



Valley Clean Energy – Board of Directors Meeting

Thursday, December 13, 2018

City of Davis Community Chambers

Item 12 - Suspension of Forward PCC-2 Renewable Procurements

- Action – Approve a resolution authorizing staff to resume the procurement of PCC-2 Renewable Power for VCE’s projected 2019 needs.

Item 12 - Resumption of 2019 Forward PCC-2 Renewable Procurements - Background

- June 6, 2018 the Board adopted a resolution on a staff recommendation to suspend PCC-2 Procurements.
- California Energy Commission is updating new rules related to revisions in the Power Source Disclosure/Power Content Label (PSD/PCL) rules as required by AB 1110 signed into law September 26, 2016.
- AB 1110 Directs CEC to develop methodology for calculating greenhouse gas emissions (GHG) intensity for inclusion on the annual power content label required for all load serving entities.
- New reporting begins for 2019 deliveries, which are reported in 2020.
- The CEC was supposed to have adopted the updated rules by January 1, 2018.
- At the time, the CEC staff proposal was not favorable to GHG emissions reporting for PCC-2 power, which CCAs have relied on reduce the costs of renewable procurements.
- On June 6, 2018, the Board adopted staff's recommendation to suspend.



Item 12 - Resumption of 2019 Forward PCC-2 Renewable Procurements - Background

- RECs indicate ownership of the renewable, carbon neutral attributes of the underlying resource and its displacement of conventional electricity generation.
- Historically, entities have used the ownership of RECs to offset the carbon emissions of the electricity actually used to serve them.
- This has been the operative assumption behind CCA CO2 emissions/intensity calculations.

Table 1. VCEA 2019 Carbon Intensity Calculation Comparisons
No PCC-2 CO2 Emissions

	Content		Retail Load, MWhs	CO2 Emissions Intensity Per Product		CO2 Emissions Per Product		CO2 Emissions Intensity/ Contribution to Total	
Renewable	42%		299,543	0 lb/MWh		0 MT		0 lb/MWh	
PCC-1 ¹		23.25%	165,818		0 lb/MWh		0 MT		0 lb/MWh
PCC-2 ²		18.75%	133,724		0 lb/MWh		0 MT		0 lb/MWh
Large Hydro ³	33%		235,355	0 lb/MWh		0 MT		0 lb/MWh	
Unspecified Market Power ⁴	25%		178,299	962 lb/MWh		77,838 MT		241 lb/MWh	
Total	100%		713,197			77,838 MT		241 lb/MWh	

Item 12 - Resumption of 2019 Forward PCC-2 Renewable Procurements - Background

- CEC staff most recent proposal submitted for the rulemaking continues the position that load serving entities will have to report the carbon emissions associated with the underlying power.
- The CEC is not expected to decide the issue until sometime in 2019.

Table 2. VCEA 2019 Carbon Intensity Calculation Comparisons
PCC-2 CO2 Emissions Based On Unspecified Imports

	Content		Retail Load, MWhs	CO2 Emissions Intensity Per Product		CO2 Emissions Per Product		CO2 Emissions Intensity/ Contribution to Total	
Renewable	42%		299,543	430 lb/MWh		58,379 MT		180 lb/MWh	
PCC-1 ¹		23.25%	165,818		0 lb/MWh		0 MT		0 lb/MWh
PCC-2 ²		18.75%	133,724		962 lb/MWh		58,379 MT		180 lb/MWh
Large Hydro ³	33%		235,355	0 lb/MWh		0 MT		0 lb/MWh	
Unspecified Market Power ⁴	25%		178,299	962 lb/MWh		77,838 MT		241 lb/MWh	
Total	100%		713,197			136,217 MT		421 lb/MWh	

Item 12 - Resumption of 2019 Forward PCC-2 Renewable Procurements – Additional Considerations

- AB 1110 gives new CCAs the option to not report GHG emissions for 24 to 36 months following formation.
- For VCE, this means it would not have to report GHG emissions for 2019 (in 2020) and possibly for 2020.
- PCC-2 power is used by VCE as a bridge to long term PCC-1 renewable contracts and will be phased out.

