



**Special Meeting #2 of the Valley Clean Energy Alliance  
Board of Directors  
Thursday, March 12, 2020 at 4:00 p.m.  
City of Woodland Council Chambers  
300 1<sup>st</sup> Street, Woodland, CA 95695**

Special meeting #2 supplements and adds to the already scheduled special meeting of March 12, 2020 starting at 4 p.m.

Meetings are accessible to people 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, VCEA Board Clerk/Administrative Analyst, at least two (2) working days before the meeting at (530) 446-2754 or [Alisa.Lembke@valleycleanenergy.org](mailto:Alisa.Lembke@valleycleanenergy.org).

If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Board members and other staff.

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.

**Board Members:** Don Saylor (Chair/Yolo County), Dan Carson (Vice Chair/City of Davis), Tom Stallard (City of Woodland), Gary Sandy (Yolo County), Lucas Frerichs (City of Davis), Angel Barajas (City of Woodland), Wade Cowan (City of Winters), and Jesse Loren (City of Winters)

**Associate Members:** Christopher Cabaldon (City of West Sacramento), Beverly Sandeen (City of West Sacramento)

**4:00 p.m. Call to Order**

1. Roll Call

**REGULAR AGENDA**

2. **Approval of special authority for the General Manager in the event the Board is not able to meet due to the COVID-19 emergency.**
3. **VCEA public records are available for inspection** by contacting Board Clerk Alisa Lembke at (530) 446-2750 or [Alisa.Lembke@ValleyCleanEnergy.org](mailto:Alisa.Lembke@ValleyCleanEnergy.org). Agendas and Board meeting materials can be inspected at VCEA's offices located at 604 Second Street, Davis, California 95616; those interested in inspecting these materials are asked to call (530) 446-2750 to make arrangements. The documents are also available on the Valley Clean Energy website located at: <https://valleycleanenergy.org/about-us/meetings/> .

**VALLEY CLEAN ENERGY ALLIANCE**

**Special Meeting Agenda #2**

**Staff Report - Item 2**

---

**TO:** VCE Board of Directors  
**FROM:** Mitch Sears, Interim General Manager  
**SUBJECT:** Special Delegation Authority to I.G.M. related to COVID-19 Virus  
**DATE:** March 12, 2020

---

**Recommendation**

1. Adopt Resolution Delegating Authority to the Interim General Manager or his designee to Enter Into Certain Contracts, Set Rates and Take Other Specific Actions Necessary to Ensure the Continuous Operation of VCE During Months in 2020 in which Board Meetings are Cancelled or No Quorum can be Achieved Due to a Public Health Emergency Relating to the COVID-19 Virus.

**Background and Analysis**

It is currently unknown whether Yolo County or the State will officially call to limit or avoid public meetings as part of efforts to limit the spread of the coronavirus that causes COVID-19. However, a number of recent developments make it prudent to prepare for that possibility, including: The County of Yolo declared a Local Health Emergency earlier this month; The Governor of California called for a State of Emergency on March 4, 2020; UC Davis has issued a directive that the remainder of the Winter quarter classes will be conducted on-line; and local employers have begun to consider closing their facilities to the public and/or directed employees to work from home.

Currently, VCE has no functional process for contracting, rate setting and other functions of the VCE Board of Directors. A set of specific delegations of power are therefore recommended for situations in 2020 where:

1. A State or County State of Emergency is in currently effect; and
2. The SCPA Board Chair in consultation with the CEO, or Vice Chair if the Chair is unavailable, makes a determination that holding the next Board meeting is not prudent from a public health standpoint; and
3. The cancellation of a Board meeting is made one month at a time to ensure that conditions remain in effect to warrant the cancellation.

## Proposed Delegation of Authority

1. Customer Rates. Due to two large expected increases PG&E's Power Charge Indifference Adjustment (PCIA), customer bills could exceed 10% over bundled service without two rate changes in the next several months. Staff therefore recommend authority to:
  - Adopt temporary rates to go into effect July 1, 2020 that ensure each customer rate class' bills are equal to PG&E's May 1, 2020 bundled customer bills; and
  - Adopt temporary rates that go into effect at the earliest date following the CPUC's enactment of the PCIA trigger (removal of the cap on the PCIA). This is expected to occur on September 1, 2020, but may occur earlier or later. These temporary rates would set all customer classes to be equal to PG&E's bundled service bills.

If either or both of these rate changes are made, they would need to be ratified by the Board of Directors in the next regular VCE Board meeting. It is also important to note that protecting customers against rates that result in total bills exceeding bundled rates means using the net income from the current fiscal year as a customer bill stabilization fund rather than contributing that amount to reserves. These fiscal impacts have been presented to the Board as information items at the last two meetings. As presented to the Board, these rate impacts will be incorporated into the FY 20/21 budget that will be presented to the Board for consideration at a future meeting.

NOTE: staff has not provided costs for power procurement items 2-4 due to

2. Rugged Solar Power Purchase Agreement (PPA). The Rugged long-term renewable PPA is scheduled for consideration at the April Board meeting. This is a time sensitive issue as signature of the contract begins a year-long plus project financing and construction process that results in power delivery to VCE in mid-late 2021. The timing is important as it allows VCE to meet State regulatory compliance deadlines for delivery of long-term renewables as well as allowing VCE to exit existing relatively costly short-term renewable contracts. The Rugged PPA is very similar to and was negotiated by the same team from SMUD, Keys & Fox, and VCE that negotiated the Westlands PPA which was approved by the Board at its February meeting. The Rugged PPA is consistent with VCE's current 2018/19 Integrated Resource Plan and has been evaluated in VCE's financial and load forecasting models.
3. Indian Valley Small Hydro Project PPA renewal. The existing contract with the Yolo County Flood Control and Water Conservation District for the Indian Valley small hydro project is scheduled to expire at the end of May 2020. This delegation would allow staff to negotiate and sign a renewal of the PPA for not more than five years. As this contract was negotiated prior to VCE's launch in 2018 it was completed in SMUD's name - the renewed contract would shift from SMUD to VCE. This contract represents approximately 1% of VCE's annual energy purchase.
4. Purchase of long-term incremental resource adequacy (RA). In a ruling in late 2019, the CPUC required all Load Serving Entities (LSE) to procure additional new RA beginning in 2021 to enhance the State's system reliability. VCE's share of this "incremental" RA is a minimum 6 MW

