<td>Increase (Decrease) in Net Accounts Receivable</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-------------------------</td>
<td>----------------------------------------------</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$(338,154)</td>
<td>$258,569.00</td>
</tr>
<tr>
<td>Increase (Decrease) in Net Accounts Receivable</td>
<td>$258,569.00</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Accrued Revenue</td>
<td>$512,868</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Prepaid Expenses</td>
<td>$(21,272)</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Inventory - Renewable Energy Credits</td>
<td>$424,700</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Other Assets and Deposits</td>
<td>$420,000</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Accounts Payable</td>
<td>$1,342</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Due to Member Agencies</td>
<td>$21,500</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Accrued Cost of Electricity</td>
<td>$317,375</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Other Accrued Liabilities</td>
<td>$(320,320)</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Security Deposits with Energy Suppliers</td>
<td>$420,000</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in User Taxes and Energy Surcharges</td>
<td>$18,336</td>
<td></td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Operating Activities</td>
<td>$1,150,009</td>
<td></td>
</tr>
</tbody>
</table>
## VALLEY CLEAN ENERGY
### ACTUAL VS. BUDGET FYE 6-30-2021
### FOR THE YEAR TO DATE ENDING 10-31-20

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2021 Actuals</th>
<th>FY2021 Budget</th>
<th>Variance</th>
<th>% over/under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Revenue</td>
<td>$26,081,120</td>
<td>$23,105,002</td>
<td>$2,976,118</td>
<td>13%</td>
</tr>
<tr>
<td>Interest Revenues</td>
<td>22,697</td>
<td>32,323</td>
<td>(9,535)</td>
<td>-30%</td>
</tr>
<tr>
<td>Purchased Power</td>
<td>24,215,489</td>
<td>20,206,802</td>
<td>4,008,687</td>
<td>20%</td>
</tr>
<tr>
<td>Labor &amp; Benefits</td>
<td>373,773</td>
<td>405,658</td>
<td>(31,885)</td>
<td>-8%</td>
</tr>
<tr>
<td>Salaries &amp; Wages/Benefits</td>
<td>250,317</td>
<td>268,983</td>
<td>(18,666)</td>
<td>-7%</td>
</tr>
<tr>
<td>Contract Labor</td>
<td>93,332</td>
<td>99,580</td>
<td>(6,248)</td>
<td>-6%</td>
</tr>
<tr>
<td>Human Resources &amp; Payroll</td>
<td>30,124</td>
<td>37,096</td>
<td>(6,972)</td>
<td>-19%</td>
</tr>
<tr>
<td>Office Supplies &amp; Other Expenses</td>
<td>50,472</td>
<td>48,943</td>
<td>1,529</td>
<td>3%</td>
</tr>
<tr>
<td>Technology Costs</td>
<td>11,457</td>
<td>7,165</td>
<td>4,292</td>
<td>60%</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>439</td>
<td>768</td>
<td>(329)</td>
<td>-43%</td>
</tr>
<tr>
<td>CalCCA Dues</td>
<td>38,376</td>
<td>38,378</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Memberships</td>
<td>200</td>
<td>600</td>
<td>(400)</td>
<td>-67%</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>1,046,919</td>
<td>1,097,317</td>
<td>(50,398)</td>
<td>-5%</td>
</tr>
<tr>
<td>LEAN Energy</td>
<td>2,675</td>
<td>8,000</td>
<td>(5,325)</td>
<td>-67%</td>
</tr>
<tr>
<td>Don Dame</td>
<td>1,225</td>
<td>3,333</td>
<td>(2,108)</td>
<td>-63%</td>
</tr>
<tr>
<td>SMUD - Credit Support</td>
<td>254,495</td>
<td>226,254</td>
<td>28,241</td>
<td>12%</td>
</tr>
<tr>
<td>SMUD - Wholesale Energy Services</td>
<td>191,888</td>
<td>192,185</td>
<td>(297)</td>
<td>0%</td>
</tr>
<tr>
<td>SMUD - Call Center</td>
<td>241,579</td>
<td>242,015</td>
<td>(436)</td>
<td>0%</td>
</tr>
<tr>
<td>SMUD - Operating Services</td>
<td>110,562</td>
<td>130,000</td>
<td>(19,438)</td>
<td>-15%</td>
</tr>
<tr>
<td>Legal Bankruptcy</td>
<td>8,200</td>
<td>8,200</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Legal General Counsel</td>
<td>13,553</td>
<td>49,200</td>
<td>(35,647)</td>
<td>-72%</td>
</tr>
<tr>
<td>Regulatory Counsel</td>
<td>89,856</td>
<td>63,304</td>
<td>26,552</td>
<td>42%</td>
</tr>
<tr>
<td>Joint CCA Regulatory counsel</td>
<td>3,139</td>
<td>10,250</td>
<td>(7,111)</td>
<td>-69%</td>
</tr>
<tr>
<td>Legislative</td>
<td>20,000</td>
<td>20,500</td>
<td>(500)</td>
<td>-2%</td>
</tr>
<tr>
<td>Accounting Services</td>
<td>9,790</td>
<td>8,200</td>
<td>1,590</td>
<td>19%</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>43,100</td>
<td>59,963</td>
<td>(16,863)</td>
<td>-28%</td>
</tr>
<tr>
<td>PG&amp;E Acquisition Consulting</td>
<td>806</td>
<td>806</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Marketing Collateral</td>
<td>64,251</td>
<td>75,913</td>
<td>(11,662)</td>
<td>-15%</td>
</tr>
<tr>
<td>Rents &amp; Leases</td>
<td>5,791</td>
<td>5,792</td>
<td>(1)</td>
<td>0%</td>
</tr>
<tr>
<td>Hunt Boyer Mansion</td>
<td>5,791</td>
<td>5,792</td>
<td>(1)</td>
<td>0%</td>
</tr>
<tr>
<td>Other A&amp;G</td>
<td>108,933</td>
<td>114,283</td>
<td>(5,350)</td>
<td>-5%</td>
</tr>
<tr>
<td>PG&amp;E Data Fees</td>
<td>90,729</td>
<td>97,609</td>
<td>(6,880)</td>
<td>-7%</td>
</tr>
<tr>
<td>Community Engagement Activities &amp; Sponsorships</td>
<td>2,036</td>
<td>2,050</td>
<td>(14)</td>
<td>-1%</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,668</td>
<td>2,514</td>
<td>(846)</td>
<td>-34%</td>
</tr>
<tr>
<td>New Member Expenses</td>
<td>-</td>
<td>10,500</td>
<td>(10,500)</td>
<td>-100%</td>
</tr>
<tr>
<td>Banking Fees</td>
<td>14,500</td>
<td>410</td>
<td>14,090</td>
<td>3437%</td>
</tr>
<tr>
<td>Program Costs</td>
<td>-</td>
<td>1,200</td>
<td>(1,200)</td>
<td>-100%</td>
</tr>
<tr>
<td>Miscellaneous Operating Expenses</td>
<td>1,294</td>
<td>2,095</td>
<td>(801)</td>
<td>-38%</td>
</tr>
<tr>
<td>Contingency</td>
<td>-</td>
<td>83,704</td>
<td>(83,704)</td>
<td>-100%</td>
</tr>
</tbody>
</table>

**TOTAL OPERATING EXPENSES**

$25,802,671 $21,964,594 $3,838,077 17%

**Interest Expense - Munis**

- - - #DIV/0!

**Interest on RCB loan**

20,293 20,526 (233) -1%

**Interest Expense - SMUD**

646 646 0%

**NET INCOME**

$280,207 $1,151,468 $(871,261) -76%
Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Legislative - Regulatory Task Group on several legislative bills. Below is a summary:

December 7, 2020 marks the convening of the 2021-22 legislative session at which time new legislators will be sworn in, most changes to committee chair and membership will be announced, and bills will begin to be introduced. The Legislature will be in session for a few days before recessing for the winter holidays, and then will reconvene on January 4.

All activity related to the Legislature has been in relation to the outcomes of the November 3 election. Notable outcomes pertinent to VCE are:

- Senator Dodd successfully won reelection to represent Senate District 3
- Assemblymember Aguiar-Curry won reelection to represent Assembly District 4
- Senator Hueso lost the race for San Diego County Supervisor District 1 meaning Senator Hueso will remain in the Senate until he terms out in 2022. This means Senator Hueso is likely to remain Chair of Senate Energy, Communications, and Utilities Committee.
- Democrats picked up two seats in the Senate; Democrats have 31 seats and Republicans have 9 seats in the Senate.
- Republicans picked up one seat in the Assembly; Democrats have 60 seats, Republicans have 19 seats, and one seat is Independent in the Assembly
- Proposition 15 failed. Proposition 15 proposed to raise property taxes on commercial properties of value greater than $3 million with revenue directed to cities, counties and schools.
- Proposition 16 failed. Proposition 16 proposed to permit government decision-making policies to consider race, sex, color, ethnicity, or national origin to address diversity by repealing Proposition 209 (1996) which generally banned this ability. CalCCA supported the legislative measure to place the proposition on the ballot.
To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: December 10, 2020

Please find attached Keyes & Fox’s November 2020 Regulatory Memorandum dated December 2, 2020, an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated December 2, 2020
Summary

Keyes & Fox LLP and EQ Research, LLC, are pleased to provide VCE’s Board of Directors with this monthly informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC). A Glossary of Acronyms used is provided at the end of this memo.

In summary, this month’s report includes regulatory updates on the following priority issues:

- **New: Ensuring Summer 2021 Reliability:** On November 20, 2020, the CPUC issued an Order Instituting Rulemaking opening this proceeding to investigate actions it can take by April 2021 to ensure sufficient resource adequacy is available in the summer of 2021. VCE filed joint comments on the OIR with Sonoma Clean Power Authority (SCP).

- **PG&E 2021 ERRA Forecast / 2021 PUBA Trigger:** The Assigned Commissioner issued a Scoping Memo and Ruling consolidating the 2021 ERRA Forecast and 2021 PUBA Trigger proceedings. PG&E submitted its November Update on November 9, 2020, which it corrected on November 19, 2020, which included updates to the PCIA benchmarks for forecasting and true-up purposes. Subsequently, PG&E, Joint CCAs, CalCCA, and TURN filed a Settlement Agreement, which resolved all of the disputed issues in the PUBA Trigger proceeding (A.20-09-14) as well as certain discovery and other disputes in the 2021 ERRA Forecast proceeding (A.20-07-002). PG&E filed its 2020 Annual Electric True-Up advice letter.

- **IRP Rulemaking:** The ALJ issued a Proposed Decision that would establish a backstop procurement process for the reliability capacity procurement order by D.19-11-016. Comments and replies, respectively, in response to the ALJ Ruling on portfolios to use in the 2021-2022 Transmission Planning Process, were submitted. Finally, the ALJ issued a Ruling attaching the Staff Proposal for Resource Procurement Framework in Integrated Resource Planning.

- **RPS Rulemaking:** PG&E filed Advice Letter 5994-E, modifying the ReMAT PPA and Tariff to implement the program changes recently adopted by the CPUC in D.20-10-005. The CPUC issued an Order in the old RPS Rulemaking (R.15-02-020) granting rehearing and modifying a 2017 decision on resource eligibility under the ReMAT and BioMAT programs.

- **Investigation into PG&E’s Organization, Culture and Governance:** On November 24, 2020, CPUC President sent a letter to PG&E indicating that she has directed CPUC staff to conduct
fact-finding to determine whether to recommend that PG&E be placed into the enhanced oversight and enforcement process.

- **PG&E’s 2019 ERRA Compliance**: Joint CCAs and PG&E filed reply briefs on remaining issues not addressed in the pending Settlement Agreement.

- **RA Rulemaking (2021-2022)**: In Track 3.A, comments on the PD were filed November 12, 2020, and replies were filed November 17, 2020. On November 24, 2020, the CPUC, CEC, and CAISO held a joint public workshop to consider the potential to provide RA credit to hybrid storage/solar behind-the-meter resources. In Track 3.B, the Energy Division held public workshops on Track 3.B issues on November 18, 2020, and November 23, 2020. On October 30, 2020, VCE submitted Advice Letter 5-E, requesting a waiver of local RA penalties associated with remaining deficiencies in its year-ahead RA filing. The Energy Division subsequently suspended the effective date of AL 5-E and requested additional information. On November 17, 2020, VCE submitted Tier 2 Advice Letter 6-E, requesting a waiver of local RA penalties related to limited remaining local RA procurement shortfalls in the January 2021 compliance month.

- **Wildfire Fund Non-Bypassable Charge (AB 1054)**: The ALJ issued a Proposed Decision that would continue the Wildfire Non-Bypassable Charge of $0.00580/kWh for January 1, 2021 through December 31, 2021 and close this proceeding.

- **PG&E’s Phase 1 GRC**: Oral argument was heard and parties filed comments and replies in response to the ALJs’ Proposed Decision that would resolve PG&E’s Phase 1 GRC.

- **PG&E’s Phase 2 GRC**: Two public participation hearings were held on November 6, 2020. The ALJ issued an Email Ruling that denied a PG&E motion to consolidate its application for a real-time pricing rate option for PG&E’s Commercial Electric Vehicle customers (A.20-10-011) with this proceeding. Intervenor testimony was filed by parties including Joint CCAs on November 20, 2020.

- **PG&E Regionalization Plan**: A workshop was held on November 20, 2020, to discuss potential refinements to PG&E’s regionalization proposal.

- **PCIA Rulemaking**: Energy Division issued values for the PCIA Forecast and True Up to be used as inputs in utilities’ 2021 ERRA Forecast Updates.

- **Direct Access Rulemaking**: No updates this month. Parties filed comments and replies in response to the ALJ Ruling providing a Staff Report and recommendation to the Legislature regarding potential additional expansion of direct access for nonresidential customers.

- **RA Rulemaking (2019-2020)**: No updates this month. Two applications for rehearing remain the only outstanding items to be addressed in this proceeding, which is now closed.

- **Investigation into PG&E Violations Related to Wildfires**: No updates this month. On June 8, 2020, Thomas Del Monte and the Wild Tree Foundation filed applications for rehearing of D.20-05-019, which approved penalties on PG&E for its role in igniting the 2017-2018 wildfires.

- **Wildfire Cost Recovery Methodology Rulemaking**: No updates this month. (An August PG&E Application for Rehearing remains pending regarding D.19-06-027, establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a “Stress Test” for determining how much of wildfire liability costs that utilities can afford to pay.)

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**New: Ensuring Summer 2021 Reliability**

On November 20, 2020, the CPUC issued an Order Instituting Rulemaking opening this proceeding. VCE filed joint comments with Sonoma Clean Power Authority (SCP) on November 30, 2020.

- **Background**: CAISO experienced rolling blackouts (Stage 3 Emergency) on August 14, 2020 and August 15, 2020 when a heatwave struck the Western U.S. and there was insufficient available supply to meet high demand.
Details: This rulemaking will address two primary issues: (1) how to increase energy supply and (2) decrease demand during the peak demand and net demand peak hours in the event that a heat storm similar to the August 2020 storm occurs in the summer of 2021. This OIR will only focus on actions that the Commission can adopt by April 2021 and that the parties can implement before the summer of 2021.

This OIR will evaluate whether it is possible to increase LSE month-ahead RA procurement requirements for the summer of 2021, outside of the current multi-year process, using information provided in the prospective summer assessment report. It will also determine whether, for purposes of determining when capacity can be exported from the CAISO-controlled grid, particularly during reliability events, a resource that provides RA capacity can be tagged such that it would not be exported during these times. The OIR will also consider directing each IOU to develop new supply-side resources that can be brought online in 2021 and to bring additional capacity online by procuring incremental capacity from existing resources, implementing efficiency upgrades to existing generators, and retrofitting existing generators that are set to retire, such as Once-Through Cooling generators. It will also consider options for engaging customer groups in load reduction programs. Finally, it will consider issues like whether the Commission should allow behind-the-meter hybrid-solar-plus-storage assets to participate and discharge their available capacity in excess of onsite load and receive compensation for the load reduction, including exported energy, under the RA framework emergency load reduction program.

Joint opening comments filed by VCE/SCP requested that the Commission fund a rapid 30-day Potential Study to explore how a large-scale aggregated demand response program could meet a significant fraction of the needed capacity starting in 2021 and growing to its full size in 3-5 years.

