



**Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, October 10, 2024 at 4 p.m.
City of Davis Community Chambers
23 Russell Blvd., Davis, California 95616**

Board Members will be attending in-person and public participation will be in-person and available via Zoom Webinar (video/teleconference). VCE will, to the best of its ability, provide hybrid and remote options for VCE meeting participants and to the public; however, VCE cannot guarantee these options will be available due to technical limitations outside of our control. For assurance of public comment, VCE encourages in-person and written public comments to be submitted as described below when possible. VCE, to the best of its abilities, will provide participation via the Zoom platform.

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.

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.

Members of the public who wish to listen to the Board of Director's meeting may do so with the video/teleconferencing call-in number and meeting ID code.

Video/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/84190396327>

Meeting ID: 841 9039 6327

- b. By phone**

One tap mobile:

+1-669-900-9128,, 84190396327# US

+1-669-444-9171,, 84190396327# US

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Meeting ID: 841 9039 6327

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: Lucas Frerichs (Yolo County, Chair), Bapu Vaitla (City of Davis, Vice Chair), Tom Stallard (City of Woodland), Jesse Loren (City of Winters), Jim Provenza (Yolo County), Will Arnold (City of Davis), Tania Garcia-Cadena (City of Woodland), Richard Casavecchia (City of Winters)

Alternate Board Members: Angel Barajas (Yolo County), Mayra Vega (City of Woodland), Donna Neville (City of Davis), Albert Vallecillo (City of Winters)

4:00 p.m. Call to Order

- 1. Welcome and Approval of Agenda**
- 2. 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 or are listed on the Consent portion of the 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.

CLOSED SESSION

Public comment on the closed session item only will be read at this time.

- 3. Public Employee Performance Evaluation (§ 54957)**
 - Agency-designated evaluators: Lucas Frerichs (VCE Board Member) and Bapu Vaitla (VCE Board Member)**
 - Unrepresented Employee: Executive Officer**
- 4. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6**
 - Agency-designated Negotiators: Lucas Frerichs (VCE Board Member) and Bapu Vaitla (VCE Board Member)**
 - Unrepresented Employee: Executive Officer**
- 5. Conference with Legal Counsel – Anticipated Litigation**
 - Significant exposure to litigation pursuant to subsection (d)(2) § 54956.9(d)(2) (one case) (threat of litigation/demand received by TeMix)**

6. **Reconvene in Open Session to Report from Closed Session, if needed.**

CONSENT AGENDA

7. **Approve September 12, 2024 Board meeting Minutes.**
8. **Receive 2024 long range calendar.**
9. **Receive Treasurer's report: August 31, 2024.**
10. **Receive legislative update provided by Pacific Policy Group.**
11. **Receive October 2, 2024 regulatory update provided by Keyes & Fox.**
12. **Receive customer participation update (3rd quarter).**
13. **Receive SACOG Grant – Electrify Yolo project update.**

REGULAR AGENDA

14. **Receive Legislative End of Session update. (Information)**
15. **Receive 2024 Operating budget update and 2025 preliminary Operating budget. (Information)**
16. **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.
17. **Announcement/Adjournment:** The Board's next regular meeting is scheduled for Thursday, November 14, 2024 to be held at City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695.

PUBLIC PARTICIPATION: Public Comments: 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. Written public comments that do not exceed 300 words will be read by the VCE Board Clerk, or other assigned VCE staff, to the Board 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 2, 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.* All written comments received will be posted to the VCE website.

Verbal public participation during the meeting:

- 1) **If attending in person**, please complete a **Comment Card** and return it to the Board Clerk.
- 2) **If attending remotely via Zoom**, there are two (2) ways for the public to provide verbal comments:

- A. 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”. When called upon, you will be “unmuted” to allow to speak.
- B. If you are attending by phone only, you will need to press *9 to raise your hand. When called upon, press *6 to unmute your microphone.

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 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/>.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

TO: Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from September 12, 2024 meeting
DATE: October 10, 2024

RECOMMENDATION

Receive, review and approve the attached September 12, 2024 meeting Minutes.

Attachment: September 12, 2024 meeting Minutes



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, SEPTEMBER 12, 2024**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, September 12, 2024 at 5:30 p.m. to be held at City of Woodland located at 300 First Street, Woodland California 95695. Vice Chair Babu Vaitla established that there was a quorum present and began the meeting at 5:36 p.m.

Board Members Present: Babu Vaitla, Will Arnold, Jesse Loren, Richard Casavecchia, Jim Provenza

Members Absent: Lucas Frerichs, Tom Stallard, Tania Garcia-Cadena,

Welcome and Approval of the Agenda Vice Chair Vaitla welcomed everyone to the meeting. Motion made by Director Will Arnold to approve the agenda, seconded by Director Jesse Loren. Motion passed by the following vote:
AYES: Arnold, Loren, Casavecchia, Provenza, Vaitla
NOES: None
ABSENT: Frerichs, Stallard, Garcia-Cadena
ABSTAIN: None

Public Comment – General and Consent There were no written or verbal public comments on the Consent Agenda or in general.

Approval of Consent Agenda / Resolutions 2024-011 thru 2024-013 Vice Chair Vaitla informed those present that Item 9 – Accept and attest the accuracy of VCE’s 2023 Power Content Label is taken off the Consent Agenda. Vice Chair Vaitla asked if there was a motion to approve the Consent Agenda or if any items needed to be pulled from the Consent Agenda to the Regular Agenda. Motion made by Director Jim Provenza to approve the amended Consent Agenda items without Item 9, seconded by Director Jesse Loren. Motion passed with Directors Frerichs, Stallard and Garcia-Cadena absent. The following items were:
3. approved July 11, 2024 Board meeting Minutes;
4. received 2024 long range calendar;
5. received Treasurer’s Report a) June 30, 2024 and b) July 31, 2024;
6. received legislative update provided by Pacific Policy Group;



7. received August 2024 regulatory update dated September 4, 2024 provided by Keyes & Fox;
8. received Community Advisory Committee June 27, 2024 and August 22, 2024 meeting summaries;
10. received Enterprise Risk Management update (Bi-annual);
11. received prepay transaction update and approved the execution of a joint powers agreement providing VCE membership to the California Community Choice Financing Authority as Resolution 2024-011;
12. approved Amendment Two (2) to the Tumbleweed Long Duration Storage agreement (CC Power PPA) as Resolution 2024-012; and,
13. approved VCE participation as a partner in the Rural Electrification and Charging Technology (REACT) Pilot Program as Resolution 2024-013.

Vice Chair Vaitla announced that Items 14 and 15 will be flipped, so the first item on the Regular Agenda will be Item 15.

Item 15: Review and Provide feedback on the draft Valley Clean Energy (VCE) 2024-2026 Outreach and Marketing Plan Outline.
(Information / Discussion)

VCE Staff Rebecca Kuczynski reviewed the background and purpose of the Outreach and Marketing Plan adopted in 2021; highlighted accomplishments since its adoption; and, reviewed 2023 website analytics. Ms. Kuczynski reviewed the highlights and goals of the 2024-2026 Outreach and Marketing Plan Outline. Staff are seeking input from the Board and will return to the Community Advisory Committee (CAC) and Board with a finalized plan.

Director Loren commented that Customers conflate hot days and their bill with VCE's product. She would like to see more outreach on educating the Customer about VCE's generation charges, which is less than PG&E's generation charges, and the California Public Utilities Commission's (CPUC) involvement in making decisions that effect all Customers. There was no other input from the Board. There were no verbal or written public comments.

Item 14: Introduction to and presentation on Virtual Power Plants (VPPs).
(Information)

VCE Staff Rebecca Kuczynski introduced this item and VCE's intern Catherine Rowen. Ms. Rowen provided an overview on the demand response project she has been working on. She reviewed the need to find alternate and sustainable ways to meet California's electricity load during peak times of the day; the State's goal to shift load; and, reviewed the Virtual Power Plant (VPP) demand response model and the benefits to the grid and to society. She informed those present that she is looking at whether or not a VPP program would be cost effective for VCE. Ms. Rowen reviewed supply-side and load modifying VPPs;



reviewed organizational models for load modifying VPPs; and, summarized California Energy Commission’s (CEC) support for aggregated Distributed Energy Resources (DERs) programs. Lastly, she reviewed goals and activities of her ongoing research on the value of a VPP to VCE.

The Board and Staff discussed: costs to a CCA and incentives to the Customer of a VPP program; grant and partnership opportunities that VCE could participate in; and, timeline of Ms. Rowen’s research. There were no written public comments.

Verbal Public Comment: Christine Shewmaker verbally asked if there are any direct calculations available from an existing VPP program. She is interested in whether a VPP would reduce emissions; help VCE reach its goal to reduce emissions; would the participation in a VPP program make it easier or quicker for VCE to reduce emissions; and would it lower Resource Adequacy (RA) dependency.

The Board and Staff briefly discussed the relationship between a VPP program and emissions reduction; how a VPP program could increase storage capacity; and, whether a VPP could reduce demand.

Item 16 – Receive financial outlook update. (Information)

VCE Executive Officer Mitch Sears introduced this item. VCE Staff Edward Burnham provided an update of VCE’s general financial position going into the second half of 2024 and outlined the key factors that will help share the 2025 Fiscal Year budget. Mr. Burnham provided a review of 2024-2025 strategic financial activities and timeline of those activities; reviewed 2024 operating results and a multi-year budget forecast; and, reviewed anticipated 2025 power costs and management strategies to reduce costs. There were no verbal or written public comments.

The Board and Staff discussed: the possible reasons why historic high load actuals in the month of July; conservation education and outreach to Customers; lack of usage data for forecasting; and, status of Slice of Day.

Item 16: Board Member and Staff Announcements

Director Loren extended an invitation to attend the Festival de la Comunidad in Winters being held on Saturday, September 28, 2024, which is a free event. No other Board announcements.



Mr. Sears introduced Mary-Kathryn Rueff, VCE’s newest employee. Ms. Rueff provided a brief introduction about herself.

