Valley Clean Energy Board Meeting – Thursday, July 8, 2021 via video/teleconference

Item 15 – Update on Net Energy Metering (NEM) 3.0
Public Comments

To Provide Public Comment on any agenda item please:

➢ E-mail 300 words or less to: meetings@valleycleanenergy.org

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Join the Public Comment Queue by

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OR

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Emailed comments received **before** the item has concluded will be read into the record.

Emailed comments received **after** the item has concluded but before the end of the meeting will not be read but will be included in the meeting record.
Net Energy Metering (NEM) Basics

• Mostly solar systems, residential and non-residential

• NEM in California began in 1995
  • Several revisions since

• Currently most customers are NEM 2.0
  • Differences from NEM 1.0: TOU rates; NBCs paid
Net Energy Metering (NEM) Basics, continued

- Interconnection process through PG&E
- Different arrangements (buy vs. lease)
- SmartMeter measures difference between electricity generated and used every month; we see the “net” on the bill
- NEM billing is complex – incremental improvements have been made over the years but it is still often confusing for customers
Net Energy Metering (NEM) Proceeding at the California Public Utilities Commission (CPUC)

- NEM 3.0 Proceeding is in process
  - Expectation is a decision from CPUC by end of 2021; implementation early 2022
- Many stakeholders engaged in the proceeding
  - AB 1139 (bill is inactive)
  - IOUs and Solar Advocates
  - Controversial issues at stake
Item 15 – Update on Net Energy Metering (NEM) 3.0 Proceeding

Key issues to be considered by CPUC:
• Potential cost shift from NEM to non-NEM customers
• Compensation for surplus generation; how this affects solar’s value proposition and solar industry
• Equitable access to RE for low-income customers

Additional Considerations to track (how these values are incorporated into NEM 3.0):
• Avoided grid costs from NEM customers
• GHG emissions reductions
• Contributions to RPS goals
• T&D efficiencies

Photo: Yvonne Hunter Photography https://www.yvonnehunterphotography.com/
Next Steps:
Staff will continue to monitor progress and report back in Q4 2021
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Item 16 – VCE Three-Year Strategic Plan Update
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Overview
Inform the general manager and CAC of the summarized progress on the VCE Three-Year Strategic Plan goals ratified at the November 12, 2020.

Quarterly Report to VCE Management
• Staff will report quarterly to the Interim General Manager on the status of goals, objectives and metrics for which they are responsible.

Annual Report to Board and CAC Staff
• Staff will report annually to the Board and CAC on the status of goals, objectives and metrics, and will recommend any mitigations or amendments as may be necessary for Board approval.
Item 16 - Goal 1 - FINANCIAL STRENGTH

Maintain grow a strong financial foundation and manage costs to achieve long-term organizational health.

1.1 - Maintain consistently healthy cash reserves to fund VCE’s mission, vision, and goals.
1.2 - Achieve an investment grade credit rating by end of 2024.
1.3 - Commit to fiscal efficiencies to build a program foundation from which to deliver customer and community value.
1.4 - Manage customer rates to optimize VCE’s financial health while maintaining rate competitiveness with PG&E.

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<thead>
<tr>
<th>Obj</th>
<th>Key Developments</th>
<th>Planned Activities</th>
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<tbody>
<tr>
<td>1.1</td>
<td>1. Board Approved Arrearage Management Plan January 2021</td>
<td>Collections Policy - Q3 2021 Multiyear forecast - Q4 2021</td>
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<td></td>
<td>2. Drafting Collections Policy</td>
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<td>1.2</td>
<td>1. Participated in CCA educational webinar on establishing credit ratings for CCAs</td>
<td>Development Timeline for credit rating by Q3 2021</td>
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<td></td>
<td>2. Budgeted for financial advisor to support process of establishment of first credit rating</td>
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<td>1.4</td>
<td>1. FY2022 Budget approved with PG&amp;E rate increases included.</td>
<td>RFP in development with issuance in Q3 2021</td>
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<td></td>
<td>2. CAC Rates Task group to develop additional customer rate option</td>
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Item 16 - Goal 2 - PROCUREMENT & POWER SUPPLY

Manage power supply resources to consistently exceed California’s Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% carbon neutral by 2030.