Analysis: This proceeding could directly impact VCE’s RA procurement requirements for the summer of 2021 or encourage VCE to take additional actions that result in greater resource availability during the summer 2021 peak and net peak periods. It could also indirectly affect VCE customers, such as by directing IOUs to take specific actions to increase RA availability and capacity that VCE customers could be required to pay for.

Next Steps: Reply comments are due December 10, 2020. A prehearing conference is scheduled for December 15, 2020 (10:30 a.m.).

Additional Information: Notice of Prehearing Conference (November 30, 2020); Order Instituting Rulemaking (November 20, 2020); Docket No. R.20-11-003.

PG&E 2021 ERRA Forecast / 2021 PUBA Trigger

On November 5, 2020, the Assigned Commissioner issued a Scoping Memo and Ruling consolidating the 2021 ERRA Forecast and 2021 PUBA Trigger proceedings. On November 9, 2020, parties filed reply briefs. PG&E submitted its November Update on November 9, 2020, which it corrected on November 19, 2020, which included updates to the PCIA benchmarks for forecasting and true-up purposes. PG&E held a technical workshop on PUBA on November 12, 2020. PG&E filed its 2020 Annual Electric True-Up advice letter on November 16, 2020. On November 20, 2020, parties including the Joint CCAs, which includes VCE, filed opening comments on PG&E’s November Update. Also on November 20, 2020, PG&E, Joint CCAs, CalCCA, and TURN filed a Settlement Agreement, which resolves all of the disputed issues in the PUBA Trigger proceeding (A.20-09-14) as well as certain discovery and other disputes in the 2021 ERRA Forecast proceeding (A.20-07-002). No party filed comments on the Settlement by the November 24, 2020, deadline.

Background: Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the PCIA and other non-bypassable charges for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. PG&E’s 2021 ERRA Forecast application proposed capped PCIA rates of $0.03115/kWh (system-average 2021 vintage) and $0.03670/kWh (system-average for 2017 PCIA vintage,
which is the system-wide average applicable to most VCE customers). The PCIA rate for most VCE residential customers (i.e., 2017 vintage) would be $0.03846/kWh, although PG&E will update this figure in November. PG&E’s application proposes a total 2021 revenue requirement of $2.774 billion, comprised of the following components: (1) CAM, $283 million; (2) PCIA, $2.803 billion; (3) Ongoing Competitive Transition Charge, $20 million; (4) Tree Mortality Non-Bypassable Charge, $73 million; (5) ERRA, $1.841 billion; (6) PUBA, $277 million; and less (7) Utility-owned generation costs of $2.522 billion.

PG&E’s ERRA Trigger is different than the PUBA trigger and will affect bundled customers’ rates but not VCE’s customers’ rates. PG&E’s ERRA Trigger application states that its ERRA was more than 5% overcollected as of April 30, 2020, and PG&E forecasts that its incremental ERRA overcollection will be 15.7%, or $793 million, overcollected by December 31, 2020. The Joint CCAs filed a response to PG&E’s trigger. Both parties agree a rate change to refund the overcollection is not warranted since the ERRA balance associated with overcollection can be resolved in the utility’s 2021 ERRA Forecast Application.

The PUBA tracks the differential between capped and uncapped PCIA rates. Once the total revenue differential in the PUBA reaches a trigger threshold, PG&E must file an expedited application to recover part of the amount in the PUBA. Such recovery will take place via a temporary increase to PCIA or PCIA-related rates for VCE’s customers. PG&E’s PUBA balance as of the end of year 2020 is undercollected by $251.8 million.

- **Details**: PG&E’s November Update resulted in uncapped PCIA rates increasing between $0.0039/kWh and $0.0092/kWh. PG&E’s November Update included an update to the 2019 vintage departing load pro rata allocation factor, resulting in approximately $9.0 million of the 2019 ERRA over-collection being allocated to the vintage 2019 departing load customers. Furthermore, with the exception of 2009-vintage customers, PCIA rates are capped in this November Update, with no additional PUBA balance amortized. PG&E also proposed to include a $14 million overcollection in generation rates.

PG&E’s preliminary annual electric true-up advice letter forecasts a 7.5% increase in PG&E’s system bundled average electric rate and an 18.0% increase in PG&E’s system average rate for DA and CCA customers.

The Settlement Agreement would result in the implementation of rates on January 1, 2021. Notably, the Settling Parties agree to affirmatively support the termination of the entire PCIA cap-and-trigger framework via a joint petition for modification (PFM) of D.18-10-019 to be filed in early 2021. Furthermore, the Settling Parties request that the CPUC waive application of the PCIA rate cap for 2021, pending resolution of the forthcoming PFM (i.e., the cap would not be applied in the calculation of the 2021 PCIA Base Rate for PCIA-eligible departing load). Settling Parties also agree to implementation of PG&E’s 2021 ERRA Forecast requests and the return of the PUBA balance via a Tier 1 advice letter. Unless certain specified events occur, the forecast year-end 2020 PUBA balance will be amortized over three calendar years beginning upon approval of the settlement in 2021, with one-third of the year-end 2020 PUBA balance being collected in each of 2021, 2022, and 2023. This would result in a system average PUBA adder (a surcharge in addition to the PCIA) of approximately $0.002/kWh for most vintages. Finally, PG&E agreed to provide, as part of a Master Data Request response in each of its future ERRA Forecast proceedings, certain specified information to the Settling Parties’ reviewing representatives within a reasonable timeframe. According to PG&E’s November Update, amended on November 18, 2020, the following table shows the uncapped 2021 PCIA rates:
• **Analysis:** This proceeding will establish the amount of the PCIA for VCE’s 2021 rates and the level of PG&E’s generation rates for bundled customers. The Settlement Agreement would result in a system average PCIA rate of $0.03998/kWh, plus a PUBA adder of $0.00221/kWh, for 2017-vintage customers. In comparison, the last ERRA Forecast proceeding established a capped rate of $0.0317/kWh for the 2017 vintage, an increase from the previous rate of $0.0267/kWh. In addition, the PUBA shortfall will result in an additional surcharge on VCE customers.

• **Next Steps:** A proposed decision will be filed by December 7, 2020. Comments and replies, respectively, are due December 11, 2020, and December 15, 2020.

• **Additional Information:** Motion to Adopt Settlement Agreement (November 20, 2020); PG&E AL 6004-E Annual Electric True-Up (November 16, 2020); PG&E November Update (November 9, 2020); Scoping Memo and Ruling consolidating proceedings (November 5, 2020); Ruling canceling evidentiary hearing (October 13, 2020); Scoping Memo and Ruling in the ERRA Trigger proceeding (September 30, 2020); PUBA Application (September 28, 2020); Scoping Memo and Ruling (September 12, 2020); PG&E August Update (August 14, 2020); PG&E ERRA Trigger Application (July 31, 2020); PG&E Supplemental Testimony correcting errors in Application (July 17, 2020); Application (July 1, 2020); Docket Nos. A.20-07-002 (2021 ERRA Forecast); A.20-07-022 (ERRA Trigger); A.20-09-014 (2021 PUBA Trigger).

**IRP Rulemaking**


• **Background:** In the CPUC’s IRP process, the Reference System Portfolio (RSP) is essentially a proposed statewide IRP portfolio that sets a statewide benchmark for later IRPs filed by individual LSEs. The CPUC ultimately adopts a Preferred System Portfolio (PSP) after LSEs submit individual IRPs to be used in statewide planning and future procurement. On September 1, 2020, LSEs including VCE filed their 2020 IRPs, which included updates on each LSE’s progress towards completing additional system RA procurement ordered for the 2021-2023 years under D.19-11-016.

The June 15, 2020 ALJ Ruling proposed a three-year cycle for the IRP process, instead of the current structure of conducting each cycle every two years. There would be opportunities for new procurement requirements at least twice during every three-year cycle, beginning with a Q1 2021 Ruling proposing resource procurement, followed by the issuance of a PD/Decision in Q2 2021 ordering additional procurement.

The September 24 Scoping Memo and Ruling clarifies that the issues planned to be resolved into this proceeding are organized into the following tracks:
- **General IRP oversight issues**: The Assigned Commissioner indicates that a Proposed Decision is forthcoming on the issues identified in the June 15 Ruling regarding the possibility of moving from a two-year to a three-year IRP cycle. Other issues to be determined in this track include IRP filing requirements and interagency work implementing SB 100.

- **Procurement track**: First, the proceeding will resolve capacity procurement issues with respect to D.19-11-016. The CPUC will then focus on examining LSE plans to replace Diablo Canyon capacity and conduct an overall assessment and gap analysis to inform a procurement order that could direct LSEs to procure additional capacity. Other issues to be addressed in this track include (1) evaluation of development needs for long-duration storage, out-of-state wind, offshore wind, geothermal, and other resources with long development lead times; (2) local reliability needs; and (3) analysis of the need for specific natural gas plants in local areas. Additional procurement requirements may also be considered.

- **Preferred System Portfolio Development**: The CPUC will aggregate LSE portfolios, analyze the aggregate portfolio, and adopt a PSP.

- **Transmission Planning Process (TPP)**: The PSP analysis will likely lead to a portfolio to be transmitted by the CPUC to the CAISO for use in its TPP analysis.

- **Reference System Portfolio Development**: To the extent that a new round of RSP analysis is conducted for the next IRP cycle, this proceeding will be the venue for developing and vetting the resource assumptions associated with that analysis in preparation for the next IRP cycle.

**Details**: The PD would establish a backstop procurement process that would apply to LSEs that did not opt-out of self-procuring their capacity obligations under D.19-11-016. It would require LSEs to file bi-annual (due February 1 and August 1) updates of their procurement progress relative to the contractual and procurement milestones defined in the PD. The PD does not address cost allocation for backstop procurement, which will be addressed in a later decision. The backstop process would be composed of triggers and milestones that an LSE must meet for its self-procurement efforts in order to avoid creating a need for "emergency" procurement and being held responsible for its share of the backstop procurement costs. After review of the compliance filings, CPUC Staff will bring a Resolution before the Commission specifying the amount of backstop procurement required for a particular IOU on behalf of each LSE for each procurement tranche (2021, 2022, and 2023). Full cost responsibility for backstop procurement will be assigned to the deficient LSE and once a backstop procurement authorization is adopted by the CPUC there will be no "going back" even if an LSE manages to procure additional capacity. In addition, the PD notes that an absence of backstop procurement trigger is not a relief of an LSE's procurement obligations. The CPUC may still initiate compliance and enforcement actions regardless of whether backstop procurement is triggered.

The Staff Proposal attached to the November 19, 2020 ALJ Ruling lays out a conceptual foundation for all future procurement informed by the IRP process. The specific problems Staff considers in its proposed Procurement Framework include a lack of clarity regarding CPUC’s procurement process, risk of over-relying on RPS as a GHG-based procurement program, weak alignment between IRP and RA, difficulty in defining and measuring system reliability under increasing penetration of variable renewables, challenges to ensuring system reliability in a fragmented LSE market combined with development risk associated with new resource types, and challenges LSEs face in procuring some resource types. Staff categorized recommendations into “Phase 1,” intended to be applied during the current IRP cycle through 2021, and “Phase 2,” to be applied starting with the next IRP cycle. Staff recommendations include, for instance, increasing the load forecast and/or planning reserve margin used to determine the need for reliability procurement, and annually monitoring of compliance and continued use of the threat of “just in time” backstop procurement as an enforcement mechanism.
• **Analysis:** The PD would establish a backstop procurement process for procurement ordered under D.19-11-016, which would provide more clarity on the process going forward for determining if backstop procurement is needed. However, it is unclear what compliance and enforcement actions the CPUC could undertake for LSEs for which backstop procurement becomes necessary. The Staff Proposal providing a conceptual foundation for all future procurement informed by the IRP process contains a number of proposals that could undermine VCE’s procurement autonomy.

• **Next Steps:** Through January 2021, the schedule is as follows:
  - **General IRP oversight issues:** A Proposed Decision on moving from two-year to three-year IRP cycle is anticipated to be issued soon.
  - **Procurement track:** Comments and reply comments, respectively, on the Proposed Decision establishing a backstop procurement process under D.19-11-016 are due December 3, 2020, and December 8, 2020. A remote participation workshop addressing the Staff Proposal attached to the November 19 ALJ Ruling is scheduled for December 18 at 10:00 a.m. Comments from parties on specific aspects of the Staff Proposal will be requested after the workshop. During the remainder of 2020, Commission staff will conduct analysis of LSE commitments to address Diablo Canyon replacement power, as included in individual IRPs. In January 2021, the CPUC will issue a Ruling with its Diablo Canyon replacement power analysis, gap analysis, and proposing procurement strategy for any additional needed power, along with a proposed broader framework for IRP procurement.
  - **Preferred System Portfolio Development:** Fall 2020: (1) Modeling Advisory Group meeting examining GHG emissions benchmarking and modeling differences; and (2) Ruling on resubmittals of information for deficient LSE IRPs, if needed.
  - **TPP:** November 2020: Party comments and reply comments on proposed portfolio(s) for 2021-2022 TPP. January 2021: Proposed Decision recommending portfolio(s) for 2021-22 TPP.
  - **Reference System Portfolio Development:** N/A.

• **Additional Information:** Ruling providing Staff Proposal on resource procurement framework (November 19, 2020); Proposed Decision on backstop procurement mechanism (November 13, 2020); Ruling on Portfolios for 2021-2022 Transmission Planning Process (October 20, 2020); Email Ruling requesting comments on individual LSE IRPs (October 9, 2020); Scoping Memo and Ruling (September 24, 2020); Resolution E-5080 (August 7, 2020); Ruling on IRP cycle and schedule (June 15, 2020); Ruling on backstop procurement and cost allocation mechanisms (June 5, 2020); Order Instituting Rulemaking (May 14, 2020); Docket No. R.20-05-003.

**RPS Rulemaking**

On November 6, 2020, PG&E filed Advice Letter 5994-E, modifying the ReMAT PPA and Tariff to implement the program changes recently adopted by the CPUC in D.20-10-005. On November 23, 2020, the CPUC issued an Order in the old RPS Rulemaking (R.15-02-020) granting rehearing and modifying a 2017 decision on resource eligibility under the ReMAT and BioMAT programs.

• **Background:** This proceeding addresses ongoing RPS issues. VCE submitted its 2020 RPS Procurement Plan on July 6, 2020 and its 2019 RPS Compliance Report on August 3, 2020. On August 12, 2020, VCE filed a Motion requesting to update its 2020 RPS Procurement Plan to make several minor clerical corrections to its Plan and noting to the CPUC that VCE anticipated terminating its PPA with Rugged Solar in August 2020.

  On February 27, 2020, the ALJ issued a Ruling requesting comments on a Staff Proposal making changes to confidentiality rules regarding the RPS program. No subsequent action has been taken by the CPUC on this proposal to date.
Staff’s Proposed Framework for integrating RPS Procurement Plan requirements into the IRP proceeding uses a two-phased approach that makes a relatively minor change to RPS reporting in the current IRP cycle, while fully integrating all elements of RPS Procurement Plans into the next IRP cycle, proposed to commence in the 2023 calendar year (instead of 2022, under the current two-year cycle, although the issue of a two-year versus three-year cycle is not discussed).

**Details:** The ReMAT program originally was limited to facilities with a capacity up to 3 MW. AB 1979 revised the provisions to allow a conduit hydroelectric facility with an effective capacity of up to 4 MW to be eligible to participate in the ReMAT program, on the condition that the conduit hydroelectric facility not deliver more than 3 MW to the grid at any time. In 2017, the IOUs filed an application for rehearing of D.17-08-021, which implemented eligibility requirements of ReMAT and BioMAT under changes made in AB 1979 and AB 1923. However, the CPUC did not consider the application for rehearing until now because the ReMAT and BioMAT programs were subsequently put on hold and only reopened recently.

The Order finds that a conduit hydroelectric facility with an effective capacity up to 4 MW is eligible to participate in the ReMAT program but is prohibited from payments for any electricity delivered to the grid in excess of 3 MW at any time. In contrast, footnote 8 of D.17-08-021 had stated that conduit hydropower facilities with an effective capacity up to 4 MW may sell electricity generated in excess of the ReMAT program’s 3 MW limit to other CPUC programs. The Order also makes a similar change with respect to bioenergy facilities, striking a similar footnote relating to the BioMAT program. Finally, the Order states that if a PURPA Qualifying Facility (QF) cannot qualify as a ReMAT or a BioMAT generator solely due to the amount of electricity the generator would deliver to the grid at any time, instead of participating in the ReMAT or BioMAT programs, it is eligible for a New Standard Offer Contract established by D.20-05-006 that implements the CPUC’s mandatory purchase obligation under PURPA.