for 2021. This amount was not available in time to be incorporated into the Board's January approval of the annual power procurement delegation to SMUD and staff. As the Board is aware, the RA market is volatile and generally on the rise. Staff is recommending a delegation of authority to address this market instability and allow VCE to procure this new RA.

5. 2020 Integrated Resource Plan (IRP) Update. As presented to the Board at earlier meetings, the 2020 IRP Update is a State regulatory compliance issue which is due to the California Public Utilities Commission (CPUC), by June 1, 2020. The draft IRP is consistent with the Board adopted 2018/19 IRP and does not commit VCE to a specific procurement strategy. If it is necessary to submit the IRP Update under this authority, Staff would return to the Board for consideration of the update at a subsequent meeting that would allow the Board to modify and resubmit to the CPUC as necessary.

**Attachment:** Resolution

**VALLEY CLEAN ENERGY ALLIANCE**

**RESOLUTION NO. 2020- \_\_\_\_\_**

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE (VCE) DELEGATING AUTHORITY TO THE INTERIM GENERAL MANAGER OR HIS DESIGNEE TO AWARD CERTAIN CONTRACTS, EXECUTE AGREEMENTS AND SET TEMPORARY CUSTOMER RATES ON BEHALF OF VCE DURING MONTHS IN 2020 WHEN BOARD MEETINGS ARE CANCELLED OR NO QUORUM CAN BE REACHED DUE TO A PUBLIC HEALTH STATE OF EMERGENCY RELATING TO THE COVID-19 FLU VIRUS.**

**WHEREAS**, Governor Newsom of California declared a State of Emergency in response to COVID-19 on March 4, 2020; and

**WHEREAS**, there are confirmed cases of COVID-19 in Yolo County and the Sacramento Region; and

**WHEREAS**, it is anticipated that the County of Yolo will declare a Local Public Health Emergency as well as a Local Emergency in response to COVID-19 in mid- March 2020; and

**WHEREAS**, it may become necessary to cancel one or more VCE Board meetings to protect public health.

**NOW, THEREFORE**, the Board of Directors of the Valley Clean Energy Alliance hereby resolves:

**SECTION 1.** During periods in the year 2020 when the State of California or the County of Yolo have declared a state of emergency relating to the COVID-19 virus, the Chair of the Board, or the Vice Chair if the Chair is unavailable, may cancel a board meeting after conferring with VCE's Interim General Manager or designee. Such a cancellation is only valid for 30 days. Second or further cancellations may be made only if the state of emergency remains in effect. Nothing in this section precludes VCE from calling a special Board meeting prior to 30 days from the cancellation of a board meeting, if circumstances permit such meeting.

**SECTION 2.** To assure the continued operations of VCE, the Interim General Manager or his designee is hereby authorized to consider, approve, and execute contracts, set temporary customer rates, and decide other administrative matters needed for the on-going operation of VCE within existing budgetary appropriations when, pursuant to Section 1, above, a Board meeting has been cancelled due to the COVID-19 emergency, including the following:

1. Customer Rates.
  - Adopt temporary rates to go into effect May 2020 that ensure each customer rate class' bills are equal to PG&E's May 1, 2020 bundled customer bills; and
  - Adopt temporary rates that go into effect at the earliest date following the CPUC's enactment of the PCIA trigger (removal of the cap on the PCIA). This is expected to

occur on September 1, 2020, but may occur earlier or later. These temporary rates would set all customer classes to be equal to PG&E's bundled service bills.

2. Rugged Solar Power Purchase Agreement (PPA). Completion of negotiation and signature of final PPA with Rugged Solar for the pending long-term renewable contract.
3. Indian Valley Small Hydro Project PPA renewal. Completion of negotiation and signature of a renewal of the Indian Valley Small Hydro Project PPA with the Yolo Flood Control and Water Conservation District for not more than five years.
4. Purchase of long-term incremental resource adequacy (RA). Delegation to acquire VCE's share of "incremental" RA at a maximum of 6 MW for 2021.
5. 2020 Integrated Resource Plan (IRP) Update. Authority to submit VCE's 2020 IRP update to the CPUC by June 1, 2020 and return to the Board for consideration of the update at a subsequent meeting that would allow the Board to modify and resubmit to the CPUC as necessary.
6. River City Bank Line of Credit Renewal (LOC). Delegation to continue to extend the LOC month to month, with River City's concurrence, until the Board is able to consider a longer-term renewal.
7. Fiscal Year 2020/21 Interim Budget approval. In order to continue paying VCE expenses on July 1, 2020, the start to VCE's new fiscal year, this delegation would allow VCE to continue operations under an interim budget that repeats the existing Fiscal Year 2019-2020 budget until such time as the Board adopts a new budget.

**SECTION 3.** The Interim General Manager shall report to the Board regarding the actions taken under this Resolution within 7 days and additionally at the first Board meeting following resumption of regular meetings. These reports shall be public records, available upon request.

**PASSED, APPROVED, AND ADOPTED,** at a 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