2.1 - Continue to identify and pursue cost effective local renewable energy resources.
2.2 - Acquire sufficient bundled energy and renewable resources to achieve VCE’s greenhouse gas reduction targets.
2.3 - Deploy storage and other strategies to achieve renewable, carbon neutral, resource adequacy, and resiliency objectives.
2.4 - Identify and pursue cost effective, local distributed energy (e.g., behind the meter rooftop Solar + storage) resources to help meet reliability needs.
2.5 - Study and present options for achieving a 100% carbon neutral resource portfolio as well as 100% carbon free resource portfolio (carbon free hour by hour) by 2030.
2.6 - Optimize the hedging strategy to mitigate risk in accordance with the energy risk guidelines and procurement plan.

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<td>2.2 &amp; 2.3</td>
<td>In Q1 2021, executed a 90MW PV +75MW BESS 20 yr. PPA which will provide VCE stable low-cost power and resource adequacy.</td>
<td>COD Expected in late 2022.</td>
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<tr>
<td>2.5</td>
<td>Carbon Neutral Task Group RFO issued in Q2.</td>
<td>Evaluate RFO options and begin carbon neutral study.</td>
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Item 16 - Goal 3 - CUSTOMERS & COMMUNITY (3.1-3.4)

Prioritize VCE’s community benefits and increase customer satisfaction and retention.

3.1 - Develop engagement strategies to increase awareness of, and participation in, local control of VCE’s energy supply and programs with a particular focus on engaging disadvantaged and historically marginalized communities.

3.2 - Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.

3.3 - Design and implement a strategy to more effectively engage local business and agricultural customers.

3.4 - Build awareness and trust of the VCE brand through direct engagement with customers, communities and organizations.

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<tr>
<td>3.1</td>
<td>4 virtual presentations with Spanish translation; new posts on social media in Spanish; programs survey developed/deployed with special attention to equity issues</td>
<td></td>
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<tr>
<td>3.2</td>
<td>Provided cost analysis for all member jurisdictions to opt up to UltraGreen</td>
<td>Follow up with city staff</td>
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<tr>
<td>3.4</td>
<td>Staff’s goal is to increase website hits by 25% in 2021 (results: 63% increase in sessions; 33% increase in pageviews; 13% increase in Twitter). Initiated a website refresh, integrating feedback. Analyzed Key Accounts spreadsheets for completeness. Completed website refresh.</td>
<td>Continue to monitor and measure success through Dec 2021.</td>
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### Item 16 - Goal 3 - CUSTOMERS & COMMUNITY (3.5-3.7)

Prioritize VCE’s community benefits and increase customer satisfaction and retention.

- **3.5** - Develop customer programs and initiatives that prioritize decarbonization, community resiliency, and customer savings.
- **3.6** - Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.
- **3.7** - Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs.

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<td>3.5</td>
<td>3-year Programs Plan adopted by Board inclusive of design criteria. Board approved first program – Ohm Connect.</td>
<td>Implementation and continuing evaluation of program options.</td>
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<tr>
<td>3.6</td>
<td>First-ever survey for customer feedback developed and deployed. OTG held focus group meeting. Analyzed opt-out process for misinformation vulnerabilities and made changes: customers will now be routed to a CSR to opt out during business hours.</td>
<td>Hold CSR focus group and monitor opt-out trends.</td>
</tr>
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<td>3.7</td>
<td>Operationalized and publicized Arrearage Management Plan (AMP) including new webpage for customers having trouble paying. Implemented call-out campaign to provide info to customers having trouble paying with 13 participants enrolled to date. Implemented policy of translating all new material into Spanish. Increased Spanish social media posts. Board approved EJ statement, formed Board Subcommittee Working Group. Staff participation in CalCCA Equity Committee.</td>
<td>Continue posting in Spanish, measure success through Dec 2021.</td>
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</table>
Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.

4.1 - Working with a variety of local, regional and state partners, develop a grid innovation roadmap for VCE’s service territory that supports community energy resilience and reliability.
4.2 - Develop a VCE decarbonization roadmap to guide near and long-term program decisions and offerings.
4.3 - Increase participation in VCE’s UltraGreen 100% renewable product.
4.4 - Identify external funding sources to support decarbonization and grid-related programs and initiatives.