- **Analysis:** The reopening of the ReMAT program could impact VCE by reopening a program that could compete with VCE with respect to the procurement of small-scale renewable energy facilities. However, the CPUC’s November 2020 Order granting rehearing changes the eligibility requirements so that conduit hydro facilities are prohibited from receiving payments for electricity in excess of 3 MW, which could diminish the attractiveness of the ReMAT program for small hydro facilities that are larger than 3 MW in size.

Other issues to be addressed in this proceeding could further impact future RPS compliance obligations.

- **Next Steps:** A proposed decision aligning RPS/IRP filings is anticipated to be issued in Q4 2020.

A PD/Decision on the 2020 RPS Procurement Plans is also anticipated in Q4 2020, after which retail sellers may file “Final” 2020 RPS Procurement Plans, also expected in Q4 2020. VCE expects to file a final RPS Plan with updates with respect to procurement.

It is unclear if the CPUC intends to issue a PD regarding RPS confidentiality and transparency issues, as had been proposed in a February 2020 Ruling.

- **Additional Information:** Order Granting Rehearing of D.17-08-021 (November 23, 2020); PG&E AL 5994-E reopening ReMAT program (November 6, 2020); D.20-10-005 resuming and modifying the ReMAT program (October 16, 2020); D.20-09-022 on new CCA 2019 RPS Procurement Plans (approved at CPUC’s September 24, 2020 meeting); Ruling on Staff proposal aligning RPS/IRP filings (September 18, 2020); D.20-08-043 resuming and modifying the BioMAT program (September 1, 2020); VCE Motion to Update its 2020 RPS Procurement Plan (August 12, 2020); Ruling extending procedural schedule on RPS Procurement Plan review (July 10, 2020); Assigned Commissioner Ruling (ACR) establishing 2020 RPS Procurement Plan requirements (May 6, 2020); D.20-02-040 correcting D.19-12-042 on 2019 RPS Procurement Plans (February 21, 2020); Ruling on RPS confidentiality and transparency issues (February 27, 2020); D.19-12-042 on 2019 RPS Procurement Plans (December 30, 2019); D.19-06-023 on implementing SB 100 (May 22, 2019); Ruling extending procedural schedule (May 7, 2019); Ruling identifying issues, schedule and 2019 RPS Procurement Plan requirements (April 19,
Investigation into PG&E’s Organization, Culture and Governance (Safety OII)

On November 24, 2020, CPUC President sent a letter to PG&E indicating that she has directed CPUC staff to conduct fact-finding to determine whether to recommend that PG&E be placed into the enhanced oversight and enforcement process.

- **Background**: On December 21, 2018, the CPUC issued a Scoping Memo opening the next phase of an ongoing investigation into whether PG&E’s organizational culture and governance prioritize safety. This current phase of the proceeding is considering alternatives to current management and operational structures for providing electric and natural gas in Northern California.

  A July 2020 ALJ Ruling described the issues that are potentially still in scope for this proceeding, which include a broad array of issues identified in the December 21, 2018 Scoping Memo, as modified by D.20-05-053 approving PG&E's reorganization plan, plus the ongoing work of NorthStar, the consultant monitoring PG&E. However, the Ruling observed that "it is not clear as a practical matter how many of those issues can be or should be addressed at this time," given PG&E is now implementing its reorganization plan and has filed its application for regional restructuring. Joint CCAs argued that this proceeding should address whether PG&E should be a "wires-only company" and whether PG&E’s holding company structure should be revoked, and SVCE advocated for addressing whether a distribution system operator model should replace PG&E. Party comments did not explicitly raise the issue of CCA proposals to purchase PG&E electric distribution assets.

  The September 4 Ruling filed in the PG&E Safety Culture proceeding (I.15-08-019) and PG&E Bankruptcy proceeding (I.19-09-016) determines that I.15-08-019 will remain open as a vehicle to monitor the progress of PG&E in improving its safety culture, and to address any relevant issues that arise, with the consultant NorthStar continuing in its monitoring role of PG&E. The Ruling declined to close the proceeding (e.g., as requested by PG&E) but also declined to move forward with CCAs’ consideration of whether PG&E’s holding company structure should be revoked and whether PG&E should be a “wires-only company,” as well as developing a plan for service if PG&E’s CPCN is revoked in the future.

- **Details**: In her letter to PG&E, President Batjer pointed to a “pattern of vegetation and asset management deficiencies that implicate PG&E’s ability to provide safe, reliable service to customers,” and stated the “Wildfire Safety Division Staff has identified a volume and rate of defects in PG&E’s vegetation management that is notably higher than those observed for the other utilities.”

- **Analysis**: CPUC President Batjer’s letter indicates the CPUC is currently investigating whether to move PG&E into its newly created enhanced oversight and enforcement process. This six-step process could ultimately result in a revocation of PG&E’s certificate of public convenience and necessity if it fails to take sufficient corrective actions.

- **Next Steps**: The proceeding remains open, but there is no procedural schedule at this time.

- **Additional Information**: Letter from President Batjer to PG&E (November 24, 2020); Ruling updating case status (September 4, 2020); Ruling on case status (July 15, 2020); Ruling on proposals to improve PG&E safety culture (June 18, 2019); D.19-06-008 directing PG&E to report on safety experience and qualifications of board members (June 18, 2019); Scoping Memo (December 21, 2018); Docket No. I.15-08-019.
PG&E’s 2019 ERRA Compliance

On November 16, 2020, Joint CCAs and PG&E filed reply briefs on remaining issues not addressed in the pending Settlement Agreement.

- **Background**: ERRA compliance review proceedings review the utility’s compliance in the preceding year regarding energy resource contract administration, least-cost dispatch, fuel procurement, and the PABA balancing account (which determines the true up values for the PCIA each year). In its 2019 ERRA compliance application, PG&E requested that the CPUC find that its PABA entries for 2019 were accurate, it complied with its Bundled Procurement Plan in 2019 in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, RA sales, and least-cost dispatch of electric generation resources. PG&E also requests that the CPUC find that during the record period PG&E managed its utility-owned generation facilities reasonably. Finally, PG&E requests cost recovery of revenue requirements totaling about $4.0 million for Diablo Canyon seismic study costs.

PG&E’s supplemental testimony (1) described PG&E’s PSPS Program and when it was used in 2019; (2) provided an accounting of the 2019 PSPS events, including a description of how balancing accounts forecast in PG&E’s annual ERRA Forecast proceeding and reviewed in the 2019 ERRA Compliance Review proceeding may have been impacted and; (3) described the difference between load forecasting for ratemaking purposes and load forecasting for PSPS events.

The Joint CCAs’ testimony identified $175.4 million in net reductions to the 2019 PABA balance that should be made, excluding interest. The Joint CCAs argue this amount should be credited back to customers. PG&E’s rebuttal testimony stated it will make all but $33.6 million of those adjustments as part of its August 2020 accounting close.

On October 22, 2020, PG&E, Joint CCAs, and Cal Advocates filed a Joint Motion to Adopt Settlement Agreement. The Settlement Agreement resolves all but two of the disputed issues in Phase I of the proceeding. PG&E agreed with certain accounting errors identified by the Joint CCAs. PG&E also committed to provide additional, specific information requested by the Joint CCAs simultaneous with its ERRA Compliance applications and simplify the presentation of that information, resolving the Joint CCAs concern with transparency of the PG&E data supporting entries to the ERRA, PABA and related balancing accounts. PG&E and the Joint CCAs agreed to engage in discussions about the approach to Resource Adequacy solicitations governed by Appendix S of PG&E’s 2014 Bundled Procurement Plan. Finally, PG&E agreed to rebill all commercial and industrial CCA customers assigned an incorrect vintage.

- **Details**: The two remaining issues not covered by the Settlement Agreement are (1) the request in PG&E’s rebuttal testimony to reverse the $92.9 million adjustment it made in response to D.20-02-047 to its PABA regarding the amount of RPS energy the utility retained to serve its bundled customers in 2019; and (2) the utility’s decision not to re-vintage four RPS contracts renegotiated during 2019.

- **Analysis**: This proceeding addresses PG&E’s balancing accounts, including the PABA, providing a venue for a detailed review of the billed revenues and net CAISO revenues PG&E recorded during 2019. It also determines whether PG&E managed its portfolio of contracts and UOG in a reasonable manner. Efforts from the Joint CCAs to date will reduce the level of the PCIA for VCE’s customers in 2021 and/or 2022.

- **Next Steps**: A proposed decision is anticipated to be issued soon. The schedule for Phase II of this proceeding has not been issued yet.

- **Additional Information**: Joint Motion to Adopt Settlement Agreement (October 22, 2020); Ruling modifying extending deadline for briefs and reply briefs (October 12, 2020); Amended Scoping Memo and Ruling (August 14, 2020); Scoping Memo and Ruling (June 19, 2020); PG&E’s Application and Testimony (February 28, 2020); Docket No. A.20-02-009.
RA Rulemaking (2021-2022)

In Track 3.A, comments on the PD were filed November 12, 2020, and replies were filed November 17, 2020. On November 24, 2020, the CPUC, CEC, and CAISO held a joint public workshop to consider the potential to provide RA credit to hybrid storage/solar behind-the-meter resources. In Track 3.B, the Energy Division held public workshops on Track 3.B issues on November 18, 2020, and November 23, 2020. On October 30, 2020, VCE submitted Advice Letter 5-E, requesting a waiver of local RA penalties related to limited remaining local RA procurement shortfalls in its year-ahead RA filing. The Energy Division suspended AL 5-E, along with similar ALs filed by 15 other entities, and requested additional information and documentation. On November 17, 2020, VCE submitted AL 6-E, requesting a waiver of local RA penalties related to limited remaining local RA procurement shortfalls in the January 2021 compliance month, which currently remains pending (the response/protest deadline is December 17, 2020).

- **Background:** This proceeding is divided into 4 tracks. The first two tracks have concluded, and the proceeding focused on Track 3 issues. Track 3 is divided into Track 3.A and Track 3.B, which are proceeding in parallel. Track 3.A issues include the following topics: (1) evaluation of CAISO’s updated LCR reliability criteria; (2) evaluation of an LCR reduction compensation mechanism; (3) consideration of the CPE’s Competitive Neutrality Rules; (4) NQC for BTM hybrid resources; and (4) other time-sensitive issues.

  Track 3.B focuses on an examination of the broader RA capacity structure to address energy attributes and hourly capacity requirements, given the increasing penetration of use-limited resources, greater reliance on preferred resources, rolling off of a significant amount of long-term tolling contracts held by utilities, and material increases in energy and capacity prices experienced in California over the past years. Other refinements to the RA program identified during Track 1 or Track 2 will also be considered, including refinements to the MCC buckets adopted in D.20-06-031.

  A future Track 4 will consider the 2022 program year requirements for System and Flexible RA, and the 2022-2024 Local RA requirements.

- **Details:** VCE’s ALs 5-E and 6-E requesting waivers of local RA penalties pertain to small deficiencies in local RA procurement due to the unavailability of additional local RA resources in certain areas. Twenty LSEs filed requests for waivers of local RA penalties as part of the year-ahead RA filing, of which two submitted by ESPs were protested by Cal Advocates and 16 (including VCE’s) were suspended by the Energy Division pending additional review. LSEs that continue to experience a local RA deficiency for an upcoming RA compliance month must submit an additional request for waiver of penalties when submitting the applicable month-ahead RA filing; accordingly, VCE submitted AL 6-E to request a waiver for the month of January 2021.

  The Track 3.A PD would address the issues of the financial credit mechanism and competitive neutrality rules for the central procurement entities, PG&E and SCE. For reference, in adopting the central procurement framework in D.20-06-002, the CPUC recognized that a financial credit mechanism could provide LSEs with additional incentives for investments in preferred and energy storage local resources in constrained local areas, but rejected a CalCCA proposal to give a one-for-one MW value to LSEs for existing preferred or energy storage local resources shown to the CPE. The PD would find that the most workable solution proposed was CalCCA’s proposed “Option 2,” with modifications, which allows the CPE to evaluate the shown resource alongside bid resources to assess the effectiveness of the portfolio. The financial credit mechanism would apply only to new preferred or energy storage resources (i.e., non-fossil-based resources) with a contract executed on or after June 17, 2020.

  The PD would also adopt PG&E’s competitive neutrality proposal for PG&E’s service territory and SCE’s competitive neutrality proposal for SCE’s service. The PD would reject assertions by AReM and CalCCA that PG&E’s proposed rule contains insufficient detail as compared to SCE’s proposal, such as the lack of enforcement for inadvertent disclosure.
Finally, the PD would find that the Local Capacity Requirements Working Group should continue to discuss recommendations and develop solutions for consideration in CAISO’s 2022 LCR process, and notes there will be an opportunity to provide comments on the behind-the-meter hybrid solar/storage workshop, scheduled for November 2020, in Track 4 of this proceeding.

- **Analysis:** Regulatory developments under consideration in this proceeding could have a significant impact on VCE’s capacity procurement obligations and RA compliance filing requirements. A broad array of changes to the RA construct are under consideration, including the consideration of hourly capacity requirements in light of the increasing deployment of use-limited resources; modifications to maximum cumulative capacity buckets and whether the RA program should cap use-limited and preferred resources such as wind and solar; the potential expansion of multi-year local forward RA to system or flexible resources; RA penalties and waivers; and Marginal ELCC counting conventions for solar, wind and hybrid resources. The resolution of these issues could impact the extent to which VCE is permitted to rely on use-limited resources such as solar and wind to meet its RA obligations, the amount of RA that is credited to these types of resources, and what penalties (and waivers) would apply should there be a deficiency in meeting an RA requirement.

- **Next Steps:** In Track 3.A, the PD is on the CPUC’s Agenda for its December 3, 2020, Business Meeting. The PD would direct the draft Local Capacity Requirements Working Group Report and/or proposals to be due January 22, 2021, and the final Working Group Report and/or proposals by February 12, 2021.

Revised Track 3.B proposals are due December 18, 2020, comments on revised Track 3.B proposals are due January 15, 2021, a workshop on revised Track 3.B proposals is anticipated for February 2021, second revised Track 3.B proposals and comments on additional process are due March 9, 2021, a Proposed Decision is expected May 2021, and a final Decision on Track 3.B and Track 4 is expected June 2021.

The schedule and scope of issues for Track 4 will be established in a later Scoping Memo.

- **Additional Information:** Proposed Decision on Track 3.A issues (October 23, 2020); Ruling denying OhmConnect motion for partial stay of 8.3% DR cap (October 20, 2020); Ruling (September 23, 2020); Ruling providing Energy Division’s Track 3.B proposal (August 7, 2020); Amended Scoping Memo on Track 3 (July 7, 2020); D.20-06-031 on local and flexible RA requirements and RA program refinements (June 30, 2020); Ruling suspending Track 3 schedule (June 23, 2020); 2021 Final Flexible Capacity Needs Assessment (May 15, 2020); 2021 Final Local Capacity Technical Study (May 1, 2020); Scoping Memo and Ruling (January 22, 2020); Order Instituting Rulemaking (November 13, 2019); Docket No. R.19-11-009.

**Wildfire Fund Non-Bypassable Charge (AB 1054)**

On November 10, 2020, the ALJ issued a Proposed Decision that would continue the Wildfire Non-Bypassable Charge (NBC) of $0.00580/kWh for January 1, 2021 through December 31, 2021 and close this proceeding. Comments were due on November 30, 2020.

- **Background:** This rulemaking implemented AB 1054 and extended a non-bypassable charge on ratepayers to fund the Wildfire Fund. The scope of this proceeding was limited to consideration of whether the CPUC should authorize ratepayer funding of the Wildfire Fund established by AB 1054, enacted in July 2019, via the continuation of an existing non-bypassable charge (Department of Water Resources bond charge) that would have otherwise expired by the end of 2021.