Mr. Sears informed those present that West Sacramento considering joining a CCA or forming their own CCA, he and a few Board Members along with Pioneer Community Energy met with City Council in July. A workshop with City Council staff is being set up. Mr. Sears also informed those present that he visited Meals on Wheels kitchen located in Winters and VCE will be working with them on their electricity bills and conservation. He continues to meet with individual jurisdiction Councils to provide them with an update on VCE. He reported that VCE is working on a few grant applications, one with the Yolo County and one with U.C. Davis. VCE is hosting the CC Power Board in Davis in late October and VCE will be hosting a tour of the Putah Creek Solar Farm in Winters with the U. C. Davis incoming Master’s Degree students.

Ms. Kuczynski informed those present that VCE was invited by Lawrence Berkeley National Lab to speak at a CalFlex Hub Forum on the AgFIT panel. VCE Staff Sierra Huffman will be speaking on dynamic rates at this Forum.

Announcement /
Adjournment

Vice Chair Vaitla announced that the Board’s next regular meeting is scheduled for Thursday, October 10, 2024 at **4 p.m.** at the City of Davis Community Chambers located at 23 Russell Boulevard, Davis California 95616. There being no further business to discuss the meeting was adjourned at 6:44 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 8

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee 2024 Long-Range Calendar

DATE: October 10, 2024

Recommendation

Receive and file the 2024 Board and Community Advisory Committee long-range calendar listing proposed meeting topics.

Attachment: 2024 Board and CAC long range calendar

VALLEY CLEAN ENERGY
2024 Meeting Dates and *Proposed* Topics
Board and Community Advisory Committee (CAC)
(Note: Meeting locations and Topics are subject to change)

MEETING DATE		TOPICS	ACTION
January 11, 2024	Board (Woodland)	<ul style="list-style-type: none"> Oaths of Office for Board Members [new Members(s) only] Election of Officers for 2024 (Annual) 2023 Year End Review: Customer Care and Marketing Customer Participation Update 	<ul style="list-style-type: none"> Action Nominations Information Information
January 25, 2024	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Customer Participation Update Brown Act & Social Media Platforms Review CAC Task Group “Charges” AgFIT (Agriculture Flexible Irrigation Technology) Pilot Program – How it works 2024 Budgets and Rates 	<ul style="list-style-type: none"> Information Information Discussion/Action Information Information
February 8, 2024 CANCELLED	Board (Davis)	<ul style="list-style-type: none"> MEETING CANCELLED 	
February 22, 2024	Advisory Committee (Davis)	<ul style="list-style-type: none"> Strategic Plan Update (Annual) Electrification Retrofit Rebate Outreach (ERRO) / Concierge Service (received public comment, tabled item) Resource Adequacy – Slice of Day 	<ul style="list-style-type: none"> Information Discussion/Action Information
March 14, 2024 CANCELLED	Board (Woodland)	<ul style="list-style-type: none"> Cancelled due to a lack of quorum 	
March 28, 2024	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Electrification Retrofit Rebate Outreach (ERRO) / Concierge Service 2023 Net Margin Allocation BioMAT Program 	<ul style="list-style-type: none"> Discussion/Action Discussion Information
April 11, 2024	Board (Davis)	<ul style="list-style-type: none"> Strategic Plan Update (Annual) Receive Enterprise Risk Management Report (Bi-Annual) Customer Participation update (1st Quarter 2024) Update to VCE Conflict of Interest Code 	<ul style="list-style-type: none"> Information Information Information Action

		<ul style="list-style-type: none"> • Calendar Year 2023 Audited Financial Statements (James Marta & Co.) • 2023 Net Margin Allocation • ERRO/Concierge Service 	<ul style="list-style-type: none"> • Action • Discussion/Action • Discussion/Action
April 16 – 18, 2024	CalCCA Annual Conference San Jose	VCE Staff and some Board and CAC members attending	
April 25, 2024	Advisory Committee (Davis)	<ul style="list-style-type: none"> • NO MEETING 	<ul style="list-style-type: none"> •
May 9, 2024	Board (Woodland)	<ul style="list-style-type: none"> • Update on SACOG Grant – Electrify Yolo • Resource Adequacy “Slice-of-Day” • Load Management Standards Plan • Recap of CalCCA April 2024 Annual Conference 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action • Information
May 23, 2024	Advisory Committee (Yolo County Community Services Dept., Cache Creek Room, Woodland)	<ul style="list-style-type: none"> • Load Management Standards • Customer Participation update (1st Quarter 2024) • Reserves Policy / Dividend Program update • BioMAT Program 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action • Discussion/Action
June 13, 2024	Board (Davis)	<ul style="list-style-type: none"> • Re/Appointment of Members to Community Advisory Committee (Annual) • Mid-Year 2024 Financial Update • Legislative update provided by Pacific Policy Group 	<ul style="list-style-type: none"> • Action • Information • Information
June 27, 2024	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Power Procurement / Renewable Portfolio Standard Update 	<ul style="list-style-type: none"> • Information
July 11, 2024	Board UC Davis – CA Lighting Technology Center, Davis	<ul style="list-style-type: none"> • Status of SACOG Grant – Electrify Yolo • Customer Participation Update (2nd Quarter 2024) • Resource Adequacy “Slice of Day” update • Updated VCE Financial Reserve Policy and Dividend Program Guidelines 	<ul style="list-style-type: none"> • Information/Discussion/Action • Information • Information/Discussion • Action
July 25, 2024	Advisory Committee	<ul style="list-style-type: none"> • NO MEETING* 	

*No meeting unless an urgent matter needs to be addressed

	(Woodland)		
August 8, 2024	Board (Davis)	<ul style="list-style-type: none"> • NO MEETING* 	
August 22, 2024	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Customer Participation Update (2nd Quarter 2024) • Outreach and Marketing Plan update 	<ul style="list-style-type: none"> • Information • Discussion/Action
September 12, 2024	Board (Woodland)	<ul style="list-style-type: none"> • Certification of 2023 Power Content Label (Annual) • Enterprise Risk Management Update (Bi-annual) • Treasurer’s report • Outreach and Marketing Plan update 	<ul style="list-style-type: none"> • Action • Information • Information • Discussion/Action
September 26, 2024 CANCELLED	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • MEETING CANCELLED DUE TO LACK OF AGENDA ITEMS 	<ul style="list-style-type: none"> • Information
October 10, 2024 Scheduled to begin at 4 p.m.	Board (Davis)	<ul style="list-style-type: none"> • Update on SACOG Grant – Electrify Yolo • 2024 Operating Budget Update and 2025 preliminary Operating Budget • Customer Participation Update (3rd Quarter 2024) • Legislative End of Session Update 	<ul style="list-style-type: none"> • Information • Information • Information • Information
October 24, 2024	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Customer Participation Update (3rd Quarter 2024) • Legislative End of Session Update • Draft 2025 Legislative and Regulatory Platform • Electric Vehicle Rebate Program (Phase 2) (placeholder) • Recommend participation in Hourly Flex Pricing Pilots AgFIT and Vehicle to Grid Integration 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action • Discussion/Action • Discussion/Action
November 14, 2024	Board (Woodland)	<ul style="list-style-type: none"> • 2025 Operating Budget Update • 2025 Legislative and Regulatory Platform • Electric Vehicle Rebate Program (Phase 2) (placeholder) • Participation in Hourly Flex Pricing Pilots AgFIT and Vehicle to Grid Integration 	<ul style="list-style-type: none"> • Information/Discussion • Discussion/Action • Action • Discussion/Action
November 28, 2024 November 21, 2024 (rescheduled to November 21 due to Thanksgiving holiday on Nov. 28th)	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • GHG Free Attributes • 2025 Budget Update/Preview • Review and finalize CAC Task Group Year-end Reports 	<ul style="list-style-type: none"> • Discussion/Action • Information • Discussion/Action
December 12, 2024	Board (Davis)	<ul style="list-style-type: none"> • Approve 2025 Operating Budget (Annual) and 2025 Customer Rates 	<ul style="list-style-type: none"> • Discussion/Action

*No meeting unless an urgent matter needs to be addressed

		<ul style="list-style-type: none"> • Certification of 2023 Power Content Label • GHG Free Attributes • Receive VCE Grant/Program activity summary • Receive CAC Year-end Task Group Reports 	<ul style="list-style-type: none"> • Action • Action • Information • Information
<p>December 26, 2023 December 19, 2024 (rescheduled to December 19 due to Christmas holiday on Dec. 25th)</p>	Advisory Committee (Davis)	<ul style="list-style-type: none"> • 2025 CAC Task Group(s) formation (Annual) • Power Procurement / Renewable Portfolio Standard Update • Receive Board Staff Report on 2023 Power Content Label (PCL) Certification and 2023 PCL Outreach (placeholder) • Election of Officers for 2025 (Annual) 	<ul style="list-style-type: none"> • Discussion/Action • Information • Information • Nominations
January 9, 2025	Board (Woodland)	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual - new Members only) • Election of Officers for 2025 (Annual) • Customer Participation Update (4th Quarter 2024) • 2024 Year in review: Customer Care & Marketing 	<ul style="list-style-type: none"> • Action • Nominations • Information • Information
January 23, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Rates/Budget 2025 Update • Customer Participation Update (4th Quarter 2024) • Review 2025 Task Group “Charges” 	<ul style="list-style-type: none"> • Information • Information • Discuss/Action

PLEASE NOTE: *April 28-30, 2025: CalCCA Annual Conference in Irvine, California/More information will be provided as received*

CAC PROPOSED FUTURE TOPICS Topics and Discussion dates may change as needed	<u>ESTIMATED MEETING DATE(S)</u>
Electric Vehicle Rebate Program – Phase 2	Oct. 2024 (Board in Nov. 2024) placeholders
Inflation Reduction Act (IRA) opportunities	TBD
Regionalization (Information)	TBD
Self Generation Incentive Program (SGIP)	TBD
Agri-voltaics (for information only)	TBD
Status of Net Billing Tariff (NBT)/Solar Billing Plan (SBP) (as needed)	
Legislative Items (as needed)	

*No meeting unless an urgent matter needs to be addressed

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Board of Directors

FROM: Edward Burnham, Finance and Operations Director / Treasurer
Mitch Sears, Executive Officer

SUBJECT: Monthly Treasurer’s Report (Informational Item) – August 31, 2024

DATE: October 10, 2024

RECOMMENDATION:

Accept the Treasurer’s report on VCE’s cash, investments, debt, and unaudited financial statements (with comparative year to date information) and Actual vs. Budget year to date for month ending August 31, 2024.