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<td>4.1</td>
<td>Worked w/ the CAC on a building electrification statement. The Board adopted a statement supporting and encouraging electrification of new buildings.</td>
<td>Engage with County of Yolo planning commission decarbonization efforts.</td>
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<tr>
<td>4.3</td>
<td>Generated and shared UltraGreen analysis with member jurisdictions.</td>
<td>Follow up with city staff</td>
</tr>
<tr>
<td>4.4</td>
<td>Applied for County of Yolo American Rescue Plan funding for downtown Winters reliability upgrade</td>
<td>Continue to identify ARP and other funding sources with member districts and state.</td>
</tr>
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Item 16 - Goal 5 - REGULATORY & LEGISLATIVE AFFAIRS

Strongly advocate for public policies that support VCE’s Vision/Mission.

5.1 - Work with CalCCA and other partners to proactively engage State regulators, legislators, and other State authorities in developing policy that furthers VCE’s mission and facilitates our contributions to decarbonization, grid reliability, energy resiliency, affordability, local programs and social equity.
5.2 - Develop relationships with community stakeholder organizations that foster support for VCE’s mission and vision.
5.3 - Optimize regulatory compliance activities.

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<td>5.1</td>
<td>Actively engaged in CalCCA sponsored legislation on PCIA – SB 612; Active support of AB 843 (Aguiar-Curry) – access for CCA’s to BioMat resources3. CAC Leg/Reg Task Group – bi-weekly meeting</td>
<td>Ongoing engagement in support legislation related to CCAs</td>
</tr>
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<td>5.2</td>
<td>Identify key stakeholder groups within VCE service territory – in process. Attended Winters Chamber of Commerce on 4.12.21. Met with Cool Davis to explore formalizing a relationship to work on shared decarbonization and electrification goals.</td>
<td>Initial Stakeholder list by end of Q2 21 Decision around structure to formalize (e.g. MOU)</td>
</tr>
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<td>5.3</td>
<td>Incorporated specific regulatory goals for 2021 - from CalCCA. Included Regulatory Staffing in FY 21-22 budget proposal</td>
<td>Recruitment of Regulatory Staffing</td>
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Item 16 - Goal 6 - ORGANIZATION, WORKPLACE & TECHNOLOGY

Analyze and implement optimal long-term organizational, management, and information technology structure at VCE.

6.1 - Develop a roadmap to evaluate and guide future steps toward formation of a local Publicly Owned Utility (POU).
6.2 - Evaluate and pursue opportunities for shared services with other CCAs for certain functions.
6.3 - Develop an evaluation framework to guide future expansion opportunities beyond the existing service territory.
6.4 - Identify optimal management, staffing and contracting structure of VCE in the near and long term; factors include balance of internal staff vs. consultant support services, transition of leadership positions to permanent internal employees.
6.5 - Promote diversity, equity and inclusion in leadership, hiring, promotion, and contracting policies.
6.6 - Support health, wellness and a productive workplace.
6.7 - Create an innovation-focused culture that rewards proactive participation, problem solving, new ideas, and creative use of partnerships.
6.8 - Deploy a modernized IT infrastructure that enables knowledge management, analytics and collaboration through robust use of data and information resources.

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<td>6.1</td>
<td>Engaged Don Dame to prepare process outline – technical steps</td>
<td>Outreach to CMUA</td>
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<tr>
<td>6.2</td>
<td>Joined CC Power – “Super JPA” for joint procurement with other CCA’s Outreach to City of Stockton RE: City’s feasibility study</td>
<td>CC Power analysis of long duration storage in process.</td>
</tr>
<tr>
<td>6.3</td>
<td>Research other CCA expansion evaluation methods</td>
<td>In process.</td>
</tr>
<tr>
<td>6.4</td>
<td>Onboarding Director of Finance &amp; Internal Operations</td>
<td>Budgeted (1) half time regulatory Analyst and (1) Intern for Marketing and Support</td>
</tr>
<tr>
<td>6.8</td>
<td>Working with County of Yolo GIS team on developing VCE platform for Dashboarding and GIS Mapping. NDA in process</td>
<td>Expected in Q3.</td>
</tr>
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