D.19-10-056, issued in October 2019, approved the establishment of a non-bypassable charge on IOU customers to provide revenue for the newly established state Wildfire Fund pursuant to 2019 AB 1054. The charge will only be assessed on customers of utilities that participate in the Wildfire Fund (i.e., PG&E, SCE, and SDG&E), and will expire at the end of 2035. The Decision
also provides that once a large IOU commits to Wildfire Fund participation, it may not later revoke its participation. The annual revenue requirement for the charge among the large IOUs will total $902.4 million, allocated at $404.6 million for PG&E, $408.2 million for SCE, and $89.6 million for SDG&E. Residential CARE and medical baseline customers are exempt.

• **Details**: The PD proposes to maintain the Wildfire Fund NBC at its current level for 2021.

• **Analysis**: This proceeding established a new non-bypassable charge of $0.00580/kWh from eligible VCE customers beginning October 1, 2020, to fund the Wildfire Fund under AB 1054. The PD would continue this same charge for calendar year 2021.

• **Next Steps**: Reply comments are due December 7, 2020.

• **Additional Information**: Ruling requesting comments on 2021 Wildfire Fund NBC (September 30, 2020); D.20-09-023 adopting 2020 Wildfire NBC (September 30, 2020); D.20-07-014 approving servicing orders (July 24, 2020); Ruling on Wildfire NBC implementation (July 3, 2020); D.20-02-070 denying Application for Rehearing (March 2, 2020); D.19-10-056 approving a non-bypassable charge (October 24, 2019); Scoping Memo and Ruling (August 14, 2019); Order Instituting Rulemaking (August 2, 2019); Docket No. R.19-07-017. See also AB 1054.

**PG&E’s Phase 1 GRC**

Oral argument was heard on November 12, 2020. On November 12, 2020, and November 17, 2020, respectively, parties filed comments and replies in response to the ALJs’ Proposed Decision that would resolve PG&E’s Phase 1 GRC.

• **Background**: PG&E’s three-year GRC covers the 2020-2022 period. For 2020, it has requested an additional $1.058 billion (from $8.518 billion to $9.576 billion), or a 12.4% increase over its 2019 authorized revenue requirement, comprised of increases related to its gas distribution ($2.097 billion total, or a $134 million increase), electric distribution ($5.113 billion total, or a $749 million increase), and generation ($2.366 billion total, or a $175 million increase) services. If approved, it would increase a typical monthly residential electric (500 kWh) and natural gas (34 therms) customer bill by $10.57, or 6.4%, comprised of an electric bill increase of $8.73 and a gas bill increase of $1.84. For 2021 and 2022, PG&E requested total increases of $454 million and $486 million, respectively. PG&E’s GRC does not include a request for cost recovery related to 2017 and 2018 wildfire liabilities.

The Settlement Agreement, filed December 30, 2019, would result in an increase in PG&E’s 2020 revenue requirement of $575 million (i.e., $483 million lower than PG&E’s original request), with additional increases of $318 million, or 3.5% in 2021, and $367 million, or 3.9%, in 2022. The Settlement Agreement would result in PG&E withdrawing its proposal for a non-bypassable charge related to its hydroelectric facilities. It would require PG&E to develop new and enhanced reporting to provide increased visibility into the work it performed. It also provides for PG&E’s ability to purchase insurance coverage up to $1.4 billion to protect against wildfire risk and other liabilities, reflected in PG&E’s forecast as a cost of $307 million. The consolidated 2020 electric and gas bill impact would be 3.4%.

• **Details**: The PD would adopt, with modifications, the Settlement Agreement filed in December 2019. The PD would adopt a 2020 test year revenue requirement of $9.102 billion, which is an increase of $584 million, or 6.9%, over the authorized base revenue requirement for 2019. In addition, it would allow PG&E to raise rates an additional $339 million, or 3.7%, for 2021 and $344 million, or 3.6%, for 2022. However, both the 2020 and 2021 impacts would be incorporated in 2021, resulting in an average residential customer seeing a monthly bill increase of $12.55 ($9.86 for electric and $2.69 for gas), or 7.6%, in 2021. Modifications to the Settlement Agreement include the reduction of the authorized Community Wildfire Safety Program capital forecasts for 2021 and 2022, as well as more stringent filing requirements for recovery of undercollections tracked by certain regulatory accounts and for closure of up to 10 customer services branch offices. The PD would apply the 4% cap on the percentage of residential...
customer accounts that PG&E can disconnect from utility service in this GRC cycle pursuant to D.20-06-003.

The PD would allow PG&E to maintain its current functionalization of Customer Care costs, allocating Customer Care costs between gas distribution and electric distribution functions, based on the number of gas and electric service agreements. However, it would direct PG&E to provide in its next GRC a better showing of its cost functionalization process in response to Joint CCA arguments, including directing PG&E to provide detailed testimony showing and justifying how it allocates costs across its various utility functions, including how it derives its functional allocations. The PD would not adopt Joint CCA’s recommendation to reject the $10 million decommissioning revenue requirement for PG&E generation assets. The PD also would also not adopt Joint CCA recommendations regarding Resilience Zone issues, such as a request to accommodate generation that the CCAs procure, determining it is out of the scope and more appropriately addressed in R.19-09-009. Likewise, the PD would find the issue raised by Joint CCAs regarding access to grid modernization data is more appropriately addressed in R.14-08-013.

- **Analysis:** PG&E’s GRC proposals included shifting substantial costs associated with its hydroelectric generation from its generation rates (applicable only to its bundled customers) into a non-bypassable charge affecting all of its distribution customers, including VCE customers, which would negatively affect the competitiveness of VCE’s rates relative to PG&E’s. However, that proposal would be withdrawn under the Settlement Agreement and Proposed Decision. The remaining CCA-related issues in the case include the Joint CCAs’ recommendations that the Commission:
  - Revise the allocation of certain customer-service costs since unbundled customers use those services far less than bundled customers.
  - Ensure CCAs can connect clean generation to PG&E’s temporary microgrids during PSPS events.
  - Revise the settlement’s exorbitant decommissioning costs for PG&E’s PCI-A eligible facilities.
  - Revise the settlement to ensure grid modernization data is accessible to CCAs to ensure a level playing field in the provision of grid services.

- **Next Steps:** The Proposed Decision is on the CPUC’s Agenda for its December 3, 2020 Business Meeting.

- **Additional Information:** Ruling setting oral argument (October 29, 2020); Proposed Decision (October 23, 2020); PG&E Motion to update the Settlement Agreement (August 13, 2020); Ruling adopting confidential modeling procedures (August 13, 2020); E-mail Ruling granting in part PG&E’s Motion for Official Notice and Joint CCAs Motion to file sur-reply (June 5, 2020); Joint CCAs’ PG&E Motion for Official Notice of Facts (January 27, 2020); Joint Motion for Settlement Agreement (January 14, 2020); E-Mail Ruling modifying procedural schedule (December 2, 2019); E-Mail Ruling suspending briefing deadlines (November 25, 2019); D.19-11-014 (November 14, 2019); Ruling setting public participation hearings (May 7, 2019); Scoping Memo and Ruling (March 8, 2019); Joint CCAs’ Protest (January 17, 2019); Application and PG&E GRC Website (December 13, 2018); Docket No. A.18-12-009.

**PG&E’s Phase 2 GRC**

Two public participation hearings were held on November 6, 2020. On November 12, 2020, the ALJ issued an Email Ruling that denied a PG&E motion to consolidate its application for a real-time pricing rate option for PG&E’s Commercial Electric Vehicle customers (A.20-10-011) with this proceeding. Intervenor testimony was filed by parties including Joint CCAs on November 20, 2020.
**Background:** PG&E’s 2020 Phase 2 General Rate Case (GRC) addresses marginal cost, revenue allocation and rate design issues covering the next three years. PG&E’s pending Phase 1 GRC (filed in December 2018 via a separate proceeding) will set the revenue requirement that will carry through to the rates ultimately adopted in this proceeding.

In this proceeding, PG&E seeks modifications to its rates for distribution, generation, and its public purpose program (PPP) non-bypassable charge. PG&E proposes to implement a plan to move all customer classes to their full cost of service over a six-year period (the first three years of which are covered by this GRC Phase 2) via incremental annual steps. PG&E proposes to use marginal costs for purposes of revenue allocation and to adjust distribution one-sixth of the way to full cost of service each year over a six-year transition period.

Of note, PG&E is proposing changes to the DA/CCA event-based fees that were not updated in the 2017 Phase 2 GRC proceeding. In addition, PG&E proposes to remove the PCIA revenue from bundled generation revenue and allocate that cost separately to bundled customers, collecting the PCIA from bundled customers on a non-time differentiated, per-kWh basis (i.e., the same way it is collected from DA/CCA customers). PG&E will continue to display the PCIA with other generation charges on customer bills, but will unbundle the PCIA as part of unbundled charges in each rate schedule.

**Details:** Joint CCAs’ testimony recommends that:

- PG&E present class- and vintage-specific PCIA rates on individual rate schedules, consistent with other NBCs for both bundled and unbundled customers.
- The CPUC not allow PG&E to offer Economic Development Rate Generation rates below PG&E’s Marginal Generation Cost of Service.
- PG&E’s E-ELEC offering should be analyzed further and refined in a proceeding that allows more detailed consideration in rate making.
- PG&E’s proposal regarding minimum time-of-use rates such that no proposed retail rate is below the PCIA.

**Analysis:** This proceeding will not impact the transparency between a bundled and unbundled customer’s bills because of the Working Group 1 decision in the PCIA rulemaking, though the JCCAs recommend in testimony that more transparency be reflected in utility tariffs. However, it will affect the allocation of PG&E’s revenues requirements among VCE’s different rate classes. It will also affect distribution and PPP charges paid by VCE customers to PG&E. Further, PG&E includes a cost-of-service study the purpose of which is to establish the groundwork for separating net metering customers into a separate customer class in the utility’s next rate case. If PG&E’s proposed CCA fee revisions are adopted, it could increase the cost VCE pays to PG&E for various services, to the extent VCE uses these services.

**Next Steps:** A settlement conference is scheduled for December 4, 2020 from 11 a.m. to 12:30 p.m. Rebuttal testimony is due February 15, 2021. An evidentiary hearing is tentatively scheduled for March 1-12, 2021. A CPUC decision is anticipated for September 2021.

**Additional Information:** [D.20-09-021](#) on EUS budget (September 28, 2020); [Ruling](#) scheduling public participation hearings (August 20, 2020); [Ruling](#) extending procedural schedule (July 13, 2020); [Exhibit (PG&E-5)](#) (May 15, 2020); [Scoping Memo and Ruling](#) (February 10, 2020); [Application](#), [Exhibit (PG&E-1): Overview and Policy](#), [Exhibit (PG&E-2): Cost of Service](#), [Exhibit (PG&E-3): Revenue Allocation, Rate Design and Rate Programs](#), and [Exhibit (PG&E-4): Appendices](#) (November 22, 2019); Docket No. [A.19-11-019](#).

### PG&E Regionalization Plan

A workshop was held on November 20, 2020 to discuss potential refinements to PG&E’s regionalization proposal.
• **Background:** PG&E was directed to file a regionalization proposal as a condition of CPUC approval of its Plan of Reorganization in I.19-09-016. On June 30, 2020, PG&E filed its regionalization proposal, which describes how it plans to reorganize operations into new regions. PG&E proposes to divide its service area into five new regions: North Coast, Sierra, Bay Area, Central Coast, and Central Valley. The regional boundaries will align with county boundaries. Yolo County would be part of PG&E Region 1 (North Coast), grouped together with the following counties: Colusa, Glenn, Humboldt, Lake, Mendocino, Napa, Sacramento, Solano, Sonoma, and Trinity. PG&E will appoint a Regional Vice President by June 2021 to lead each region, along with Regional Safety Directors to lead its safety efforts in each region.

The new regions would include five functional groups that report to the Regional Vice President encompassing various functions including: (1) Customer Field Operations, (2) Local Electric Maintenance and Construction, (3) Local Gas M&C, (4) Regional Planning and Coordination, and (5) Community and Customer Engagement. Other functions will remain centralized, such as electric and gas operations, risk management, enterprise health and safety, the majority of existing Customer Care and regulatory and external affairs, supply, power generation, human resources, finance, and general counsel. PG&E will propose in a separate proceeding the enterprise-level safety and operational metrics it is developing that could also be considered to evaluate the effectiveness of its regionalization implementation. PG&E proposes a phased implementation, with progress establishing all regions in 2021, although some functions would not be fully shifted until 2022. PG&E also proposes to establish a Regional Plan Memorandum Account to record any incremental costs PG&E may incur in connection with development and implementation of regionalization.

In August, parties filed protests and responses to PG&E’s application. Of note, South San Joaquin Irrigation District filed a Protest arguing that PG&E’s regionalization effort should not create a moratorium or interfere with municipalization efforts. In addition, five CCAs filed responses or protests to PG&E’s application, with MCE and EBCE filing protests and City of San Jose, City and County of San Francisco, and Pioneer Community Energy filing responses. CCA responses/protests sought more information on the implications of regionalization on CCA customers, CCA operations, and CCA-PG&E coordination; PG&E’s overarching purpose, goals, and metrics to judge success of regionalization; the delineation between centralized and decentralized functions in PG&E’s application; and budgets and cost recovery related to regionalization, among other issues. CCAs also identified various concerns specific to their CCAs (e.g., EBCE’s and MCE’s service areas would both be split across two PG&E regions; SJCE expressed concern with its service area being assigned to the Central Coast region; Pioneer expressed concern that it would be the only CCA in its region, which would be the only region not to be “anchored” by an urban area).

• **Details:** The October Scoping Memo and Ruling determined the scope of this proceeding will include examining (1) whether PG&E should be authorized to implement its Regionalization Proposal, as modified in this proceeding; (2) whether PG&E’s proposed five regional boundaries are reasonable; (3) whether PG&E’s proposals for regional leadership and a regional organizational structure are consistent with the Commission’s direction; (4) whether PG&E’s proposed implementation timeline for regionalization is reasonable; (5) whether PG&E’s regionalization proposal is reasonable, including its impact on safety and its cost effectiveness; (6) the adequacy and completeness of PG&E’s regionalization plan; (7) the process and timeline for regionalization, the cost of regionalization, the criteria to be used for identifying and delineating regions, and the division of responsibilities and decision-making between PG&E’s central office and its regional offices; and (8) issues relating to potential cost recovery and the corresponding ratemaking treatment. The Scoping Memo and Ruling did not discuss how municipalization proposals would be impacted by PG&E’s regionalization plan, which had been the subject of a Protest of PG&E’s application filed by South San Joaquin Irrigation District.

• **Analysis:** As noted in the responses and protests of CCAs, the implications of PG&E’s regionalization plan on CCA operations, customers, and costs is largely unclear based on the information presented in PG&E’s application. PG&E’s regionalization plan could impact PG&E’s responsiveness and management of local government relations and local and regional issues,
such as safety, that directly impact VCE customers beginning in 2021. It could also impact municipalization efforts, although this issue has not been explicitly addressed and remains unclear at this time. As part of Region 1, VCE would be grouped with several coastal and northern counties.

- **Next Steps:** C are due December 16, 2020, an updated PG&E proposal is due January 14, 2020, a workshop will be held the week of January 25, 2021, and comments are due February 24, 2021. PG&E must engage its Regional Vice Presidents and Regional Safety Directors by June 1, 2021.

- **Additional Information:** Scoping Memo and Ruling (October 2, 2020); Application (June 30, 2020); A.20-06-011.

**PCIA Rulemaking**

On November 2, 2020, Energy Division issued values for the PCIA Forecast and True Up to be used as inputs in utilities’ 2021 ERRA Forecast Updates.

**Background:** D.18-10-019 was issued on October 19, 2018, in Phase 1 of this proceeding and left the current PCIA in place, maintained the current brown power index, and adopted revised inputs to the benchmarks used to calculate the PCIA for energy RPS-eligible resources and resource adequacy capacity. In the Joint IOUs’ PFM of D.18-10-019 in this proceeding, filed concurrently with a PFM of D.17-08-026 in R.02-01-011, the Joint Utilities requested changes to the calculations for applying line losses in the PCIA calculations. First, the Joint IOUs argued that the current formula incorrectly applies line loss adjustments to the RA component of the PCIA calculation. Second, the Joint IOUs argued that the PCIA Template is inconsistent its application of line losses with respect to the calculation of energy market value. The net impact of these two issues, according to the Joint Utilities, is an overstated forecast of portfolio market value with all customers initially underpaying the PCIA.