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 August 31, 2024.

Financial Statements for the period August 1, 2024 – August 31, 2024

In the Statement of Net Position, VCE, as of August 31, 2024, has a total of \$46,822,280 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On August 31, 2024, VCE’s net position was \$54,130,963.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$11,962,671 of revenue (net of allowance for doubtful accounts), of which \$11,613,196 was billed in August, and \$7,040,765 represents estimated unbilled revenue. The cost of electricity for the August revenue totaled \$12,576,087. For August, VCE’s gross margin was approximately -10% and the net loss totaled (\$1,529,748). The year-to-date change in net position was \$17,707,787.

In the Statement of Cash Flows, VCE cash flows from operations were \$11,962,671 due to August cash receipts of revenues being less than the monthly cash operating expenses.

Bank Account Balances (as of 7/31/2024):

Operating Account:	\$	24,283,905
Insured Cash Sweep Account:	\$	23,840,144
Debt Service Account:	\$	1,100,000
<u>CAISO Operational Account:</u>	<u>\$</u>	<u>3,123,984</u>
Total Cash on Deposit	\$	52,348,033

Note: VCE receives 4.45% interest earnings for the average balance on the ICS account and CAISO operational account equal to the Local Agency Investment Fund (LAIF) state investments rate. August 2024 earnings were \$78,162.

VCE's Outstanding Loan Balances (as of 7/31/2024):

Valley Clean Energy Alliance has available at the financial institution a line of credit totaling \$11,000,000 with a \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding at the close of business on August 31, 2024 was \$0. VCE has issued, but undrawn, letters of credit for a total of \$3,897,000 for regulatory and power purchase requirements.

Actual vs. Budget Variances for the year to date ending August 31, 2024

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

- Electric Revenue – (\$1,747,822) and -2% – Unfavorable variance due to retail load variance lower than forecasted due to mild and wet winter and lower spring temperatures reducing agriculture and residential revenues compared to forecast.
- Purchased Power – \$1,063,351 and 13% – Favorable mainly due to lower load due to mild and wet winter, lower energy prices, and lower spring temperatures reducing agriculture and residential usage compared to forecast.
- CC Power Fees - \$53,010 and 88% - Favorable due to timing delay on annual dues that will be paid in future months.
- Reimbursable Revenues \$503, (AgFIT) – Unfavorable Variance - Reimbursable AgFIT revenues and associated program costs are expected later this year resulting in budget timing differences.
- General Programs Costs \$613,000 – Favorable Variance – Budgeted program costs are amortized for the year resulting in timing differences.
- AgFIT Programs Costs \$321,743 (AgFIT) – Favorable Variance – Program costs are expected later this year resulting in budget timing differences.

Attachments:

- 1) Financial Statements (Unaudited) August 1, 2024 to August 31, 2024 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending August 31, 2024



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2024

PREPARED ON OCTOBER 2, 2024

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
August 31, 2024
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$	46,822,280
Accounts receivable, net of allowance		15,507,076
Accrued revenue		7,040,765
Prepaid expenses		2,068,679
Inventory - Renewable Energy Credits		-
Other current assets and deposits		4,728,934
Total current assets		76,167,734

Restricted assets:

Debt service reserve fund		1,100,000
Total restricted assets		1,100,000
TOTAL ASSETS	\$	77,267,734

LIABILITIES

Current liabilities:

Accounts payable	\$	349,147
Accrued payroll		87,583
Interest payable		-
Due to member agencies		(1,723)
Accrued cost of electricity		18,801,028
Other accrued liabilities		2,058,388
Security deposits - energy supplies		1,800,000
User taxes and energy surcharges		42,349
TOTAL LIABILITIES	\$	23,136,771

NET POSITION

Net position:

Local Programs Reserve	\$	840,000
Restricted		1,100,000
Unrestricted		52,190,963
TOTAL NET POSITION	\$	54,130,963

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
August 31, 2024
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING August 31, 2024	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 11,962,671	\$ 72,453,649
Other revenue	-	-
TOTAL OPERATING REVENUES	11,962,671	72,453,649
OPERATING EXPENSES		
Cost of electricity	12,576,087	50,688,649
Contract services	802,608	2,207,839
Staff compensation	118,076	1,096,993
General, administration, and other	73,809	1,268,900
TOTAL OPERATING EXPENSES	13,570,581	55,262,382
TOTAL OPERATING INCOME (LOSS)	(1,607,910)	17,191,267
NONOPERATING REVENUES (EXPENSES)		
Interest income	78,162	516,521
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	78,162	516,521
CHANGE IN NET POSITION	(1,529,748)	17,707,787
Net position at beginning of period	19,237,535	36,423,176
Net position at end of period	\$ 17,707,787	\$ 54,130,963

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
August 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING August 31, 2024	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 11,962,671	\$ 72,453,649
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	533,470	
Payments for contract services, general, and administration	(876,417)	(3,476,740)
Payments for member agency services	-	-
Payments for staff compensation	(118,076)	(1,096,993)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	11,501,647	67,879,916
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	78,162	516,521
Net cash provided (used) by investing activities	78,162	516,521
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	11,579,809	68,396,436
Cash and cash equivalents at end of period	36,342,470	28,579,933
	47,922,280	96,976,370
Cash and cash equivalents included in:		
Cash and cash equivalents	46,822,280	95,876,370
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	\$ 47,922,280	\$ 96,976,370

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
August 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING August 31, 2024</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,607,910)	\$ 5,613,073
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	(2,190,732)	(593,095.56)
(Increase) decrease in accrued revenue	497,220	313,839.15
(Increase) decrease in prepaid expenses	(4,732)	(5,880.34)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	(15,670)	15,756.69
Increase (decrease) in accounts payable	10,883	(54,547.41)
Increase (decrease) in accrued payroll	16,726,201	(25,888.91)
Increase (decrease) in due to member agencies	-	5,855.40
Increase (decrease) in accrued cost of electricity	(2,135,934)	(1,645,382.32)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	201,259	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	-	-
Increase (decrease) in user taxes due to other governments	21,062	16,094.60
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 11,501,648	\$ 3,639,825

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 08/31/2024

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 72,969,699	\$ 75,164,000	\$ (2,194,301)	-3%
Electric Revenue	\$ 72,453,178	\$ 74,201,000	\$ (1,747,822)	-2%
Interest Revenues	\$ 516,521	\$ 350,000	\$ 166,521	48%
Reimbursable Revenues	\$ -	\$ 613,000	\$ (613,000)	-100%
Purchased Power	\$ 50,688,649	\$ 51,752,000	\$ (1,063,351)	-2%
Purchased Power Base	\$ 50,688,649	\$ 49,287,000	\$ 1,401,649	3%
Purchased Power Contingency 5%	\$ -	\$ 2,465,000	\$ (2,465,000)	-100%
Labor & Benefits	\$ 1,084,462	\$ 1,088,000	\$ (3,538)	0%
Salaries & Wages/Benefits	\$ 892,382	\$ 896,000	\$ (3,618)	0%
Contract Labor	\$ 108,758	\$ 136,000	\$ (27,242)	-20%
Human Resources & Payroll	\$ 83,323	\$ 56,000	\$ 27,323	49%
Office Supplies & Other Expenses	\$ 193,598	\$ 217,100	\$ (23,502)	-11%
Technology Costs	\$ 55,397	\$ 25,600	\$ 29,797	116%
Office Supplies	\$ 7,864	\$ 8,000	\$ (136)	-2%
Travel	\$ 20,501	\$ 23,500	\$ (2,999)	-13%
CalCCA Dues	\$ 100,856	\$ 96,000	\$ 4,856	5%
CC Power	\$ 6,990	\$ 60,000	\$ (53,010)	-88%
Memberships	\$ 1,990	\$ 4,000	\$ (2,010)	-50%
Contractual Services	\$ 1,403,040	\$ 1,509,200	\$ (106,160)	-7%
Other Contract Services (e.g. IRP)	\$ -	\$ 23,000	\$ (23,000)	-100%
Don Dame	\$ 2,624	\$ 14,400	\$ (11,776)	-82%
Wholesale Energy Services (TEA)	\$ 561,552	\$ 546,000	\$ 15,552	3%
2030 100% Renewable & Storage	\$ -	\$ 20,000	\$ (20,000)	-100%
Customer Support Call Center	\$ 516,092	\$ 536,000	\$ (19,908)	-4%
Operating Services	\$ 57,912	\$ 40,000	\$ 17,912	45%
Commercial Legal Support	\$ 6,488	\$ 16,000	\$ (9,513)	-59%
Legal General Counsel	\$ 32,724	\$ 56,000	\$ (23,276)	-42%
Regulatory Counsel	\$ 90,393	\$ 136,000	\$ (45,607)	-34%
Joint CCA Regulatory counsel	\$ 45,471	\$ 12,800	\$ 32,671	255%
Legislative - (Lobbyist)	\$ 49,500	\$ 46,000	\$ 3,500	8%
Accounting Services	\$ (5,855)	\$ 2,000	\$ (7,855)	-393%
Financial Consultant	\$ -	\$ 16,000	\$ (16,000)	-100%
Audit Fees	\$ 46,140	\$ 45,000	\$ 1,140	3%
Marketing	\$ 147,879	\$ 200,000	\$ (52,121)	-26%
Marketing Collateral	\$ 147,879	\$ 192,000	\$ (44,121)	-23%
Community Engagement Activities & Sponsorships	\$ -	\$ 8,000	\$ (8,000)	-100%
Programs	\$ 614,548	\$ 1,452,000	\$ (837,452)	-58%
Program Costs (Rebates, Incentives, etc.)	\$ 96,291	\$ 600,000	\$ (503,709)	-84%
AG Fit	\$ 518,257	\$ 840,000	\$ (321,743)	-38%
PIPP Program	\$ -	\$ 12,000	\$ (12,000)	-100%
Rents & Leases	\$ 39,780	\$ 32,800	\$ 6,980	21%
Hunt Boyer Mansion	\$ 39,780	\$ 16,800	\$ 22,980	137%
Lease Improvement	\$ -	\$ 16,000	\$ (16,000)	-100%
Other A&G	\$ 349,830	\$ 375,200	\$ (25,370)	-7%
Development - New Members	\$ -	\$ 16,800	\$ (16,800)	-100%
Strategic Plan Implementation	\$ 786	\$ 51,200	\$ (50,414)	-98%
PG&E Data Fees	\$ 176,740	\$ 192,000	\$ (15,260)	-8%
Insurance	\$ 34,271	\$ 32,000	\$ 2,271	7%
Banking Fees	\$ 138,032	\$ 83,200	\$ 54,832	66%
Miscellaneous Operating Expenses	\$ 754	\$ 8,000	\$ (7,246)	-91%
Contingency	\$ -	\$ 160,000	\$ (160,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 61,490,468	\$ 56,794,300	\$ 4,696,168	8%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	100%
NET INCOME	\$ 11,479,231	\$ 18,369,700	\$ (6,890,469)	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: October 10, 2024