Item 12 - Suspension of Forward PCC-2 Renewable Procurements Recommendation

- With the CEC not set to act until sometime in 2019, and because VCE needs to complete its renewable procurement, staff is recommending completing the 2019 PCC-2 procurement.

Item 13 – PCIA Update

Key Financial Impact Factors:

- Power Charge Indifference Adjustment (PCIA) – CPUC
 - Update: 2019 PCIA rates are likely to be finalized by CPUC on Jan 10th. 2019 generation rates are also likely to be finalized on Jan 10th.
- Resource Adequacy (RA) forecast increase – CEC
 - Update: No change. VCE will be working to correct CEC forecast errors in 2019.
- Confirm Board Action of November 15, 2018 to match PG&E rates beginning January 2019.

Item 13 - PCIA Marketing

Purpose: Outreach to VCE customers related to PCIA/Exit fee increase

Messages

1. VCE is aware of the issue
2. VCE staff will work to mitigate negative effects on our customers
3. VCE supports a fair PCIA
4. VCE is disappointed in the CPUC decision
5. The decision is unfair to CCAs
6. Program changes will occur in public meetings
7. The public is invited to participate in the meetings

Item 13 – Draft Outreach Strategy

If Staff recommendation is adopted, initiate outreach strategy:

Marketing Schedule				
Channel	Frequency	Message	Responsibility	Due Date
Web	Develop web content now and update as-needed	1-7	Consultant/ Outreach Committee (OC)/Jim Parks	12/14/2018
Call Center	Develop content now and update as-needed	1-7 with focus on 1, 2, 5, 6	Consultant/SMUD/ Parks	12/14/2018
Twitter/Facebook	Proactive postings	1, 2, 5, 6	Consultant/Emily/ Parks	Ongoing - start week of 11/25
Next Door	Develop content for “Friends of VCE” as-needed	1, 2, 5, 6	Emily/Consultant/ Parks	11/25/2018
Newspaper	Develop op-ed now and after Bd decisions; respond as-needed	1-7	Mitch Sears/OC/ Consultant/ Parks	Draft op-ed by 11/27/2018
Public Meetings	As-scheduled	1-7	Bd/Sears/CAC/ Parks	Ongoing
Partnerships – Farm Bureau, Cool Davis, etc.	As available	1-7	Bd/Sears/CAC/Parks/ Other	Ongoing

Item 13 – Outreach Status

Marketing Schedule				
Channel	Frequency	Message	Responsibility	Status
Web	Develop web content now and update as-needed	1-7	Consultant/Outreach Comm/Jim Parks	Solar web information has been developed and will be posted by Monday when the NEM deferral letter is mailed. A solar fact sheet will also be posted. Once the website has been transferred to Green Ideals, the site will be updated and banners will be added to highlight the latest news.
Call Center	Develop content now and update as-needed	1-7 with focus on 1, 2, 5, 6	Consultant/SMUD/Parks	Content supplied to call center on an ongoing basis. Current focus is on NEM.
Twitter/Facebook	Proactive postings	1, 2, 5, 6	Consultant/Emily/Parks	Will start when social media is transferred to Green Ideals expected week of 12/18.
Next Door	Develop content for “Friends of VCE” as-needed	1, 2, 5, 6	Emily/Consultant/Parks	Will respond as-needed. No mention of PCIA-related issues on Next Door lately.
Newspaper	Develop op-ed now and after Bd decisions; respond as-needed	1-7	Mitch Sears/OC/Consultant/Parks	Submitted op-ed on 12/7 to Yolo print/blog media sources and it was picked up by most—Davis Enterprise, Winters Express, Vanguard, Davisite and West Sac Ledger.
Public Meetings	As-scheduled	1-7	Bd/Sears/CAC/Parks	To be scheduled.
Partnerships – Farm Bureau, Cool Davis, etc.	As available	1-7	Bd/Sears/CAC/Other	To be scheduled.

VCE Monthly Call Center Report

Monthly VCEA Volume & AHT (Rolling 12 Months)