Phase 2 relied primarily on a working group process to further develop a number of PCIA-related proposals. Three workgroups examined three issues: (1) issues with the highest priority: Benchmark True-Up and Other Benchmarking Issues; (2) issues to be resolved in early 2020: Prepayment; and (3) issues to be resolved by mid-2020: Portfolio Optimization and Cost Reduction, Allocation and Auction.

D.20-08-004, in response to the recommendations of Working Group 2, (1) adopted the consensus framework of PCIA prepayment agreements; (2) adopted the consensus guiding principles, except for one principle regarding partial payments; (3) adopted evaluation criteria for prepayment agreements; (4) did not adopt any proposed prepayment concepts; and (5) clarified that risk should be incorporated into the prepayment calculations by using mutually acceptable terms and conditions that adequately mitigate the risks identified by Working Group Two.

The CPUC has not yet issued a Proposed Decision regarding Working Group 3.

**Details:** The PCIA includes the Market Price Benchmarks of the RPS Adder, and the RA Adders and Energy Index. D.19-10-001 directed Energy Division to complete the calculation of these values in November each year. The RPS Adder is decreasing from $15.10 to $14.49, and the RA Adder is increasing from $5.20 to $6.10 for System RA, $5.02 to $6.15 for Local RA, and $4.65 to $5.69 for Flexible RA. The Energy Index is $43.16 for on-peak and $35.50 for off-peak (all values described here are for PG&E, where calculated on an individual utility basis).

- **Analysis:** The 2021 PCIA rate will be implemented through the 2021 ERRA Forecast proceeding, described above.

- **Next Steps:** A proposed decision regarding Working Group 3 is expected to be issued next.

- **Additional Information:** CalCCA/DACC/AREM Protest of PG&E AL 5973-E (November 2, 2020); PG&E AL 5973-E (October 12, 2020); CalCCA/DACC Response to Joint IOU AL on D.20-03-019.
Direct Access Rulemaking

No updates this month. On October 16, 2020, and October 26, 2020, respectively, parties filed comments and replies in response to the ALJ Ruling providing a Staff Report and recommendation to the Legislature regarding a potential additional expansion of direct access (DA) for nonresidential customers.

- **Background:** In Phase 1 of this proceeding, the CPUC allocated the additional 4,000 GWh of direct access load required by SB 237 (2018, Hertzberg) among the three IOU territories with implementation to begin January 1, 2021.

  For Phase 2, the CPUC will address the SB 237 mandate requiring the CPUC to, by June 1, 2020, provide recommendations to the Legislature on “implementing a further direct transactions reopening schedule, including, but not limited to, the phase-in period over which further direct transactions shall occur for all remaining nonresidential customer accounts in each electrical corporation’s service territory.” The Commission is required to make certain findings regarding the consistency of its recommendation with state climate, air pollution, reliability and cost-shifting policies.

- **Details:** The September 28, 2020 Ruling attached a Staff Report constituting the draft CPUC recommendations to the Legislature required by SB 237. The Staff Report recommends that the Legislature:

  - Not make a determination as to whether to further expand DA until at least 2024, after the conclusion of the 2021-24 RPS compliance period and the fulfillment of procurement ordered by D.19-11-016.
  
  - Condition any further DA expansion on the performance of Energy Service Providers (ESPs) with respect to IRP, RPS and RA requirements through 2024.
  
  - Make any further DA expansion in increments of 10% of nonresidential load per year, conditioned on ESP ongoing compliance with IRP, RPS and RA requirements.
  
  - “[C]onsider the CPUC’s authority in allowing CCAs to recover the costs of investments that are stranded because of unforeseen load departure to address these potential impacts.”
  
  - “Amend P.U. Code Section 949.25 to provide the CPUC with the authority to revoke ESP licenses and CCA registration for repeated non-compliance with [RA], RPS or IRP requirements.”

CalCCA’s comments argued that the CPUC should add a condition for reopening DA that will foster attainment of state goals and ensure competitive neutrality for all LSEs. CalCCA recommended establishing a Phase 3, Track 1 process for further development of DA reopening conditions, including competitively neutral switching rules, rules governing CCA stranded cost recovery, clear compliance metrics, and ESP transparency measures. Furthermore, CalCCA recommended establishing a Phase 3, Track 2 to be implemented following the issuance of 2021-2024 Renewable Portfolio Standard (RPS) compliance reports to assess readiness for DA reopening.
ESPs argued against delaying a Legislative determination on further DA reopening, for a faster pace of DA reopening, and that access to additional load should depend on the compliance of each ESP, rather than compliance of all ESPs. Both DA advocates and IOUs opposed stranded asset recovery by CCAs.

- **Analysis:** This proceeding will impact the CPUC’s recommendations to the Legislature regarding the potential future expansion of DA in California, including a potential lifting of the existing cap on nonresidential DA transactions altogether. Further expansion of DA in California could result in non-residential customer departures from VCE and make it more difficult for VCE to forecast load and conduct resource planning. CalCCA has argued that further expansion of nonresidential DA is likely to adversely impact attainment of the state’s environmental and reliability goals and will result in cost-shifting to both bundled and CCA customers. The Staff report recognizes this concern and recommends that if DA is further expanded, the Legislature consider permitting CCAs to recover stranded costs from departing DA customers. The Staff report also recommends the Legislature amend the statute to allow the CPUC to revoke both ESP licenses and CCA registration for repeated non-compliance of RA, RPS, or IRP requirements.

- **Next Steps:** A proposed decision attaching the final staff report is anticipated to be issued next.

- **Additional Information:** Ruling and Staff Report (September 28, 2020); Amended Scoping Memo and Ruling adding issues and a schedule for Phase 2 (December 19, 2019); Docket No. R.19-03-009; see also SB 237.

**RA Rulemaking (2019-2020)**

No updates this month. Two applications for rehearing remain the only outstanding items to be addressed in this proceeding, which is now closed.

- **Background:** This proceeding had three tracks, which have now concluded. Track 1 addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program. D.19-10-020 purported to affirm existing RA rules regarding imports, but adopted a distinction in the import RA compliance requirements for resource-specific and non-resource specific contracts and required, for the first time, that non-resource-specific resources self-schedule (i.e., bid as a price taker) in the CAISO energy market. In Track 2, the CPUC previously adopted multi-year Local RA requirements and initially declined to adopt a central buyer mechanism (D.19-02-022 issued March 4, 2019).

The second Track 2 Decision, D.20-06-002, adopted implementation details for the central procurement of multi-year local RA procurement to begin for the 2023 compliance year in the PG&E and SCE (but not SDG&E) distribution service areas, including identifying PG&E and SCE as the central procurement entities for their respective distribution service areas and adopting a hybrid central procurement framework. The Decision rejected a settlement agreement between CalCCA and seven other parties that would have created a residual central buyer structure (and did not specify the identity of the central buyer) and a multi-year requirements for system and flexible RA. Under D.20-06-002, if an LSE procures its own local resource, it may (1) sell the capacity to the CPE, (2) utilize the resource for its own system and flexible RA needs (but not for local RA), or (3) voluntarily show the resource to meet its own system and flexible RA needs, and reduce the amount of local RA the CPE will need to procure for the amount of time the LSE has agreed to show the resource. Under option (3), by showing the resource to the CPE, the LSE does not receive one-for-one credit for shown local resources. A competitive solicitation (RFO) process will be used by the CPEs to procure RA products. Costs incurred by the CPE will be allocated ex post based on load share, using the CAM mechanism. D.20-06-002 also established a Working Group (co-led by CalCCA) to address: (a) the development of an local capacity requirements reduction crediting mechanism, (b) existing local capacity resource contracts (including gas), and (c) incorporating qualitative and possible quantitative criteria into the RFO evaluation process to ensure that gas resources are not selected based only on modest cost differences.
In Track 3, D.19-06-026 adopted CAISO’s recommended 2020-2022 Local Capacity Requirements and CAISO’s 2020 Flexible Capacity Requirements and made no changes to the System capacity requirements. It established an IOU load data sharing requirement, whereby each non-IOU LSE (e.g., CCAs) will annually request data by January 15 and the IOU will be required to provide it by March 1. It also adopted a “Binding Load Forecast” process such that an LSE’s initial load forecast (with CEC load migration and plausibility adjustments based on certain threshold amounts and revisions taken into account) becoming a binding obligation of that LSE, regardless of additional changes in an LSE’s implementation to new customers.

On October 30, 2019, CalCCA filed a PFM of D.19-06-026, seeking the creation of an RA waiver process in 2020 for system and flexible RA obligations.

Details: The only two remaining items to be addressed in this proceeding are two applications for rehearing filed by Western Power Trading Forum (WPTF). First, on July 17, 2020, WPTF filed an Application for Rehearing of D.20-06-002, the Track 2 Decision creating a multi-year central procurement regime for local RA capacity. It requested rehearing and reconsideration of the rejected settlement agreement between WPTF, CalCCA, and other parties, arguing that D.20-06-002 will discourage the procurement of local resources by individual LSEs, discriminates against natural gas resources while increasing the need for CAISO backstop procurement, may undermine reliability by making it more difficult to integrate renewables with the larger western grid, and creates a “sale for resale” procurement construct that could place it under FERC’s jurisdiction as a wholesale, rather than a retail, transaction.

Second, on August 5, 2020, WPTF filed an Application for Rehearing of D.20-06-028 with respect to the self-scheduling requirements for non-resource specific RA imports.

• Analysis: D.20-06-002 established a central procurement entity and mostly resolved the central buyer issues, although several details are being refined through a Working Group. Moving to a central procurement entity beginning for the 2023 RA compliance year will impact VCE’s local RA procurement and compliance, including affecting VCE’s three-year local RA requirements as part of the transition to the central procurement framework. Eventually, it will eliminate the need for monthly local RA showings and associated penalties and/or waiver requests from individual LSEs, but it also eliminates VCE’s autonomy with regard to local RA procurement and places it in the hands of PG&E.

The Track 1 Decision on RA imports most directly impacted LSEs relying on RA imports to meet their RA obligations by increasing the difficulty of procuring such RA in the future.

• Next Steps: The only issues remaining to be addressed in this proceeding are WPTF’s Applications for Rehearing. Remaining RA issues will be addressed in the successor RA rulemaking, R.19-11-009.

• Additional Information: D.20-09-003 denying PFMs filed by PG&E, CalCCA, and Joint Parties (September 16, 2020); WPTF’s Application for Rehearing of D.20-06-028 (August 5, 2020); WPTF’s Application for Rehearing of D.20-06-002 (July 17, 2020); D.20-06-028 on Track 1 RA Imports (approved June 25, 2020); D.20-06-002 establishing a central procurement mechanisms for local RA (June 17, 2020); D.20-03-016 granting limited rehearing of D.19-10-021 (March 12, 2020); D.20-01-004 on qualifying capacity value of hybrid resources (January 17, 2020); D.19-12-064 granting motion for stay of D.19-10-021 (December 23, 2019); D.19-10-021 affirming RA import rules (October 17, 2019); D.19-06-026 adopting local and flexible capacity requirements (July 5, 2019); Docket No. R.17-09-020.

Investigation into PG&E Violations Related to Wildfires

No updates this month. On June 8, 2020, Thomas Del Monte and the Wild Tree Foundation filed applications for rehearing of D.20-05-019, which approved penalties on PG&E for its role in igniting the 2017-2018 wildfires.
• **Background:** The scope of the proceeding included violations of law by PG&E with respect to the 2017 and 2018 wildfires, including the 2017 Tubbs Fire and the 2018 Camp Fire, what penalties should be assessed, what remedies or corrective actions should occur, and what if any systemic issues contributed to the ignition of the wildfires. SED issued a Fire Report on June 13, 2019 that found deficiencies in PG&E’s vegetation management practices and procedures and equipment operations in severe conditions. CAL FIRE also found that PG&E’s electrical facilities ignited all but one of the fires addressed in this investigation. This investigation ordered PG&E to take immediate corrective actions to come into compliance with CPUC requirements.

The terms of the Settlement Agreement between PG&E, SED, the CPUC’s Office of the Safety Advocate, and CUE would have resulted in $1.675 billion in PG&E penalties. Specifically, PG&E would not have been permitted seek rate recovery of wildfire-related expenses and capital expenditures totaling $1.625 billion. In addition, PG&E would have been required to spend $50 million in shareholder-provided settlement funds on specified System Enhancement Initiatives.

The Presiding Officer’s Decision provided for penalties on PG&E totaling $2.137 billion. The total included an increase of $198 million in the disallowances for wildfire-related expenditures that was provided in the Settlement Agreement. It also increased PG&E’s System Enhancement Initiatives and corrective actions by $64 million and added a $200 million fine payable to the General Fund. In total, these changes increased PG&E’s penalties by $462 million relative to the Settlement Agreement. The Presiding Officer’s Decision also required any tax savings associated with the shareholder payments under the settlement agreement, as modified by this decision, to be returned to the benefit of ratepayers.

D.20-05-019 approved with modifications the Settlement Agreement, as provided in Commissioner Rechtschaffen’s “Decision Different.” It approved penalties totaling $2.137 billion, however the $200 million fine payable to the General Fund is permanently suspended, resulting in an effective penalty total of $1.937 billion. In addition, the decision required any tax savings associated with the shareholder obligations for operating expenses under the Settlement Agreement (but not tax savings associated with capital expenditures, in order to avoid any potential legal conflict with IRS normalization rules) to be returned to the benefit of ratepayers in PG&E’s next GRC. Finally, the decision rejected PG&E’s attempt to classify the $200 million fine as a Fire Victim Claim or Fire Claim.

• **Details:** The Wild Tree Foundation and Thomas Del Monte each filed Applications for Rehearing (attached) of D.20-05-019, which approved penalties on PG&E for its role in igniting the 2017-2018 wildfires. The Applications for Rehearing both challenge the permanent suspension of the $200 million fine imposed on PG&E, as well as other aspects of the settlement that was approved with modifications.

• **Analysis:** D.20-05-019 resulted in the largest penalty in CPUC history. It required additional spending by PG&E to mitigate future wildfire risk, potentially positively impacting the quality of service experienced by VCE customers. The decision did not hinder PG&E’s reorganization plan from moving forward, whereas PG&E had argued that provisions in the original Presiding Officer’s Decision could have imperiled the plan.

• **Next Steps:** The applications for rehearing are the only remaining items in this proceeding.

• **Additional Information:** Thomas Del Monte Application for Rehearing (June 8, 2020); Wild Tree Foundation Application for Rehearing (June 8, 2020); D.20-05-019 (May 8, 2020); Decision Different of Commissioner Rechtschafen (April 20, 2020); Motion by Commissioner Rechtschafen (March 27, 2020); Presiding Officer’s Decision approving the settlement agreement with modifications (February 27, 2020); Joint Motion for Approval of Settlement Agreement (December 17, 2019); Amended Scoping Memo and Ruling (October 28, 2019); GO 95 Rule 31.1; GO 95 Rule 35; GO 95 Rule 38; Order Instituting Investigation (June 27, 2019); Docket No. I.19-06-015.
No updates this month. An August 7, 2019, PG&E Application for Rehearing remains pending regarding the CPUC’s recent Decision establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay (D.19-06-027).

- **Background:** SB 901 requires the CPUC to determine, when considering cost recovery associated with 2017 California wildfires, that the utility’s rates and charges are "just and reasonable." In addition, and notwithstanding this basic rule, the CPUC must "consider the electrical corporation’s financial status and determine the maximum amount the corporation can pay without harming ratepayers or materially impacting its ability to provide adequate and safe service."

D.19-06-027 found that the Stress Test cannot be applied to a utility that has filed for Chapter 11 bankruptcy protection (i.e., PG&E) because under those circumstances the CPUC cannot determine essential components of the utility’s financial status. In that instance, a reorganization plan will inevitably address all pre-petition debts, include 2017 wildfire costs, as part of the bankruptcy process. The framework proposed for adoption in the PD is based on an April 2019 Staff Proposal, with some modifications. The framework requires a utility to pay the greatest amount of costs while maintaining an investment grade rating. It also requires utilities to propose ratepayer protection measures in Stress Test applications and establishes two options for doing so.

PG&E’s application for rehearing challenges the CPUC’s prohibition on applying the Stress Test to utilities like itself that have filed for Chapter 11 bankruptcy. PG&E’s rationale is that SB 901 requires the CPUC to determine that the stress test methodology to be applied to all IOUs. Several parties filed responses to PG&E’s application for rehearing disagreeing with PG&E.