Pacific Policy Group, VCE's lobby services consultant, continues to work with Staff and the Community Advisory Committee's Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

The 2024 legislative session is all wrapped up as the Governor concluded his signing and vetoing of bills on September 30. The Governor's veto rate was about 16%, with many of his veto messages reflecting the heavily negotiated budget did not plan for the bill in question. With only a couple of days to go, Governor Newsom signed AB 3264 (Petrie-Norris), which broadens the requirement of the CPUC to triennially report on energy efficiency and conservation programs to also include all demand-side management programs it oversees or that are paid for by ratepayers of CCAs, electric IOUs, or gas IOUs.

While the 2024 legislative session may be all done, there is still plenty of action occurring in Sacramento. On the final day the Legislature was working, Governor Newsom called for a special session to consider his policy proposal requiring oil refiners to keep a reserve. The Assembly agreed to a special session and worked through the latter half of September to vet the Governor's proposal. Introduced as ABXX 1 (Hart), the Governor's priority was discussed in two informational hearings, a bill hearing, and finally passed by the Assembly Floor on October 1. Senate Pro Tem McGuire has indicated the Senate will enter into special session on October 11 to begin its own process of discussing the bill.

Lastly, the Governor has set an expectation for some action this fall aimed at reducing electricity prices with further policy proposals to be included in his budget release in early January. At a recent bill signing event, the Governor said he would take an initial step on rates "in the next few weeks" and then a "more permanent and substantive action" in the January budget dealing with the California Public Utilities Commission.

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VCE staff, the LRTG and PPG examined the following bills throughout the Legislative session:

1. AB 3264 (Petrie-Norris) Demand-Side Management Program

Summary: Would require the Public Utilities Commission (PUC), in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission), to develop a framework for assessing, tracking, and analyzing total annual energy costs paid by residential households in California, as specified. The bill would authorize the PUC to use the framework for purposes of evaluating any request by an electrical corporation and gas corporation to track new spending eligible for recovery or to adjust a revenue requirement. The bill would require the PUC to submit a report to the Legislature containing the framework and certain information. The bill would require large electrical corporations, as defined, and large gas corporations, as defined, by January 1, 2026, and each year thereafter, to publish on their internet websites and provide to the PUC a visual representation of certain cost categories included in residential electric or gas rates for the succeeding calendar year.

Additional Information

- Status: Signed by the Governor
- VCE Position: Watch
- Bill language: [AB 3264](#)

2. AB 3121 (Petrie-Norris) Public utilities: incentive programs

Summary: Current law establishes the Multifamily Affordable Housing Solar Roofs Program. Current law requires the Public Utilities Commission (PUC), as part of the program, to authorize the award of monetary incentives for qualifying solar energy systems, as defined, that are installed on multifamily residential properties of at least 5 rental housing units that are operated to provide deed-restricted low-income residential housing, as defined, and that meet one or more specified requirements, as provided. Current law requires the PUC to annually authorize the allocation of \$100,000,000 or 66.67% of available funds, whichever is less, beginning with the fiscal year commencing July 1, 2016, and ending with the fiscal year ending June 30, 2020, to the program from certain greenhouse gas allowance revenues received by electrical corporations and set aside for clean energy and energy efficiency projects, as provided. Current law requires the PUC to continue authorizing the allocation of these funds through June 30, 2026, if the PUC determines that revenues are available after 2020 and that there is adequate interest and participation in the program. Current law requires the PUC to evaluate the program every 3 years and requires the PUC to make necessary adjustments to the program to ensure that the goals of the program are being met, as specified. Current law authorizes the PUC to credit uncommitted funds back to ratepayers if the PUC, upon review, finds that there is insufficient participation in the program. This bill would require the PUC to credit no more than 1/2 of the program funds that are unencumbered as of January 1, 2025, back to the residential retail customers of electrical corporations, as specified.

Additional Information

- Status: The bill failed to pass the Legislature and is dead.
- VCE Position: Watch
- Bill language: [AB 3121](#)

3. AB 2368 (Petrie-Norris) Reliability

Summary: Existing law requires the Independent System Operator to ensure the efficient use and reliable operation of the transmission grid, as provided. This bill would authorize the PUC, in coordination with the Independent System Operator, to establish resource adequacy requirements that is sufficient to maintain a one-day-in-10-year loss of load expectation. The bill also directs the CAISO to evaluate outages for insufficient generation procurement and report the findings and procurement recommendations to the PUC, CEC, and Legislature.

Additional Information

- Status: Signed by the Governor
- VCE Position: Watch.
- Bill language: [AB 2368](#)

4. AB 1999 (Irwin) Income Graduated Fix Charge (IGFC)

Summary: Current law requires the CPUC, no later than July 1, 2024, to authorize a fixed charge for default residential rates that are to be established on an income-graduated basis, with no fewer than 3 income thresholds, so that low-income ratepayers in each baseline territory would realize a lower average monthly bill without making any changes in usage. This bill would repeal the provisions described in the preceding sentence and would instead permit the commission to authorize fixed charges that, as of January 1, 2015, do not exceed \$5 per residential customer account per month for low-income customers enrolled in the California Alternate Rates for Energy (CARE) program and that do not exceed \$10 per residential customer account per month for customers not enrolled in the CARE program. The bill would authorize these maximum allowable fixed charges to be adjusted by no more than the annual percentage increase in the Consumer Price Index for the prior calendar year, beginning January 1, 2016.

In 2021, the Legislature passed AB 205, a budget trailer bill that enacted a number of energy related policies including the California Arrearage Payment Program, a new site certification process at the CEC, creation of the Strategic Reliability Reserve, an authorization to extend several once-through cooling plants, and an authorization for the CPUC to adopt new fixed charges on an income-graduated scale. The outcry from the public has emerged regarding an income-graduated fix charge as the CPUC has been working through its proceeding, and state legislators have been hearing from their constituents. AB 1999 is in response to the uproar, but it's a challenging position for legislators as many, including the author and many of the coauthors, voted for AB 205 back in 2021. The impact of the proposed IGFC on residential customers is that it appears to impact medium and low-income customers at a higher rate than anticipated, thus having the potential to impose a significant financial and affordability burden.

The bill had been in the possession of the Assembly Utilities & Energy Committee but was then pulled back to the Rules Committee, which is a move by the Assembly leadership to sit on the bill. However, Assembly leadership allowed the author to amend the bill to impose a five-year sunset on the IGFC. The bill passed the Assembly U&E Committee but was then held by Assembly Appropriations and the bill is now dead. The PUC's announced proposed decision to align the IGFC with one SMUD imposes took the wind out of the sails with IGFC related bills.

Additional Information

- Status: The bill was held by the Assembly Appropriations Committee and is now dead.

- VCE Position: Watch
- Bill language: [AB 1999](#)

5. AB 2666 (Boerner) Public Utilities Rate of Return

Summary: Current law authorizes the Public Utilities Commission to fix the rates and charges for every public utility, including electrical and gas corporations, and requires those rates and charges to be just and reasonable. This bill would require the commission, following each general rate case, to review which costs, if any, each electrical corporation or gas corporation was able to reduce to achieve profits and to adjust the authorized revenue requirement in the attrition years or in the subsequent general rate case, as appropriate, based on the actual past costs the corporation records. The bill would require the commission to establish guidelines for electrical corporations and gas corporations to calculate and report annually their actual rates of return to the commission.

The original version of this bill required investor-owned utilities (IOUs) to return to ratepayers any revenue received by the IOUs above their authorized rate of return. The bill now requires the CPUC to evaluate how IOUs are achieving cost savings against their projected costs provided in a General Rate Case (GRC) and authorizes the CPUC to either reduce the rate of return in a subsequent GRC.

Additional Information

- Status: Signed by the Governor
- VCE Position: Watch
- Bill language: [AB 2666](#)

6. AB 817 (Pacheco) Brown Act Exemption for Subsidiary Bodies

Summary: This bill, until January 1, 2026, would authorize a subsidiary, defined as a legislative body that serves exclusively in an advisory capacity and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, to meet remotely and be exempt from the Brown Act requirements for notice, agenda, and public participation. In order to use the exemption, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to authorize, majority vote, the subsidiary body to use remote meetings before for the first time and every 12 months thereafter.

Additional Information

- Status: The bill was held in Senate Local Government and is dead.
- VCE Position: Watch
- CalCCA Position: Support
- Bill Language: [AB 817](#)

7. SB 1305 (Stern) Virtual Power Plant Procurement Mandate

Summary: The bill would require the PUC to adopt virtual power plant (VPP) procurement targets applicable to the IOUs, which would beginning January 30, 2028 and each year

thereafter, be required to file a report with the PUC on its progress toward complying with the virtual power plant procurement targets.

CalCCA had some initial conversations with the author's office and the sponsor, OhmConnect, to discuss the potential for amendments to remove the procurement mandate that had applied to CCAs. The amended version of the bill no longer applies to CCAs but remained one to watch until the author decided to not proceed with the bill being heard in the Senate Energy, Utilities & Communications Committee. The bill is now dead for the session.

Additional Information

- Status: The bill was pulled by the author from the Senate Energy, Utilities & Communications Committee and is now dead.
- VCE Position: Watch
- Bill language: [SB 1305](#)

8. SB 1508 (Stern) Storage Mandate

Summary: Existing law requires the CPUC to adopt a process for each load-serving entity to file an integrated resource plan and a schedule for periodic updates to the plan and to ensure that load-serving entities, among other things, ensure system and local reliability on a near-term, mid-term, and long-term basis and maintain a diverse portfolio of energy resources. This bill would require the commission to ensure that diverse energy storage duration classes are modeled and that energy storage technology that meets an energy storage class's minimum duration requirement is modeled within that class to ensure technology neutrality.

This bill was heavily amended coming out of the Senate Energy, Utilities, & Communications Committee as the original bill that went before the committee included a procurement mandate for long duration energy storage and multiday energy storage systems. The procurement mandate caused some concern but now that the mandate provision has been removed the bill is of less consequence.

Additional Information

- Status: The bill will be heard Appropriations.
- VCE Position: Watch
- Bill language: [SB 1508](#)

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: October 10, 2024

Please find attached Keyes & Fox’s September 2024 Regulatory Memorandum dated October 2, 2024 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 October 2, 2024

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance (VCE) Board of Directors

From: Sheridan Pauker, Partner, Keyes & Fox LLP
Jason Hoyle, Principal Analyst, EQ Research, LLC

Subject: Monthly Regulatory Update

Date: October 2, 2024

Keyes & Fox LLP and EQ Research LLC are pleased to provide VCE's Board of Directors with this informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC) over the past month.

Demand Flexibility

Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and the proceeding may also modify, consolidate, or eliminate existing dynamic rate pilots. Phase 1-Track A established an income-graduated fixed charge (IGFC) for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61). Phase 1-Track B first adopted rate design and demand flexibility principles and then expanded VCE's AgFIT Pilot throughout PG&E distribution territory.

Recent Developments: On September 3, the Energy Division [approved](#) VCE's Advice Letter 17-E implementing the expanded VCE AgFIT pilot and dismissed Public Advocates Office Protest thereto. Also on September 3, the Energy Division approved PG&E's Advice Letters [7222-E-B](#) and [7223-E-B](#), pertaining to PG&E's implementation of the expanded pilots pursuant to D.24-01-032. On September 16, the ALJ issued a [Ruling](#) seeking comments regarding changes to D.24-05-028 (see [Staff recommendations memo](#)) and a proposed additional budget to support the continued development of the tools previously created to improve the calculation of income-graduated fixed charges as well as default residential time-of-use rate structures in Phase 2 of R.22-07-005 ([TOU reform guidance memo](#)). Comments are due September 30 and reply comments are due October 7.

Analysis: The expanded VCE AgFIT pilot to be administered by VCE is authorized to launch on November 1, 2024 and VCE is currently authorized by the Energy Division to commence marketing, education and outreach efforts for this pilot.

Next Steps: The expanded AgFIT pilot is required to begin enrollment in November. A proposed decision on Track B Working Group 1 proposals regarding rate design for marginal generation capacity costs is expected by the end of this year.

Additional Information: ALJ [Ruling](#) (Sep. 16, 2024); [Disposition Letter](#) on VCE AL 17-E (Sep. 3, 2024); PG&E [AL 7223-E-B](#) (Aug. 13, 2024); PG&E [AL 7351-E](#) (Aug. 13, 2024) and [AL 7351-E-A](#) (Sep. 13, 2024); [Letter](#) granting PG&E dynamic rate pilot enrollment extension (May 31, 2024); PG&E [Request](#) for dynamic rate pilot enrollment extension (May 24, 2024); [D.24-05-028](#) (May 15, 2024); VCE [Substitute Sheet](#) AL 17-E (Apr. 18, 2024); PG&E [AL 7222-E-A](#) (Apr. 17, 2024); [D.24-01-032](#) (Jan. 26, 2024); [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [OIR](#) (Jul. 22, 2022); Docket No. [R.22-07-005](#).

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, including legislative mandates, and other matters related to the purchase of renewable energy. This proceeding is the forum for review of VCE's RPS Procurement Plan and RPS Compliance reports.

Recent Developments: On September 5, parties filed reply comments on Retail Sellers' RPS Procurement Plans. Also on September 5, Retail Sellers filed updates to their RPS Procurement Plans. On September 11, the ALJ issued a [Proposed Decision](#) levying a \$500 financial penalty on CleanPowerSF, Direct Energy Business, and Pilot Power Group for non-compliance with the mandatory inclusion of non-modifiable standard terms and conditions in their RPS contracts.

Analysis: The requirement to report compliance with RPS Compliance Period 4 ('21-'24) is upcoming and CCAs will need to ensure all RPS contracts contain such non-modifiable standard terms and conditions well in advance.

Next Steps: Comments on the Proposed Decision are due October 1, reply comments are due October 7, and the proposed decision may be heard, at the earliest, at the Commission's October 17 business meeting. A proposed decision on 2024 RPS Procurement Plans is expected in Q4 2024.

Additional Information: [Proposed Decision](#) (Sep. 11, 2024); VCE [Draft 2024 RPS Procurement Plan](#) (Jul. 22, 2024); PG&E [AL 7332-E](#) (Jul. 22, 2024); Resolution [E-5323](#) on ReMAT rates (Jun. 24, 2024); [Assigned Commissioner's Ruling](#) on 2024 RPS Procurement Plans (May 17, 2024); [Scoping Memo and Ruling](#) (May 9, 2024); ALJ [Ruling](#) (Mar. 7, 2024); [OIR](#) (Feb. 1, 2024); Docket No. [R.24-01-017](#).

RA Rulemaking (2025-2026)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and will address the 2025 and 2026 RA compliance years, local RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework. Track 1 was focused on priority issues including RA capacity requirements, SOD framework implementation, and RA compliance and penalties. Track 2 is focused on Central Procurement Entity (CPE) framework issues, including potential structural modifications, and Track 3 will be focused on remaining RA capacity issues. The Commission issued a decision (D.24-06-004) on Track 1 on June 26, 2024.

Recent Developments: Comments and reply comments on the Commission's revised SOD planning reserve margin (PRM) calculation tool were filed on September 9 and September 16, respectively. The 2025 PRM is 17% and Energy Division's July analysis resulted in a 2026 PRM of 18.5%, as discussed in [PG&E's Comments](#). However, the recent August revisions to the 2026 PRM resulted in a PRM of 26.5% for January through May and 23.5% for June through December. Although the [CAISO's Comments](#) supported the higher PRM level, concerns about the accuracy and cost implications of the higher PRM in the August study were raised in comments by many parties, including [CalCCA](#), [ARem](#), [Protect Our Communities Foundation](#), [SDG&E](#), [SCE](#), [PG&E](#), and the [PAO](#). On September 19, PG&E submitted its 2024 Annual Compliance Report for its Central Procurement Entity (CPE) as [AL 7365-E](#) showing the PG&E CPE has a negative (i.e., under-procurement) net local RA position in all months of the years from 2025-2027. Protests of the advice letter are due October 9.

Analysis: N/A

Next Steps: The first year-ahead SOD showing is due in November 2024. A proposed decision in Track 2 is expected in November 2024.

Additional Information: PG&E [AL 7365-E](#) (Sep. 19, 2024); ALJ [Ruling](#) (Jul. 22, 2024); ALJ [Ruling](#) (Jun. 26, 2024); [D.24-06-004](#) (Jun. 26, 2024); [Scoping Memo and Ruling](#) (Dec. 18, 2023); [OIR](#) (Oct. 16, 2023); Docket No. [R.23-10-011](#).

EV Rates & Infrastructure

Background: This rulemaking is the successor to [R.18-12-006](#) and will focus on issues related to 1) timely energization of electric vehicle (EV) charging, 2) transportation electrification grid planning to support charging infrastructure deployment, 3) deployment of behind-the-meter (BTM) charging infrastructure to support state goals, 4) vehicle-grid integration (VGI), and 5) ongoing transportation electrification policy development and collaboration.

Recent Developments: On September 13, PG&E filed its Vehicle-Grid Integration Strategies [Semi-Annual Report](#), which outlines the utility's vehicle-grid integration activities from January 1 to June 30, 2024.

Analysis: N/A

Next Steps: There is no current procedural schedule for this proceeding.

Additional Information: PG&E [Semi-Annual VGI Report](#) (Sep. 13, 2024); [Resolution E-5326](#) (Jul. 17, 2024); [Letter](#) granting extension (Jun. 5, 2024); ALJ [Ruling](#) (Jun. 3, 2024); [Vehicle-Grid Integration Forum Report](#) (May 21, 2024); [Resolution E-5314](#) (Apr. 19, 2024); [Scoping Memo and Ruling](#) (Apr. 12, 2024); [Draft Resolution E-5314](#) (Mar. 8, 2024); ALJ [Ruling](#) (Dec. 27, 2023); [OIR](#) (Dec. 20, 2023); Docket No. [R.23-12-008](#).

IRP Rulemaking

Background: This proceeding governs the biennial Integrated Resource Plan (IRP) process, including load serving entity (LSE) procurement requirements, the establishment of a variety of state- and LSE-level load and procurement forecasts, greenhouse gas (GHG) reduction targets, and ongoing reliability obligations.

Recent Developments: On September 12, the ALJ issued a [Ruling](#) seeking comments on proposed electricity resource portfolios for CAISO's 2025-2026 transmission planning process (TPP). Comments on the Ruling were filed September 30 and reply comments are due October 7. On September 17, the CPUC issued [D.24-09-006](#) allowing the use of short-term bridge resources for temporary, alternative compliance with the Diablo Canyon replacement resource category procurement requirement in D.21-06-035.

Analysis: The [proposed base case portfolio](#) in the ALJ TPP Ruling is designed to be similar to the 2024-2025 TPP base case, with the same policy assumptions. It incorporates the 25 MMT by 2035 GHG emissions target, includes the resources from individual load-serving entity IRPs submitted in November 2022, and uses the same resource baseline and modeling inputs and assumptions. D.24-09-006 permits the use of short-term contracts for zero greenhouse gas or RPS-eligible resources for up to three years beyond the D.21-06-035 compliance deadline of June 1, 2025.