- **Details:** N/A.
- **Analysis:** This proceeding established the methodology the CPUC will use to determine, in a separate proceeding, the specific costs that the IOUs (other than PG&E) may recover associated with 2017 or future wildfires.
- **Next Steps:** The only matter remaining to be resolved in this proceeding is PG&E’s application for rehearing. This proceeding is otherwise closed.
- **Additional Information:** PG&E Application for Rehearing (August 7, 2019); D.19-06-027 (July 8, 2019); Assigned Commissioner’s Ruling releasing Staff Proposal (April 5, 2019); Scoping Memo and Ruling (March 29, 2019); Order Instituting Rulemaking (January 18, 2019); Docket No. R.19-01-006. See also SB 901, enacted September 21, 2018.

**Glossary of Acronyms**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>Assembly Bill</td>
</tr>
<tr>
<td>AET</td>
<td>Annual Electric True-up</td>
</tr>
<tr>
<td>ALJ</td>
<td>Administrative Law Judge</td>
</tr>
<tr>
<td>BioMAT</td>
<td>Bioenergy Market Adjusting Tariff</td>
</tr>
<tr>
<td>BTM</td>
<td>Behind the Meter</td>
</tr>
<tr>
<td>CAISO</td>
<td>California Independent System Operator</td>
</tr>
<tr>
<td>CAM</td>
<td>Cost Allocation Mechanism</td>
</tr>
<tr>
<td>CARB</td>
<td>California Air Resources Board</td>
</tr>
<tr>
<td>CEC</td>
<td>California Energy Commission</td>
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</table>
CPE  Central Procurement Entity
CPUC  California Public Utilities Commission
CPCN  Certificate of Public Convenience and Necessity
CTC  Competition Transition Charge
DA  Direct Access
DWR  California Department of Water Resources
ELCC  Effective Load Carrying Capacity
ERRA  Energy Resource and Recovery Account
EUS  Essential Usage Study
GRC  General Rate Case
IEPR  Integrated Energy Policy Report
IFOM  In Front of the Meter
IRP  Integrated Resource Plan
IOU  Investor-Owned Utility
ITC  Investment Tax Credit
LSE  Load-Serving Entity
MCC  Maximum Cumulative Capacity
OII  Order Instituting Investigation
OIR  Order Instituting Rulemaking
PABA  Portfolio Allocation Balancing Account
PD  Proposed Decision
PG&E  Pacific Gas & Electric
PFM  Petition for Modification
PCIA  Power Charge Indifference Adjustment
PSPS  Public Safety Power Shutoff
PUBA  PCIA Undercollection Balancing Account
PURPA  Public Utility Regulatory Policies Act of 1978 (federal)
QC  Qualifying Capacity
QF  Qualifying Facility under PURPA
RA  Resource Adequacy
RDW  Rate Design Window
ReMAT  Renewable Market Adjusting Tariff
RPS  Renewables Portfolio Standard
SCE  Southern California Edison
SED  Safety and Enforcement Division (CPUC)
SDG&E  San Diego Gas & Electric
TCJA  Tax Cuts and Jobs Act of 2017
<table>
<thead>
<tr>
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</tr>
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<tbody>
<tr>
<td>TOU</td>
<td>Time of Use</td>
</tr>
<tr>
<td>TURN</td>
<td>The Utility Reform Network</td>
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<tr>
<td>UOG</td>
<td>Utility-Owned Generation</td>
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<tr>
<td>WMP</td>
<td>Wildfire Mitigation Plan</td>
</tr>
<tr>
<td>WSD</td>
<td>Wildfire Safety Division (CPUC)</td>
</tr>
</tbody>
</table>
TO: Board of Directors
FROM: Rebecca Boyles, Director of Customer Care & Marketing
SUBJECT: Customer Enrollment Update (Information)
DATE: December 10, 2020

RECOMMENDATION

Receive and review the attached Customer Enrollment update as of December 2, 2020.
## Item 9 - Enrollment Update

### % of Load Opted Out

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Commercial</th>
<th>Industrial</th>
<th>Ag</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>VCEA customers</td>
<td>9%</td>
<td>8%</td>
<td>0%</td>
<td>12%</td>
<td>9%</td>
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<tr>
<td>Eligible customers</td>
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<td>6,373</td>
<td>7</td>
<td>2,135</td>
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<tr>
<td>Participation Rate</td>
<td>91%</td>
<td>92%</td>
<td>100%</td>
<td>88%</td>
<td>92%</td>
</tr>
</tbody>
</table>

- There are currently 408 NEM customers not included in this table. They will enroll throughout the remainder of December.

### Monthly Opt Outs

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opt Outs</td>
<td>49</td>
<td>49</td>
<td>90</td>
<td>90</td>
<td>45</td>
<td>40</td>
<td>30</td>
<td>20</td>
<td>10</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

**Status Date: 12/2/20**
Item 9 - Enrollment Update

240 Opt Ups

- Davis: 76%
- Woodland: 17%
- Unincorp. Yolo: 7%

Monthly Opt Ups

- November 2019: 15
- December 2019: 10
- January 2020: 30
- February 2020: 5
- March 2020: 10
- April 2020: 15
- May 2020: 5
- June 2020: 10
- July 2020: 5
- August 2020: 10
- September 2020: 15
- October 2020: 5
- November 2020: 10

Status Date: 12/2/20
Item 9 - Enrollment Update

Monthly Opt Outs

Monthly Opt Ups

Status Date: 12/2/20
Item 9 - Enrollment Update

378 Opt Ups
- Davis: 64%
- Woodland: 24%
- Unincorp. Yolo: 12%

9159 Opt Outs
- Woodland: 48%
- Davis: 22%
- Unincorp. Yolo: 29%
- Winters: 1%

Status Date: 12/2/20
This report summarizes the Community Advisory Committee’s meeting held via zoom on Thursday, November 19, 2020 at 5 p.m.

A. **2020 Year End Review – Committee Evaluation of Calendar Year Activities:** The CAC reviewed the draft CAC summary report and approved the draft to be forwarded to the Board of Directors for consideration at their December 10, 2020 meeting, with the Task Group reports and 2018 CAC Charge attached. (9-0-0)

B. **Received update on short and long range COVID impacted forecast:** VCE Staff George Vaughn provided a summary of modified and updated set of forecasts due to COVID, specifically addressing two topics related to the fiscal outlook for VCE: (1) updated electricity demand forecast for COVID/recessionary period and beyond (calendar year 2020 to 2022); and (2) updated high-level look at the profitability and cash outlooks for fiscal years ending June 30, 2021 and June 30, 2022. Mr. Vaughn also reviewed the Board’s decision to allocate net margin for fiscal year ending 2020 (FY2020) between cash reserves, dividends, and local program reserve (LPR).

C. **Reviewed updated Legislative Platform:** Mark Fenstermaker of Pacific Policy Group provided a summary of the draft updated Legislative Platform for the 2021 legislative session. The draft Platform was updated with the assistance and input from the Legislative/Regulatory Task Group and VCE Staff Mitch Sears. After a good discussion, several additions and revisions were suggested which will be incorporated into the draft. The CAC voted to recommend to the Board that the revised 2021 Legislative Platform be adopted with those changes and additions incorporated. (10-0)

D. **CAC Draft Revised Charge:** The CAC began discussions to revise its charge and reviewed an initial draft presented by Chair Hunter and Vice-Chair Baird. After a brief discussion, the CAC formed a sub-committee to work on an updated draft to present to the CAC at its December 19 meeting. The goal is to approve a final draft that will be sent to the Board for consideration at its January 2021 meeting.
To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Approval of Amendment 21 to Task Order 4 (Operation Staff Services) of the SMUD Professional Services Agreement

Date: December 10, 2020

RECOMMENDATION
Adopt a resolution authorizing the Interim General Manager to sign Amendment 21 to Task Order 4 (Operational Staff Services).

BACKGROUND AND ANALYSIS
On October 12, 2017 the VCE Board approved a Professional Services Agreement with the Sacramento Municipal Utility District (SMUD) and Task Orders 1 and 2 to provide Program Launch Support, and Data Management and Customer Call Center Services, respectively. Soon thereafter, a series of additional Task Orders were added to the Agreement, including Task Order 3 to provide Wholesale Energy Services and Task Order 4 to provide Operational Staff Services to VCE. Over the past few years, Task Order 5 (Long Term Renewable Procurement Services) and Task Order 6 (Expansion of VCE Service to Winters, CA) have been added to the Agreement.

In June 2020, the Board approved Amendment 17 to Task Order 4 (Operational Staff Services) which included extending the Director of Finance and Operations dedicated operational staff position through September 30, 2020 and fixed the annual fee for the Director of Finance and Operations position to $280,000, effective July 1, 2020. At the Board’s September 10, 2020 meeting, the Director of Finance and Operations position was extended through December 31, 2020.

VCE Staff are in the process of interviewing candidates for this position and anticipate that the position will be filled shortly. Amendment 21 to Task Order 4 would extend the Director of Finance and Operations through January 31, 2021 to ensure that a smooth transition occurs. Any additional support provided by SMUD for the Director of Finance role after January 31, 2020, will be charged under the Professional Services clause in Task Order 4 at the Principal rate, which is $198.14 (per Amendment 18 to Task Orders 2, 3, and 4 “hourly billing rates effective July 1, 2020 – June 30, 2021”).

Financial Impact
The monthly fee for the Director of Finance and Operations dedicated operational Staff and the overlap costs of this transition are included in the adopted FY2020/2021 operating budget.
**CONCLUSION**

Staff is recommending the VCE Board adopt the attached resolution authorizing the Interim General Manager to sign Amendment 21 to Task Order 4 (Operational Staff Services).

**Attachments**

1. Amendment 21 to Task Order 4 (Operational Staff Services)
2. Resolution Authorizing Interim General Manager to sign Amendment 21 to the VCE-SMUD Professional Services Agreement
AMENDMENT 21 TO EXHIBIT A: Scope of Services

A.4 Task Order 4 – Operational Staff Services

SMUD and VCEA agree to the following services, terms, and conditions described in this Amendment 21 to Exhibit A, Task Order No. 4 (Amendment 21), 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 21 conflict with any general provisions in the Agreement or Task Order 4, the provisions of this Amendment 21, 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 an Amendment thereof.

The Effective Date of this Amendment 21 is the date of last signature below.

The Parties hereto mutually agree to the following changes to Task Order No. 4:

A. Amend Section 4.1, Term of Task Order 4. Sub-section 4.1.1, Dedicated Operational Staff, Title and Paragraph 1, are deleted and replaced with the following:

“4.1.1, Dedicated Operational Staff and Power Director

Notwithstanding Section 4.1, Term of Task Order 4, SMUD will assign dedicated operational staff as described in Section 1.1 of this Task Order 4 for Finance and Operations to be available onsite at VCEA offices. SMUD will provide the Finance and Operations Director through January 31, 2021. The Parties may mutually agree to extend or modify any portion of the operational staff services as provided in Section 4.2.1 of Task Order No. 4.”
SIGNATURES

The Parties have executed this Amendment 21, and it is effective as of the date of last signature below.

Valley Clean Energy Alliance

By:  

Name:  

Title:  

Date:  

Approved as to Form:  

Sacramento Municipal Utility District

By:  

Name:  Paul Lau  

Title:  Chief Executive Officer and General Manager  

Date:  

Approved as to Form:  

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; and,

WHEREAS, on September 21, 2017, the SMUD Board of Directors authorized its CEO to enter into a contract with VCE to provide Community Choice Aggregate support services; and,

WHEREAS, on December 12, 2017, the VCE Board approved Task Order 4 to provide Operational Staff Services to VCE for program launch and operations; and,

WHEREAS, Task Order 4 was set to expire February 28, 2019 and the Interim General Manager signed Amendment 7 to Task Order 4 extending the term to June 30, 2019; and,

WHEREAS, in October 2018 Amendments 3 and 5 to Task Order 4 were approved adding scope of services related to power purchase agreements and designating an On-call Proxy Power Director, and set compensation for said services;

WHEREAS, in December 2018 Amendment 6 to Task Order 4 was approved extending dedicated operational staff through February 28, 2019; and,

WHEREAS, in February 2019 Amendment 7 to Task Order 4 was approved extending dedicated operational staff through June 30, 2019; and,

WHEREAS, in April 2019 Amendment 8 to Task Order 4 was approved 1) extending dedicated operational staff and the Power Director through June 30, 2020, 2) replacing sub-section 4.2.1 term and termination notification, and 3) increasing the fixed fee for operational staff effective July 1, 2019; and,

WHEREAS, in August 2019, Amendment 13 to Task Orders 3 and 4 was approved updating compensation for services and extending the term through June 30, 2020;
WHEREAS, on February 13, 2020, Amendment 15 to Task Order 4 was approved canceling the On-call Proxy Power Director effective December 20, 2019, adding scope of services to transition the Power Proxy Director to a VCEA employee, and updating compensation for services to an hourly rate for professional services;

WHEREAS, on June 11, 2020, Amendment 17 to Task Order 4 was approved extending the Director of Finance and Operations dedicated operational staff through September 30, 2020 and increased the fixed annual fee effective July 1, 2020, for this position;

WHEREAS, on August 13, 2020, Amendment 18 to Task Orders 2, 3, and 4 was approved increasing billable rates by 2.0% effective July 1, 2020 for dedicated operational staff; and,

WHEREAS, on September 10, 2020, Amendment 19 to Task Order 4 was approved extending the Director of Finance and Operations dedicated operational staff through December 31, 2020; and,

WHEREAS, Amendment 21 to Task Order 4 extends the Director of Finance and Operations dedicated operational staff through January 31, 2021.

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

1. Approve Amendment 21 to Task Order 4 (operational staff services) extending the Director of Finance and Operations dedicated operational staff position through January 31, 2021.

2. Authorize Interim General Manager to sign Amendment 21.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____________ 2020, by the following vote:

AYES: 
NOES: 
ABSENT: 
ABSTAIN: 

____________________________________
Don Saylor, VCE Chair

____________________________________
Alisa M. Lembke, VCE Board Secretary

Attachment Exhibit A - Amendment 21 to Master Professional Services Agreement Task Order 4
EXHIBIT A

Amendment 21 to Master Professional Services Agreement Task Order 4
TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Mark Fenstermaker, Pacific Policy Group

SUBJECT: Legislative Platform - 2021

DATE: December 10, 2020

RECOMMENDATION
Approve the 2021 Legislative Platform outlining positions VCE would take on various legislative issues.

BACKGROUND
At the July 8, 2020 Board Meeting, the VCE Board of Directors adopted VCE’s first legislative platform. The Community Advisory Committee (CAC) reviewed and provided feedback on the draft legislative platform at its June 25, 2020 Meeting. The staff report presenting the legislative platform noted that the legislative platform would be updated in late 2020 in advance of the next legislative session to reflect ongoing and new legislative priorities.

Accordingly, VCE’s lobbyist Mark Fenstermaker of Pacific Policy Group (PPG), the Interim General Manager and the Legislative and Regulatory Task Force members of the CAC (Leg/Reg Task Force) have been meeting bi-weekly over the past several months to develop the updated legislative platform for the 2021 legislative session. The group reviewed legislation proposed during the 2020 legislative session, the recently adopted VCE Strategic Plan, the recently adopted VCE Statement on Environmental Justice, and discussed current issues relevant to VCE.

The purpose of the proposed legislative platform is to formalize and organize VCE’s approach to legislative activity. The legislative platform is meant to be an inward facing document to provide guidance to PPG for the 2021 legislative session and beyond. PPG will use the platform to help structure VCE’s efforts and communications with legislators to work toward desired outcomes. The proposed platform is based on previous direction from the Board and CAC and primarily reflects existing areas of interest identified either formally or informally by the Board and CAC.

ANALYSIS
The group of PPG, Staff, and the CAC Legislative/Regulatory Task Force decided that the proposed platform for the 2021 legislative session should include additional focuses under the categories of “Restructuring the Electric Utility Sector” and “Resource Adequacy” as these are two issue areas that will likely be worked on in the 2021 legislative session that can have profound impacts on VCE. In
addition, the group included two new categories of focus based on current issues and the recently adopted VCE Strategic Plan: (1) “COVID-19 Response”, and (2) “Environmental Justice.”  Staff, PPG, and the CAC Task Group believe that both of these issue areas will continue to be front and center for California’s government and society to tackle in 2021 and VCE should be positioned to engage on these topics appropriately.