Next Steps: By March 1, 2025, the CPUC may request that DWR exercise the centralized procurement mechanism. VCE's next IRP filing is due November 1, 2025.

Additional Information: [D.24-09-006](#) (Sep. 17, 2024); ALJ [Ruling](#) (Sep. 12, 2024); [D.24-08-064](#) on central procurement of LLT resources (Aug. 29, 2024); [Proposed Decision](#) on bridge resources (Aug. 9, 2024); ALJ [Ruling](#) (May 21, 2024); [Amended Scoping Memo and Ruling \(Correction/Clarification\)](#) (Apr. 18, 2024); [D.24-02-047](#) (Feb. 20, 2024); [D.23-12-014](#) (Dec. 19, 2023); [D.23-02-040](#) on Procurement (Feb. 28, 2023); Docket No. [R.20-05-003](#).

Diablo Canyon Cost Recovery

Background: This proceeding will establish rates effective January 1, 2025 to recover the forecast costs associated with extended operations of the Diablo Canyon Power Plant (DCPP) during the September 2023-December 2025 time period. Customers across the state – including CCA customers - will pay for the costs of extended operations at DCPP, and will be allocated the resource adequacy (RA) and greenhouse gas (GHG)-free benefits associated with those operations. PG&E proposes, in its application, certain changes to the allocation of RA and GHG-free benefits to load serving entities (LSEs). It also proposes specific uses for the volumetric performance fee revenue it will collect from customers in 2025.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: Opening briefs are due October 1, market price benchmarks will be issued on October 1, reply briefs are due October 21, and a proposed decision is expected in November 2024.

Additional Information: PG&E [AL 7295-E-A](#) (Aug. 30, 2024); ALJ [Ruling](#) (Aug. 27, 2024); ALJ [Ruling](#) (Aug. 15, 2024); [Scoping Memo and Ruling](#) (Jun. 18, 2024); PG&E [AL 7295-E](#) (Jun. 12, 2024); ALJ [Ruling](#) (May 15, 2024); [Amended Application](#) (Apr. 8, 2024); [Application](#) (Mar. 29, 2024); Docket No. [A.24-03-018](#).

Microgrids

Background: This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), requiring the commercialization of microgrids for distribution customers of the large IOUs. The initial three tracks have concluded, and Track 4 and Track 5 address the establishment of a Microgrid Incentive Program (MIP), potential contributions that microgrids can make to mitigating capacity shortages in the near-term, the development of a multi-property microgrid framework, and examination of the value of resiliency from microgrids.

Recent Developments: On September 17, the CPUC issued a [Proposed Decision](#) (PD) adopting implementation rules for multi-property microgrid tariffs and closing the proceeding. The PD may be heard as early as the November 7 Commission meeting. Comments on the PD are due October 7 and reply comments are due October 14.

Analysis: The PD would adopt a multi-property microgrid tariff for PG&E, SDG&E, and SCE, in compliance with SB 1339 (Stern, Stats. 2018, Chapter 566), that does not shift costs to ratepayers. The PD's adopted tariff is a modified version of the Joint IOUs' multi-property microgrid tariff proposal. The tariff must be used by non-utility microgrids deployed through the Microgrid Incentive Program, which supports disadvantaged and vulnerable communities that are impacted by grid outages and may otherwise be unable to deploy a multi-property microgrid project without facing substantial capital costs.

Next Steps: This proceeding will conclude following the approval of the proposed decision.

Additional Information: [Proposed Decision](#) (Sep. 17, 2024); PG&E [AL 7042-E-B](#) (Jul. 23, 2024); CALSSA [PFM](#) (Jun. 11, 2024); [Order](#) denying Joint Application for Rehearing (Apr. 19, 2024); ALJ [Ruling](#) (Mar. 27, 2024); Microgrid Resources Coalition [proposal](#), Green Power Institute [proposal](#), Clean Coalition [proposal](#) (Dec. 15, 2023); PG&E [MIP Handbook](#) (Oct. 12, 2023); [Scoping Memo and Ruling](#) (Jul. 18, 2023); [D.23-04-034](#) on Microgrid Incentive Program Implementation (Apr. 14, 2023); Docket No. [R.19-09-009](#).

Provider of Last Resort Rulemaking

Background: A Provider of Last Resort (POLR) is the utility or other entity that has the obligation to serve all customers (PG&E currently serves in this role for VCE's service area). Phase 1 of this proceeding concluded in April 2024 and addressed POLR service requirements, cost recovery, and options to maintain GHG emission reductions in the event of an unplanned customer migration to the POLR. Phase 2 will build on Phase 1 to set the requirements and application process for non-IOU entities to serve as the POLR. Phase 3 will address specific issues not resolved in Phase 1 or 2.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: A Phase 2 scoping memo is expected soon. The first revised FSR posting under this Decision is due March 1, 2025, and subsequent FSR postings are due July 1 and January 1 of each year.

Additional Information: ALJ [Ruling](#) (Aug. 6, 2024); Joint CCA [Advice Letter](#) on new registration (Jul. 17, 2024); [Joint CCA Advice Letter](#) on financial modeling and reporting guidelines (Jul. 1, 2024); [D.24-04-009 / Appendix](#) (Apr. 22, 2024); [Amended Scoping Ruling and Memo](#) (Jun. 19, 2023); [OIR](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

PG&E 2023 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including functionalizing costs into categories such as electric distribution or generation, and impact the costs recovered through rates from customers (e.g., bundled, unbundled, or both) for a set period (in this case, 2023-2026).

Recent Developments: The Commission's Safety Policy Division [intends](#) to request feedback on a series of questions related to the SB 884 Program Guidelines regarding undergrounding. The Division anticipates sending the questions during the week of September 30 and responses will be due 21 days later. On September 25, the ALJ issued a [Ruling](#) transferring the Commission's review of the cost cap for PG&E's Electric Capacity and New Business Interim Memorandum Account (as authorized in D.24-07-008) to the Energization docket (R.24-01-018). Comments on the proposed transfer are due October 4.

Analysis: N/A

Next Steps: PG&E's Phase 2 GRC was filed on September 30.

Additional Information: ALJ [Ruling](#) (Sept. 25, 2024); [D.24-07-008](#) (Jul. 16, 2024); [Case Management Statement](#) (Feb. 26, 2024); [Third Amended Scoping Memo and Ruling](#) (Dec. 22, 2023); [D.23-11-069 / Appendices](#) (Nov. 17, 2023); [Second Amended Scoping Memo and Ruling](#) (Oct. 10, 2023); [Illustrative rates](#) (Sep. 27, 2023); [Scoping Memo and Ruling](#) (Sep. 5, 2023); PG&E's [Amended Application](#) (Mar. 10, 2022); [PG&E Application](#) (Jun. 30, 2021); Docket No. [A.21-06-021](#).

PG&E 2023 Phase 2 GRC

Background: Phase 2 General Rate Case (GRC) proceedings determine PG&E's marginal cost of service and revenue requirement allocation among customer classes for a set period (in this case, 2023-2026).

Recent Developments: PG&E filed its Phase 2 GRC [Application](#) on September 30.

Analysis: In the Application, PG&E proposes to move towards full-cost revenue allocation over the next four years for all customer classes except the Business Electric Vehicle class, and it states that most customer classes will not experience an increase greater than 1.2% per year and others will have offsetting reductions.

Next Steps: Following protests and interventions, a status conference will be held, which will be followed by issuance of a procedural schedule.

Additional Information: [Application](#) (Sep. 30, 2024); Docket No. [A.24-09-014](#).

PG&E 2024 ERRA Forecast

Background: The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other non-bypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates. The April 2 [Scoping Memo and Ruling](#) consolidated all three major IOUs' ERRA forecast proceedings for the sole purpose of addressing issues related to the definition of and accounting for "fixed generation costs" in a Track 2.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: Intervenor testimony in Track 2 is due October 8, rebuttal testimony is due November 22, a status conference is set for December 3, and evidentiary hearings may be held, if needed, in January 2025. A proposed decision is expected in March 2025.

Additional Information: ALJ [Ruling](#) on Track 2 schedule (May 1, 2024); Joint CCA [Motion](#) (Apr. 26, 2024); IOU [Motion](#) (Apr. 25, 2024); [Scoping Memo and Ruling](#) (Apr. 2, 2024); [Joint Prehearing Conference Statement](#) (Mar. 26, 2024); PG&E [AL 7180-E](#) (Feb. 15, 2024); [D.23-12-022](#) (Dec. 19, 2023); ALJ [Ruling](#) (Dec. 18, 2023); ALJ [Ruling](#) (Nov. 20, 2023); [Market Price Benchmarks](#) (Oct. 2, 2023); [Scoping Ruling and Memo](#) (Sep. 15, 2023); ERRA Trigger [Application](#) (Jul. 28, 2023); CalCCA [Protest](#) (Jun. 16, 2023); PG&E 2024 ERRA Forecast [Application](#) (May 15, 2023); Docket No. [A.23-05-012](#).

PG&E 2025 ERRA Forecast

Background: The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other non-bypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

Recent Developments: On September 30, the ALJ ruled that an evidentiary hearing was unnecessary, describing PG&E's proposal to change its common cost allocation methodology a "policy" proposal.

Analysis: N/A

Next Steps: Opening briefs are due October 21, and reply briefs are due October 31. PG&E expects to file its fall update on October 16.

Additional Information: [Joint Case Management Statement](#) (Sep. 27, 2024); [Scoping Memo and Ruling](#) (Aug. 1, 2024); ALJ [Ruling](#) (Jun. 13, 2024); PG&E's [Amended Application](#) (May 24, 2024); PG&E 2025 ERRR Forecast [Application](#) (May 15, 2024); Docket No. [A.24-05-009](#).

PG&E 2021 ERRR Compliance

Background: The annual ERRR Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: A proposed decision was expected in early 2024 but is delayed.

Additional Information: ALJ [Ruling](#) (Nov. 9, 2023); ALJ [Ruling](#) (Sep. 27, 2023); [ALJ Ruling](#) on schedule (Jan. 6, 2023); Assigned Commissioner's [Scoping Memo and Ruling](#) (Aug. 9, 2022); PG&E 2021 ERRR Compliance [Application](#) (Feb. 28, 2022); Docket No. [A.22-02-015](#).

PG&E 2022 ERRR Compliance

Background: The annual ERRR Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: Opening briefs are due October 4. Reply briefs are due October 11.

Additional Information: ALJ [Ruling](#) (Sep. 3, 2024); ALJ [Ruling](#) (Jul. 26, 2024); ALJ [Ruling](#) (May 22, 2024); ALJ [Ruling](#) (May 16, 2024); ALJ [Ruling](#) (Apr. 16, 2024); PG&E and CalAdvocates' [Joint Motion](#) for Settlement (Mar. 7, 2024); CalCCA [Motion](#) (Mar. 1, 2024); ALJ [Ruling](#) (Feb. 15, 2024); ALJ [Ruling](#) (Sep. 25, 2023); [Scoping Memo and Ruling](#) (Jun. 2, 2023); PG&E 2022 ERRR Compliance [Application](#) and [Notice of Availability](#) (Feb. 28, 2023); Docket No. [A.23-02-018](#).

PG&E 2023 ERRR Compliance

Background: The annual ERRR Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: A status conference is scheduled for November 1, opening briefs are due December 19, and a proposed decision is expected by mid-March 2025.

Additional Information: [Scoping Memo and Ruling](#) (Jun. 12, 2024); [Joint Prehearing Conference Statement](#) (Apr. 15, 2024); CalCCA's [Protest](#) (Apr. 5, 2024); PG&E 2023 ERRR Compliance [Application](#) (Feb. 28, 2024); Docket No. [A.24-02-012](#).

Building Decarbonization

Background: This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. [D.20-03-027](#) established the Building Initiative for Low-Emissions Development and the Technology and Equipment for Clean Heating program. [D.21-11-002](#) adopted guiding principles for layering building decarbonization incentives, adopted incentives to help wildfire victims rebuild all-electric, and directed the IOUs to study bill impacts from electrification. The current Phase 4 will consider whether modifications to electric line extension rules would assist under-resourced customers, electric baseline allowance modifications to encourage building decarbonization, and new programmatic approaches to building decarbonization.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: A proposed decision on Phase 4, Track A considerations is expected in Q3 2024 and a Phase 4, Track B staff proposals is expected in Q4 2024, followed by proposed decisions in Q2 2025.

Additional Information: ALJ [Ruling](#) and Track A [Staff Proposal](#) (Jul. 18, 2024); [Scoping Memo and Ruling](#) (Jul. 1, 2024); [OIR](#) (Feb. 8, 2019); Docket No. [R.19-01-011](#).

Utility Safety Culture Assessments

Background: This rulemaking will define safety culture concepts and determine how the safety culture of PG&E and other utilities in California will be assessed and evaluated. The CPUC's Office of Energy Infrastructure Safety will conduct annual wildfire safety-specific assessments of investor-owned utilities as required by AB 1054, and an independent third-party evaluator will conduct safety culture assessments every five years per SB 901. Phase 1 of this proceeding is focused on developing safety culture assessments for the large investor-owned electric and natural gas corporations, and Phase 2 of this proceeding will be focused on developing safety culture assessments for the small multi-jurisdiction utilities and the gas storage operators.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: A proposed decision on Phase 1 is expected later this year.

Additional Information: ALJ [Ruling](#) (Jun. 10, 2024); ALJ [Ruling](#) (May 8, 2023); [Scoping Ruling](#) with procedural schedule (Apr. 28, 2022); [Order Instituting Rulemaking](#) (Oct. 7, 2021); Docket No. [R.21-10-001](#).

Other Dockets

The following table identifies other tracked dockets that are closed or inactive.

Docket	Name	Status
R.23-03-007	Wildfire Fund NBC 2024-2026	The Department of Water Resources' 90-day Notice Regarding 2025 Wildfire Non-Bypassable Charge was submitted on September 6. The 90-day Notice sets the WF NBC for 2025 at \$6.01/MWh, or \$0.00601/kWh - a slight increase from the 2024 WF NBC charge of \$5.61/MWh. The 2025 NBC is expected to generate \$930.1 million in revenue, with \$27.7 million being allocated to make up for the projected undercollection in 2024.
R.17-06-026	PCIA Rulemaking	The proceeding was closed by D.23-06-006 . D.24-08-004 (issued Aug. 2, 2024) denied SCE's Petition for Modification of D.23-06-006 and re-closed the proceeding.
A.22-05-002	Demand Response Programs (2023-2027)	D.24-04-006 , issued April 24, 2024, ended the Demand Response Auction Mechanism (DRAM) pilot programs of PG&E, SCE, and SDG&E and closed the proceeding. The proceeding was re-opened to address the June 27 Petition for Modification filed by Leapfrog Power.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Board of Directors
FROM: Rebecca Boyles, Director of Customer Care & Marketing
SUBJECT: Quarterly Customer Participation Update (Information)
DATE: October 10, 2024

RECOMMENDATION

Receive and review the attached quarterly Customer Participation update reflecting the time period of July 1, 2024 through September 30, 2024 (Quarter 3 2024).

Attachment: Quarterly Report - Customer Participation update

Item 12 – Customer Participation Update

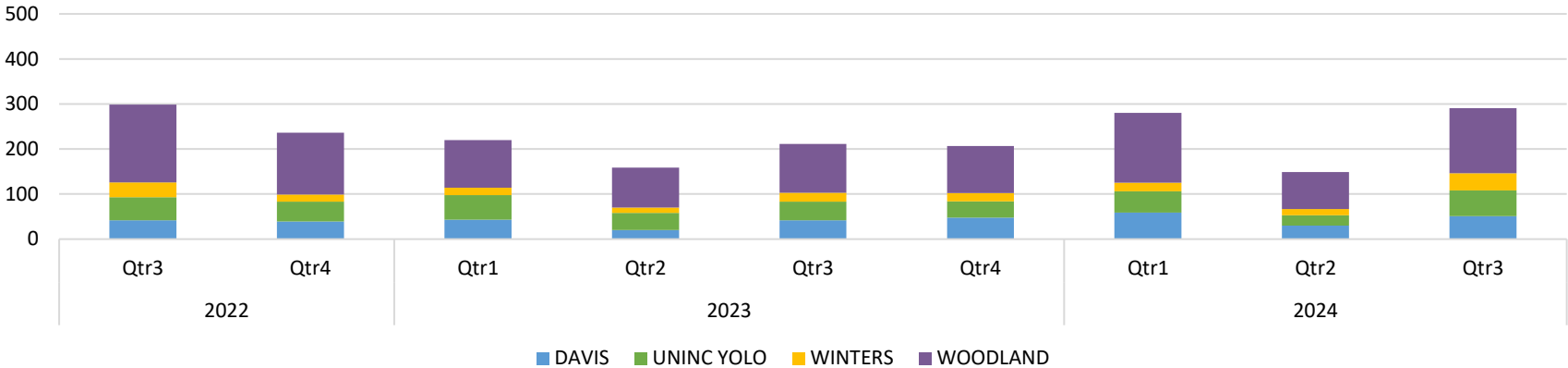
	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	28,076	20,428	2,628	10,783	61,915	53,955	6,015	11	1,934	14,209	47,706
Eligible customers	29,537	24,056	3,099	12,469	69,161	60,238	6,728	11	2,184	16,067	53,094
Participation Rate	95%	85%	85%	86%	90%	90%	89%	100%	89%	88%	90%

% of Load Opted Out

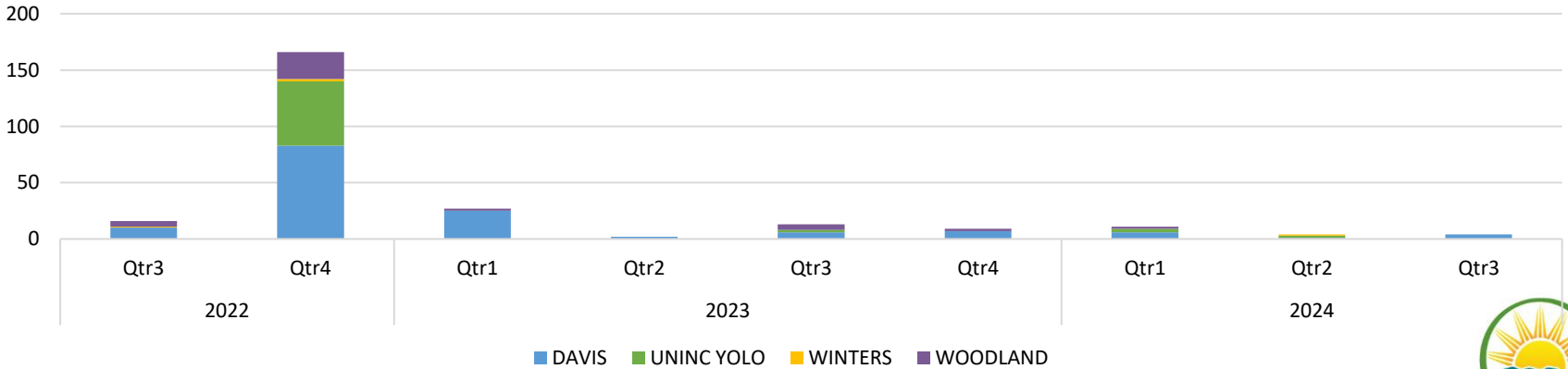
	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	Total
% of Load Opted Out	7%	11%	13%	11%	10%	10%	11%	0%	11%	10%
% of Load Opted Up	3%	1%	0%	1%	1%	0%	3%	0%	0%	1%