Note: while the platform attempts to address a full range of legislative issues of interest to VCE, it is not intended to limit VCE’s engagement in other issues that may impact VCE in a positive or negative way. Issues not addressed in the platform would continue to be addressed through VCE’s current legislative process.

CAC Discussion/Recommendation
The Community Advisory Committee considered the draft legislative platform at their November 19th meeting. The CAC discussed several items including whether to add that VCE will support efforts that create a sunset to the PCIA and additional language that tailors VCE’s positions regarding COVID-19 response and Environmental Justice legislation to those efforts that align with VCE’s mission and purpose. The CAC made the recommendation to the Board to approve the Legislative Platform with the following additions/revisions (10-0-0):

- #4 Power Cost Indifference Adjustment (PCIA) – not ambitious enough and would like to see verbiage that VCE would support phasing out or sunsetting PCIA.
- #6 COVID 19 Response – too broad with language of “support legislation or budget appropriations to alleviate residential and commercial hardship caused by...”. An impact to our utility customers? Find language that balances too broad and too narrow with utility costs and impacts to strengthen #6.
- #9a Environmental Justice – again too broad, should be related to direct and indirect “utility” impacts to underserved communities within VCE service territory.
- Add Strategic Plan and Environmental Justice Statement references in introduction of Legislative Platform since it refers to VCE’s mission and vision.

Staff believes the CAC recommendations are acceptable since the PCIA should eventually phase out and VCE should support COVID-19 response and environmental justice efforts that align with VCE’s mission.

CONCLUSION
As noted, the legislative platform is meant to be an inward facing document to provide guidance to PPG for the 2021 legislative session and beyond. The proposed legislative platform will be updated in advance of the next legislative session to reflect ongoing and new priorities. Staff is recommending Board approval of the attached legislative platform, which includes CAC recommended amendments, to help guide VCE legislative activities.

ATTACHMENT
1. Proposed 2021 Legislative Platform
Introduction

Valley Clean Energy is a joint-powers authority organized pursuant to California law that includes the cities of Davis, Woodland, and the unincorporated areas of County of Yolo (and the city of Winters as of January 2021). The purpose of VCE is to enable the participating jurisdictions to determine the sources, modes of production and costs of the electricity they procure for the customers in the VCE service territory. PG&E, the incumbent Investor Owned Utility, continues to deliver the electricity procured by VCE and performs billing, metering, and other electric distribution utility functions and services. Customers within the participating jurisdictions may opt-out of VCE and remain a PG&E customer. VCE is governed by a Board of Directors consisting of council members and supervisors from its member jurisdictions.

The mission of VCE is to provide cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions to residents and businesses in its member agencies. In addition, VCE provides a greater level of transparency and accountability in regard to energy sources and prices as VCE’s board consists of local elected officials.

This Legislative Platform serves as a guide for legislative engagement in the 2021 legislative session that is based on positions that VCE has taken on past legislation, as well as the principles set forth in VCE’s Vision Statement, Strategic Plan, and Environmental Justice Statement. It will be updated annually to reflect new issues that VCE will address each legislative session. To review VCE’s vision statement, please see https://valleycleanenergy.org/wp-content/uploads/VCEA-Vision-Statement-11-16-17.pdf.

Note: For tracking purposes, platform language added for the 2021 session is shown in underline.

Issue Areas
1. Governance and Statutory Authority

VCE will:
   a. Oppose legislation that limits the local decision-making authority for CCAs, including rate-setting authority and procurement of energy and capacity to serve their customers.
   b. Oppose legislation that limits VCE’s ability to effectively serve its customers.
   c. Support efforts of CCAs to engage with their customers and promote transparency in their operations. Similarly, VCE will oppose legislation that restrict or limit these abilities.
   d. Support legislation that makes it easier for other cities and counties to form a CCA, become members of VCE or other CCAs, and oppose legislation that restricts that ability.
2. Restructuring the Electricity Utility Sector

VCE will:

a. Work with other local governments interested in forming municipal electric utilities, as well as the California Municipal Utilities Association, to expand opportunities for municipalization. This includes supporting legislation that expands opportunities for CCAs to become municipal electric utilities.

b. Support legislation and advocate for reforms to the utility regulatory and business model to transform Investor Owned Utilities (IOUs) so that they must deliver greater benefits to ratepayers, increase safety and reliability, and reduce costs.

c. Advocate for greater collaboration to occur between CCAs and incumbent IOUs, particularly in local planning efforts related to energy, EV charging, community resource centers, etc.

d. Support efforts that result in IOUs providing meter data in real time to enable CCAs to better forecast and schedule load.

e. Support effective legislation that would transform PG&E to a public power or customer owned entity.

3. Resource Adequacy

VCE will:

a. Support the efforts of CalCCA to create a central procurement entity for residual Resource Adequacy needs.

b. Oppose legislation that would supplant CCAs procurement authority for Resource Adequacy.

c. Advocate for and support efforts to remove barriers to demand response, microgrids and behind the meter resources to provide Resource Adequacy.

4. Power Cost Indifference Adjustment (PCIA)

VCE will:

a. Support CalCCA efforts to increase the transparency of IOU electricity contracts that provide the basis for Power Cost Indifference Adjustment (PCIA) charges that VCE (and its customers) and other CCAs must pay.

b. Support efforts that create a pathway to wind down the PCIA.

c. Support legislation that would bring stability to the PCIA and/or provide new mechanisms for CCAs to securitize PCIA charges.

d. Oppose legislation that would increase or expand exit fees, including PCIA, on CCA customers.
5. **Public Safety Power Shut-Offs (PSPS)**

VCE will:

a. Support legislation that increases the notification and transparency requirements on IOUs as they implement a PSPS.

b. Support legislation that creates standards for PSPS implementation and penalties on IOUs that execute PSPS below those standards.

c. Support legislation that creates rules and procedures to ensure PSPSs are implemented narrowly and only as absolutely necessary.

d. Support legislation that requires IOUs to notify impacted cities, counties and CCAs of impending PSPS.

6. **COVID-19 Response**

a. Support legislation or budget appropriations to alleviate residential and commercial financial hardship caused by the COVID-19 pandemic that could disrupt electricity service to VCE customers or restrict VCE customers accessing clean energy opportunities. This could include, for example, to avoid electric service disconnection or economic recovery funding for transportation electrification.

7. **Community Resilience**

VCE will:

a. Advocate for and Support funding for programs implemented by CCAs and their member jurisdictions to increase community resilience to wildfires, PSPS events and other potential service disruptions.

b. Support legislation that reduces barriers to microgrid development by CCAs.

c. Oppose legislation that would enable IOUs to be the only developer of microgrids.

d. Support legislation that increases development of community level resources and distributed energy resources that reduces the need for new transmission and distribution infrastructure.

8. **Renewable Energy Generation Sources**

VCE will:

a. Support legislation that expands opportunities for or reduces barriers to the development of renewable energy sources, including, but not limited to, wind, solar, bioenergy, battery storage, small hydro, and geothermal, as long as local development and siting criteria are consistent with city and county land use authority and other local and state regulatory requirements.
b. Oppose legislation that requires CCAs to purchase specific renewable energy products, thus limiting the ability of CCAs to meet local energy needs in a cost-effective manner and in conflict with their local procurement and rate setting authority.

9. **Environmental Justice**
   a. Engage in legislation that directly or indirectly impacts the ability of underserved communities in the VCE service territory to have affordable, reliable and clean energy.
   b. Support legislation that strengthens the resilience of vulnerable communities to the impacts of climate change.
   c. Support legislation that enables all communities, including emerging and historically marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, in California to participate in the transition to a zero carbon electrical grid in a cost-effective manner.
   d. Support efforts to enable all communities, including emerging and historically marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, in California to participate in the decarbonization of the state’s building stock and the transportation sector.

10. **Local Economic Development and Environmental Objectives**

    VCE will:
    a. Support legislation that enhances opportunities for CCAs to promote local economic development through locally designed programs that meet the unique needs of its member agencies and customers.
    b. Support efforts to enhance development of local and regional sources of renewable energy.
    c. Support legislation that enables CCAs to collaborate with their member jurisdictions on local energy resources and projects to advance environmental objectives.

11. **Miscellaneous**

    VCE will:
    • Oppose legislation that expands direct access or the ability or economic incentives for electric service providers to selectively recruit CCA or IOU customers.
    • Support legislation that would create renewable content and environmental standards for electric service providers to match the products offered by CCAs.
VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Valley Clean Energy Alliance Board of Directors

FROM: Mitch Sears, Interim General Manager
       George Vaughn, Director of Finance & Internal Operations

SUBJECT: Bi-annual Enterprise Risk Management Report

DATE: December 10, 2020

RECOMMENDATION

BACKGROUND & DISCUSSION
In 2018, the Board approve VCE’s Enterprise Risk Management (ERM) Policy. The policy is centered on energy best practices and is adapted from the SMUD risk management policy. In summary, the VCE ERM policy contains the following sections:

- Introduction: This section introduces the value of ERM as a structured approach to managing risk and uncertainty. It lays out the objectives of VCEA’s ERM function, providing the framework for evaluating and managing risk in the organization’s decision-making process.

- ERM Roles and Responsibilities: The ERM roles are consistent with the Board-approved Wholesale Power Procurement & Risk Management Policy. The Enterprise Risk Oversight Committee (EROC) has primary responsibility for the implementation of ERM. The policy lays out the scope of the EROC’s risk management authority.

- Business Practices: This section identifies the steps of risk management and the basic process associated with each step. The intent is to provide a high-level framework. Specific tools and techniques for implementing enterprise risk management will be recommended by the portfolio manager following approval of the policy.

- Management Reporting and Metrics: The policy defines an enterprise risk report that will be provided bi-annually to the Board.

Staff has used the consistent framework described in the ERM policy to identify various risks and related mitigations, and to ensure effective mitigation and communication across all levels of the organization. The attached ERM bi-annual report describes the activities that took place since the last
bi-annual update in July 2019 and the actions VCE is and will be taking to manage the top risks that have been identified.

Prior to this report, staff most recently presented the bi-annual update in July 2019 to the Board, describing progress on the ERM plan since inception.

ATTACHMENT
PURPOSE:
The purpose of this report is to provide VCE's biannual enterprise risk management report, specifically regarding the activities that took place since the last Board Enterprise Risk Management update on July 11, 2019.
Executive Summary

Introduction and Background

In 2018, the Valley Clean Energy (VCE) Board adopted an Enterprise Risk Management (ERM) framework to provide the Board with insight into risks that could impact the ability to execute VCE’s mission, build credibility and sustain confidence in VCE’s governance and stakeholders, enhance the understanding of significant risks to VCE, and develop the capacity for continuous monitoring, periodic reporting of risks, and responding to changing risk circumstances. This report is the second of VCE’s biannual risk reports; the prior report was issued on July 11, 2019.

ERM is a strategic approach to risk management that supports the achievement of organizational objectives through the management of integrated impacts of risks as an interrelated risk portfolio. ERM is a coordinated effort by management to treat all risks effectively thereby reducing the overall cost of risk to the organization. The General Manager has charged functional leaders to oversee the treatment of known major risk categories and to provide a risk overview to the Enterprise Risk Oversight Committee (EROC).

ERM Philosophy

VCE’s ERM philosophy includes the following principles:

1. Identify, assess, prudently manage, monitor and report on a variety of business-critical risks;
2. Provide enterprise risk context and linkage to existing core business processes to improve allocation of limited resources;

ERM Approach

Staff has applied a multi-perspective approach to evaluate and estimate the trade-off between risk and cost of mitigation across VCE business functions. This approach addresses the following issues:

- Roles and responsibilities
- Definitions and language
- Risk heat map and risk exposure inventory
- Risk exposure monitoring, updating and reporting
- Integration of ERM with key business processes
- Integration of risk awareness within corporate culture
- This framework supports the Board in exercising its overall responsibility to:
  - Regulate opportunities and risks for VCE;
  - Develop a better understanding of appropriate opportunities and risks for VCE;
  - Promote active management of risk exposure down to acceptable levels; and
  - Assist VCE in its achievement of business plan objectives and operational performance.

**Summary of Activities through November 2020**

From an implementation perspective, progress continues on multiple fronts. Significant effort has been invested in creating an enterprise risk register. Risks to VCE have been identified, categorized and rated. Existing risk controls and risk treatment measures implemented/proposed have also been identified. The risk register provides VCE’s management with a consolidated view of risks being faced by VCE, the potential impact of those risks, mitigation actions, and assessment of short-term risk trends (i.e. higher/lower/steady).

Staff is using a consistent framework to identify various risks and related mitigations, and to ensure effective communication across all levels of the organization. In doing so, staff has completed the following developmental tasks:

1. Established Interim General Manager as Chief Risk Officer and establish Director of Finance & Internal Operations as risk process owner, focusing on day-to-day monitoring and coordination.
2. Developed ERM framework and tools
3. Conducted a risk survey
4. Developed VCE’s top risk portfolio
5. Surveyed staff and management for ongoing risk input
6. Held monthly EROC meetings

**Key Steps Taken Since Last Update**

Some actionable steps that VCE has taken since the last Board update in July 2019 include:

1. Made progress in stabilizing PCIA via multi-party Settlement Agreement with CalCCA and PG&E.
2. Entered into six long-term agreements (5+ years) to procure power and resource adequacy (RA), addressing power cost volatility.
3. Have actively engaged from a regulatory and legislative standpoint, supporting regulatory statewide proceedings and settlements, meeting with key CPUC staff, and continuing progress on the annual VCE legislative platform.
4. Secured another extension on the River City Bank line of credit, with Letter of Credit capability.

Key Risks

Key risks are those risks that, given VCE’s current position, could negatively impact VCE’s business model, future performance or prospects, solvency, liquidity, reputation, or prevent it from delivering on its local control promises. These key risks are updated on an on-going basis and look forward over a 5-year horizon to identify the:

- Nature and extent of risks facing VCE
- Likelihood and velocity of the risks and potential impacts
- VCE’s ability to reduce or control such risks

Key Priorities for Risk Management in 2021:
1. Maintain the operational risk management process
2. Provide regular updates to the Board
3. Continue to take specific actions to mitigate risks as outlined in this document
4. Begin to develop contingency plans for unexpected and emergent events

Risk Portfolio

Top 5 Risks for VCE:
1. Power Charge Indifference Adjustment ("PCIA") increases
2. Commodity procurement
3. Regulatory & policy risk
4. Capital availability/cash flow
5. Economic Uncertainty

The following tables outline current risks (Table 1) and summarize VCE’s top risk response plan (Table 2).
Table 1: Risk Description/Level

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Current Residual Risk</th>
<th>Target Residual Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCIA</td>
<td>Risk that PCIA rate will increase as a result of CPUC decisions</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Commodity Procurement</td>
<td>Risk of extreme fluctuations associated with commodity prices, including energy prices, resource adequacy, and other components of the energy portfolio</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Regulatory &amp; policy risk</td>
<td>Risk of additional regulatory requirements increasing complexity and cost of operations</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Capital availability/cashflow</td>
<td>Risk that VCE is unable to secure affordable financing</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Economic Uncertainty</td>
<td>Risk that customers will be impacted by poor economy, lowering or flat revenue impacting VCE growth opportunities, ongoing Covid-19 related economy-wide and revenue impacts</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Rate structure</td>
<td>Risk of rate design not following cost of service (non-time of use (TOU), PCIA, demand charges, varying generation rates)</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Cyber security &amp; data privacy</td>
<td>Risk of data breach as a result of a cyber breach or physical attack</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Financial Markets Volatility</td>
<td>Swings in global financial markets and currencies may create significant challenges that VCE will have to address</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Changing customer expectations</td>
<td>Risk that customer’s changing expectations as a result of innovation may result in reduced customer revenue and loyalty</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Opt-out rate</td>
<td>Risk of higher than expected opt-out level</td>
<td>🟠</td>
<td>🟠</td>
</tr>
<tr>
<td>Risk</td>
<td>Description</td>
<td>Current Residual Risk</td>
<td>Target Residual Risk</td>
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<td>-----------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Business model</td>
<td>Ability to quickly identify and respond to business risks that have the potential to impact the ability to achieve VCE goals.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media &amp; community</td>
<td>Risk of unfavorable public communications or events; spillover customer dissatisfaction related to PG&amp;E’s PSPS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unknown risks</td>
<td>Business and utilities attempt to identify and adapt to known risks but there are potential events and happenings which could have a debilitating impact on utilities in general and VCE in particular.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Summary of VCE top risk response plan

<table>
<thead>
<tr>
<th>Risk Event</th>
<th>Response</th>
<th>Trend</th>
<th>Plan</th>
<th>Trigger/Control</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCIA</td>
<td>Reduce risk</td>
<td>↑</td>
<td>1) Continue direct involvement with CalCCA task groups to seek favorable rulings and settlements in the PCIA, ERRA, and other filings, such as favorable PUBA payoff terms.</td>
<td>Risk of PCIA rate increases not only from the 2021 ERRA Forecast case (A.20-07-002) but also from PG&amp;E’s PUBA trigger. CPUCs annual approval of PG&amp;E’s PCIA rate within the</td>
<td>Director of Finance</td>
</tr>
</tbody>
</table>

1 Current trend of risk for VCE- increasing ↑, no change → or decreasing
<table>
<thead>
<tr>
<th>Risk Event</th>
<th>Response</th>
<th>Trend</th>
<th>Plan</th>
<th>Trigger/Control</th>
<th>Owner</th>
</tr>
</thead>
</table>
| Commodity Procurement       | Reduce &          | ↑     | 1) Continue to pursue long-term power purchase agreements to reduce the average cost of power in future years  | Execution of PPA contracts  
Regulatory rulings that affect commodity procurement cost and RA cost          | Director of Power Procurement            |
<p>|                             | manage risk       |       | 2) Pursue regulatory and legislative avenues in addressing the extreme swings in pricing and requirements of Resource Adequacy (RA) costs. |                                                                 |                                            |
|                             |                   |       | 3) Work towards stabilizations and reduction of the PCIA from a regulatory and legislative standpoint |                                                                 |                                            |
|                             |                   |       | 4) Influence and monitor future long-term PCIA impacts, both favorable and unfavorable (such as retirement of Diablo Canyon units). |                                                                 |                                            |
|                             |                   |       | 2) Work towards potential long-term goal of attaining an option for 1-time full PCIA buy-out. | Energy Resource Recovery Account (ERRA) forecast |                                            |</p>
<table>
<thead>
<tr>
<th>Risk Event</th>
<th>Response</th>
<th>Trend 1</th>
<th>Plan</th>
<th>Trigger/Control</th>
<th>Owner</th>
</tr>
</thead>
</table>
| Regulatory & policy risk  | Monitor risk & actively engage and respond  | 3) Take an active role in regulatory proceedings at the CPUC, including appeals, on various regulations that impact the cost of electricity along with support from CalCCA Regulatory Committee | 1) Take an active role in legislative sessions (contract with lobbyist and engage Board members for support/opposition on bills) along with support from CalCCA legislative committee  
2) Follow and continue to update annual VCE Legislative Platform  
3) Take an active role in regulatory proceedings at the CPUC, including appeals, on various regulations that impact the cost of electricity along with support from CalCCA Regulatory Committee | Weekly CalCCA Regulatory and Legislative Committee meetings  
Regulatory rulings  
Legislative actions                                                                                       | General Manager |
<table>
<thead>
<tr>
<th>Risk Event</th>
<th>Response</th>
<th>Trend</th>
<th>Plan</th>
<th>Trigger/Control</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Availability/</td>
<td>Monitor risk &amp; actively engage and respond</td>
<td></td>
<td>regulations that impact VCE and CC’s that increase cost or bureaucracy without any significant safety or cost benefits to VCE and its customers along with support from CalCCA Regulatory Committee</td>
<td>Line of credit agreements &amp; renewals</td>
<td>Director of Finance</td>
</tr>
<tr>
<td>Cash Flow</td>
<td></td>
<td></td>
<td>1) Continue to work towards conserving cash reserves by lowering costs and increasing cash revenue collection</td>
<td>Monitor VCE’s credit status and review goal of securing a credit rating on a regular basis.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2) Work towards the long-term goal of securing a credit rating</td>
<td>Monitor revenue collections</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3) Negotiate favorable terms with banks and contract counterparties</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4) Engage in regulatory policies that affect cash flow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Event</td>
<td>Response</td>
<td>Trend</td>
<td>Plan</td>
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</tr>
<tr>
<td>Economic Uncertainty</td>
<td>Accept &amp; monitor risk</td>
<td></td>
<td>1) Monitor economic conditions in service territory and develop rate and program options that provide assistance</td>
<td>Economic outlook forecasts, Regulatory proceedings</td>
<td>General Manager</td>
</tr>
</tbody>
</table>
TO:  
Board of Directors

FROM:  
Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT:  
Community Advisory Committee 2020 Year End Report

DATE:  
December 10, 2020

RECOMMENDATION

Receive and file the Community Advisory Committee’s 2020 Year End Report.
Background and Introduction

The Community Advisory Committee (CAC) of the Valley Clean Energy Alliance (VCEA) was created by the Board in December 2016 and held its first meeting in August 2017. In September 2017, the Board adopted a “charge” for the CAC outlining its goals, purpose and direction. The CAC charge was revised by the CAC and approved by the Board in November 2018. This report summarizes the main activities and issues addressed by the CAC during 2020.

2020 CAC Members:

Davis: Gerry Braun, Yvonne Hunter (Chair), Lorenzo Kristov
Woodland: Mark Aulman, Chris Casey, Christine Shewmaker
Unincorporated Yolo County: Marsha Baird (Vice Chair), Cynthia Rodriguez (July-December), David Springer (January-May)
Winters (June-December): Peter Meyer, Jennifer Rindahl, David Springer

Main Activities and Issues Addressed 2020

1. Provided input and feedback on planning documents:
   a. Integrated Resource Plan (IRP)
   b. Legislative Platform
   c. Strategic Plan
   d. Statement on Environmental Justice
2. Reviewed and provided input on critical issues facing VCEA, including:
   a. Power procurement and RFOs (Requests for Offers)
   b. Finance and budget-related items and associated policy considerations
   c. PG&E’s offer of GHG-free resources
3. Reorganized and added task groups to work more closely with Staff in key areas and report back to the full CAC. These were: Legislative/Regulatory, Outreach, Programs, Strategic Planning and Rates. Summary reports from each task group are provided in the Appendix.
4. Welcomed new VCE Staff (Gordon Samuel and Rebecca Boyles) and new CAC members (Peter Meyer, Cynthia Rodriguez and Jennifer Rindahl)

Conclusion

Over the past three years, the CAC has developed a strong working relationship with Staff and has provided considered insights to the Board on issues. The Committee feels it has matured as an organization and found effective ways to engage as needed in decisions critical to the success of VCEA.

Appendix

1. Board Charge to the CAC
2. Task Group Summaries
   a. Legislative/Regulatory
   b. Outreach
   c. Programs
   d. Strategic Planning
   e. Rates
Consistent with the policy adopted by the Valley Clean Energy Alliance (VCEA) Board of Directors, the VCEA Community Advisory Committee (CAC) adopts the Charge to:

- Advise the VCEA Board of Directors on VCEA’s general policy and operational objectives, including portfolio mix and objectives, technical, market, program and policy areas, strategic objectives and strategies to reduce carbon emissions, accelerate development of local resources and promote energy resilience.

- Assist in the development of public information materials related to customer energy investments and choices offered by VCEA, PG&E and third parties.

- Collaborate with VCEA staff and consultants on community outreach to and liaison with member communities;

- Collaborate with VCEA staff on monitoring legislative and regulatory activities related to Community Choice Energy issues.

In order to achieve the goals and mission of VCEA, the CAC will develop, periodically review and update a workplan for the short and longer terms. The Committee will monitor organizational performance toward fulfillment of the VCEA Board of Director’s Vision Statement and may recommend policy changes to further the VCEA vision. The CAC will also engage with VCEA, Staff and consultants through its task groups, and evaluate, and make recommendations on select items at the request of the Board or Interim General Manager’s request or in consultation with the Interim General Manager.

The Community Advisory Committee will periodically review this charge and make recommendations for changes to the Board of Directors in order to reflect new issues, opportunities and challenges impacting the VCEA.

Adopted: November 15, 2018
LEG/REG TASK GROUP 2020 REPORT
October 2020

LEG/REG TASK GROUP
2020 REPORT

Task Group Members: Yvonne Hunter, Lorenzo Kristov, Jennifer Rindahl

2020 Charge/Work Plan

1. Work with VCE’s lobbyist and VCE staff to:
   • Provide feedback, technical information and strategic advice on key legislative and regulatory issues facing VCE and the CCA community in general.
   • Provide periodic reports to the CAC about legislation and regulatory issues.
   • Solicit recommendations from the CAC on VCE positions on key legislation and regulatory proceedings.
   • Contribute to VCE’s engagement with legislators and other stakeholders.
   • Advise on CalCCA’s regulatory work where and when appropriate.

2. Work with VCE staff and the Outreach Task Group to create a new resource on the VCE website related to legislative and regulatory issues.

Highlights of Accomplishments in 2020

During 2020, the Leg/Reg Task Group met bi-weekly with staff and VCE’s lobbyist and worked closely with them to:

1. Review pending legislation, provide feedback, technical and policy information, strategic guidance and recommend VCE positions and legislative strategies for pending legislation and regulatory issues.

2. Prepare a “Legislative Platform” for VCE’s board and lobbyist to use as a guide for legislative engagement.

3. Update the Legislative Platform to incorporate, among other topics, appropriate items from the newly adopted VCE strategic plan and EJ statement for review by the CAC and consideration by the VCE board (in process).

4. Provide input on VCE’s engagement with legislators and other stakeholders.

5. Complete development of a new resource section on the VCE website related to legislative and regulatory issues that VCE has a position on.

6. Consider key issues for potential legislative engagement in the 2021-2022 legislative session (in process).

7. Provide periodic information related to selected regulatory proceedings before the Public Utilities Commission.

Challenges

1. Determining the best way to brief the CAC about Leg/Reg Task Group activities in light of the fast-moving legislative session.

2. Staying informed about CPUC regulatory activities that affect VCE and other CCAs in the same manner in which the Task Group is informed about legislative issues.

Opportunities

1. Continue to engage local stakeholders and other potential partners in advancing VCE’s positions on legislative and regulatory issues.

2. Incorporate relevant topics from the newly adopted Strategic Plan into the Task Group’s work.
Task Group Members: Mark Aulman (chair), Marsha Baird, Christine Casey, Yvonne Hunter

Charge

- Collaborate with VCEA staff and consultants on community outreach to, and liaison with, member communities
- Assist in the development of public information strategies, planning, and materials related to VCEA policies and programs. As requested by staff, review draft materials and provide comments as appropriate

Highlights of Accomplishments:

- Reviewed and provided editorial feedback on in-progress marketing materials at the request of the Director of Marketing.
- Provided support during the transition from retiring Director of Marketing Jim Parks to incoming Director of Marketing Rebecca Boyles.
- Assisted with public outreach by staffing tables at public venues as conditions allowed.
- Reviewed corporate identity advertising campaign and updates to the VCE website.
- Monitored social media for VCE-related postings and replied as needed.
- Initiated monthly task group meetings to review near-term marketing project calendar and provide feedback on specific projects in-progress.
- Received Green Ideals 2020 Outreach Plan.
- Participated in a SWOT analysis of VCE outreach strategies, policies and projects.
- Contacted community members in the City of Winters and provided the Director of Marketing with recommendations for the Winters enrollment campaign.

Lessons Learned – Challenges and Opportunities

Challenges:

- VCE must be prepared to clearly communicate the benefits it delivers to customers as it navigates an evolving fiscal and regulatory environment.
- Development should continue on messaging to diverse customer segments in the communities VCE serves.
- The OTG continues to recommend a proactive, rather than reactive role, to ensure the accuracy and clarity of marketing materials, following marketing communications industry best practices.

Opportunities:

- The VCEA Strategic Plan provides the opportunity to promote the plan’s goals and objectives through consistent communications that stress customer and community benefits.
- The phase-in of NEM customers, together with the participation of the City of Winters will enable VCE to tell its story to an expanding group of new customers.
- The professional experience of our second Director of Marketing, Rebecca Boyles, will continue to strengthen VCE’s outreach strategies and programs.
VCE COMMUNITY ADVISORY COMMITTEE
PROGRAMS TASK GROUP (PTG)
2020 ACTIVITIES REPORT

Task Group Members: Marsha Baird (chair), Christine Shewmaker, David Springer

2020 Charge: The CAC Programs Task Group will aid Staff with planning and implementation of Customer Programs that meet the VCE Mission. Specifically, the Task Group will:

(1) collaborate with Staff on 5-year programs plan for VCE
(2) collaborate with Staff on implementation of additional programs during CY2020
(3) review programs offered by other CCAs and PG&E and make recommendations of options, with special attention to VCE customer segments, such as agriculture
(4) provide summaries and updates at the monthly CAC meetings on task group activities

Highlights of Accomplishments:

• Assisted Staff with the development and implementation of current VCE programs:
  o Electric Vehicle – Phase 1 (educational) launched December 2019. Staff is monitoring website traffic and plans to improve website tracking and reporting.
  o Energy Efficiency – Phase 1 (educational) launched June 2020. Graphic with residential energy savings tips.
  o NEM Donation – Planned launch by end of 2020. Staff is working with charitable organizations to set up donation process. Additionally, Staff is preparing letters to be sent to NEM customers with information on the program option.

• Developed news article titled “Flattening the Curve” which serves as an educational piece with ways customers can shift their electricity usage away from peak times (3-10pm).

• Brainstormed and discussed with Staff program options such as battery/storage (SGIP), electrification (for agriculture as well as residential) and home energy audits.

• Reviewed and provided feedback on drafts of VCE 3-year Programs Plan. The Plan will incorporate the goals from VCE’s Strategic Plan and is targeted to be completed by the end of 2020.

Lessons Learned – Challenges and Opportunities

Challenges:

• Locating sources of funding for programs.
• Limited staff time to develop programs due to lean staffing and other marketing activities and priorities.

Opportunities

• Continue to learn from experiences of other CCAs on programs that have worked well for their customers.
• Research grants and other funding options.
CAC Strategic Planning Task Group
2020 Report

Mark Aulman
Gerry Braun – Chair
Lorenzo Kristov
Jennifer Rindahl

Charge

Assist staff, consultants, and the Valley Clean Energy Board Strategic Planning Subcommittee in the development of an initial 3 to 5-year Strategic Plan for Valley Clean Energy

Focus on core policy issues and potential projects relevant to the achievement of VCEA’s vision and mission

Provide input and feedback on strategic planning matters to staff liaison

Specific Tasks

1. Maintain visibility into all strategic planning workshops and meetings
   No workshops were conducted. See item 2.

2. Conduct CAC Strategic Planning Task Group meetings, as needed.
   TG members attended and provided staff with notes on one meeting in which staff and consultants outlined main strategic plan elements.

3. Review strategic planning analysis conducted by staff and consultants, and provide staff with input and feedback
   No analysis was available for review.

4. Review proposed recommendations made by staff and provide input and feedback
   Three TG members reviewed an initial draft plan, which was subsequently condensed.

5. Review draft strategic plan documents and serve as a sounding board for staff and the VCEA Board Strategic Planning Subcommittee
   No sounding board requests were received.

6. Provide concise summaries of strategic planning activities at monthly CAC meetings
   Done.

Respectfully submitted,

G. Braun
Rate Options Task Group of the VCE CAC
2020 Report

Members
Lorenzo Kristov (chairman), Gerry Braun

Charge
Assist staff, consultants, and the Valley Clean Energy Board Subcommittee as requested, when existing or new rate options are being considered and evaluated.
Help staff evaluate the impact of current and potential rate options on VCE customer responses and other energy choices.

Specific Tasks
1. Conduct CAC Rate Options Task Group meetings and expand participation to other interested CAC members or external experts, as needed.
2. Review rate-related financial analysis conducted by staff and consultants and provide staff with input and feedback.
3. Review proposed staff recommendations regarding rate options and provide input and feedback.

2020 Activities
The Task Group met once with staff (Mitch and Gordon) on July 29 to develop common understanding of task group matters: recent direction from the Board to look into rate options, some review of rate options offered by other CCAs, and ideas for further effort.
We understand our service as a Task Group will be “as needed.” We have not met either as a separate task group or with staff since the July 29 meeting.