Item 12 – Customer Participation Update

Quarterly Opt-Outs



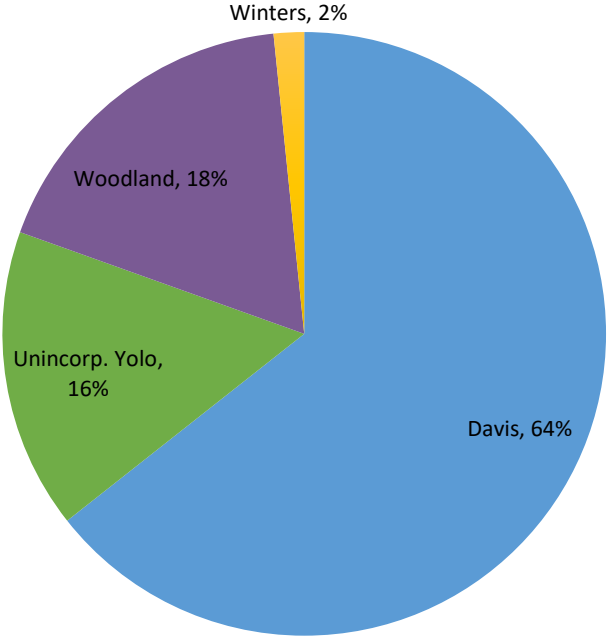
Quarterly Opt-Ups



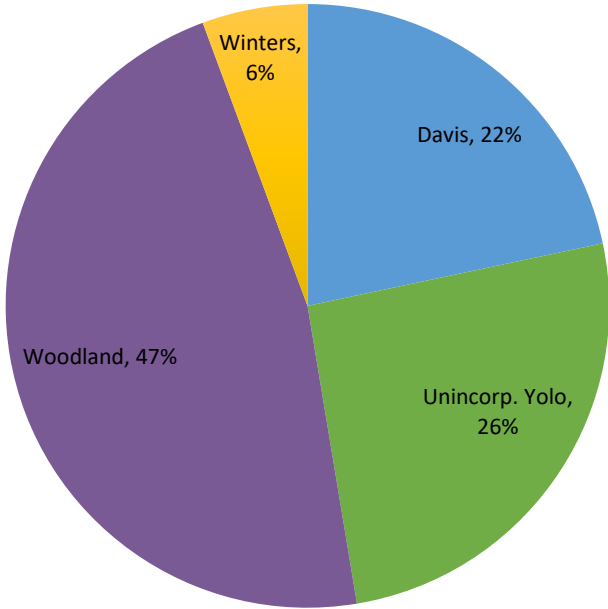
VALLEY
CLEAN ENERGY

Item 12 – Customer Participation Update

553 Opt-Ups



12,142 Opt-Outs



These pie charts are based on total opt-ups and opt-outs since launch. The percentages in the charts are the percentages of those opt-ups and opt-outs by TOT (town or territory).



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Staff Report – Item 13

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Rebecca Kuczynski, Director of Customer Care and Marketing

SUBJECT: SACOG – Electrify Yolo Project Grant Update

DATE: October 10, 2024

REQUESTED ACTION

Informational item. No action requested.

BACKGROUND

VCE joined with the cities of Davis, Woodland and Winters, and Yolo County, to implement a \$2.9 million grant that was approved by the Sacramento Council of Governments (SACOG) in December 2018. The purpose of the grant was/is to install electric vehicle charging infrastructure in Yolo County. The original project deadline was December 31, 2023, but COVID delayed project implementation and SACOG granted a one-year extension to December 31, 2024. We are now within a few months of that deadline.

After grant approval by the SACOG board of directors, a fund exchange agreement was approved between the City of Davis and SACOG. This helped streamline grant reporting and payment processing. The fund exchange agreement also established the City of Davis (Davis) as the project lead, along with reporting responsibilities to SACOG. With Davis as the project lead, VCE’s grant responsibility has been to work with the City of Winters (they were not in the original grant application) to ensure they met their project requirements.

The Electrify Yolo Project Scope includes professional services to site, design, permit, construct, and install between 15 to 40 Level 2 chargers and 2 to 5 Level 3 DC Fast Chargers in downtown areas within 0.5 to 5 miles of major freeway corridors in Yolo County, Davis, Winters, and Woodland locations. The Electrify Yolo Project will also fund purchase of 2 to 10 mobile chargers of the type similar to “EV ARC” solar stand-alone charging stations. Additionally, the project will fund an electric shuttle pilot project in Davis, with purchase or lease of one or more electric vehicles to transport 8 or more people.

UPDATE

In the Annual Report (FY 23/24), the City of Davis on behalf of “Electrify Yolo”—Valley Clean Energy, City of Davis, City of Winters, City of Woodland, and Yolo County— is requesting an additional one-year extension for the grant deadline to December 31, 2025. The request recognizes that the project partners have made significant progress: charger locations have been identified, sites have been developed in many cases, and chargers have been installed and

are active, but progress has been slowed significantly by COVID related issues which have continued well past the pandemic, such as supply chain challenges and long delays in working with power providers to gain approvals for construction.

Below is a listing of project budgets, followed by the project goals and accomplishments to-date.

City of Davis	\$1,912,000
Yolo County	\$700,000
City of Woodland	\$150,000
City of Winters/VCE	\$150,000

Projected SACOG Project Goals and Accomplishments					
Goal	Davis	Yolo	Woodland	Winters	Met Goal?
15-40 level 2 chargers	1	6 double chargers completed 2 double chargers awaiting 3 double charges under contract to be completed by 12/31/2024 4 double chargers in design or solicitation	4	3	17 by year-end. Goal will be met.
2-5 DC fast chargers	0	NA	NA	1	Goal Not Met by Year End
2-10 mobile chargers	2	NA	NA	NA	Goal Met
Electric shuttle pilot project in Davis	Electric Van purchased and in use	NA	NA	NA	Goal Met

Winters completed their SACOG project by installing 3 level 2 double chargers capable of charging 6 vehicles at the same time, and one fast charger.

///

Woodland has 4 level 2 chargers ready to install but has been delayed due to equipment procurement issues by PG&E. They have been waiting for over a year for switchgear that must be installed prior to energizing the chargers.

Yolo County has installed 6 level 2 double chargers to-date, with an additional 5 expected by year-end.

Davis installed 2 mobile chargers and purchased an electric passenger van, meeting two of the four SACOG goals. Davis has also installed 1 level 2 charger (for the van).

Due to the fund exchange agreement, the goals need to be met by December 31, 2024, but the full budget of \$2.9 million does not have to be spent. Winters has spent their full \$150k allotment and Woodland is expected to spend theirs (also \$150k, pending PG&E switchgear upgrades). Yolo and Davis are unlikely to fully spend their allotments by the deadline, but that is no longer required. Remaining funds will be used for additional charging infrastructure projects beyond 2024.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations
Mitch Sears, Executive Officer

SUBJECT: 2024 Operating Budget Update & 2025 Preliminary Budget

DATE: October 10, 2024

RECOMMENDATION

Informational – no action requested.

OVERVIEW

This update is the first of three discussions leading to Board consideration of VCE's 2025 budget. The purpose of this staff report is to: (1) provide an update on the 2024 Operating Budget, and (2) provide the 2025 Preliminary Operating Budget Update and Multi-year Outlook (2026 through 2028).

BACKGROUND

In December 2023, the Board approved the [2024 Operating Budget](#) taking into account matching PG&E's proposed rates, incorporated a 2.5% rate credit for CARE/FERA and Medical Baseline customers, and directed all other revenues to cash reserves for a target of ~180+ days cash on hand by the end of 2024. At the January 11, 2024 Board meeting, the Board approved [Item 12](#) to expand discounts to all VCE customers by 1% compared to PG&E in addition to 2.5% discount for CARE/FERA and medical baseline customers. At the April 11, 2024, the Board approved [Item 18](#) to increase the 1% discount to 2% for all customers.

Key factors in the 2024 Operating Budget included the following:

- 2024 Customer Rates (VCE & PG&E Comparison) were set to collect sufficient revenue from participating customers to fully fund VCE's Budget and continue to contribute to reserve funds to obtain an initial investment grade credit rating while providing discounts.
- 2024 PCIA Forecast –The updated PCIA increased from ~.002 KW/\$2M to .004 KW/\$4M
- 2024 Customer Rates Forecast – The updated forecast for PG&E rates results in a projected 5-7% generation rate increase.
- VCE's Multi-Year Forecast included increases for PCIA, VCE's long-term renewable PPA contracts to provide near/long-term financial stability, allowing VCE to continue to build reserves to 180+ days of operating cash that will support VCE's movement towards an investment grade credit rating (estimated by 2028).

Staff provided a mid-year financials update in June 2024 to track/report actual 2024 Operating Budget results. Customer load demand has remained lower than forecasted resulting in reduced revenues throughout 2024. The California Public Utilities Commission (CPUC) slice of

day resource adequacy (RA) requirements for 2025 have increased price volatility in the forward curve for RA costs. Staff has provided updates in July and September on power cost strategies for optimizing the sale of renewable energy credits (RECs) above compliance requirements and to help maintain long-term positive financial outlooks. This power cost management approach is similar across the CCA community for above compliance portfolio RA, RECs, Energy, etc. attributes.

ANALYSIS

This report updates information previously provided to the Board during the June 2024 Mid-year Financials Update. The section below provides updates on: (1) 2024 Operating Budget and (2) 2025 Preliminary Operating Budget Update and Multi-year Outlook (2025 through 2028).

1. 2024 Operating Budget Update

The approved 2024 Operating Budget with adjustments includes \$103.9M of operating revenues and \$82M of operating expenses for a net income of \$21.9M (Table 1). As detailed in the analysis section below, the net financial results are different from the budget forecast and are due primarily to a significantly lower load due to cooler weather and higher snowfall/rainfall than forecast for 2024. Note: VCE is subject to these effects from summer weather/water availability due to the high AC loads and agricultural pumping loads in VCE's service territory.

As presented to the Board in June, VCE experienced a ~\$4M decline in net income compared to the Budget through April 2024. This resulted in a revised net estimated income of \$17.9M for 2024. Based on the most recent financials that incorporate results through August 2024 and updated forecasts, the forecast has been further revised downward by an additional ~\$1.1M. As noted for the board in June, these net income reductions are driven primarily by load volatility outside of VCE's direct control (weather, power market prices, and regulatory changes). The 2024 budget is estimated to have a total net income of \$16.8M, \$5.1M less than forecast in the adopted 2024 Budget. As shown in Table 1 below:

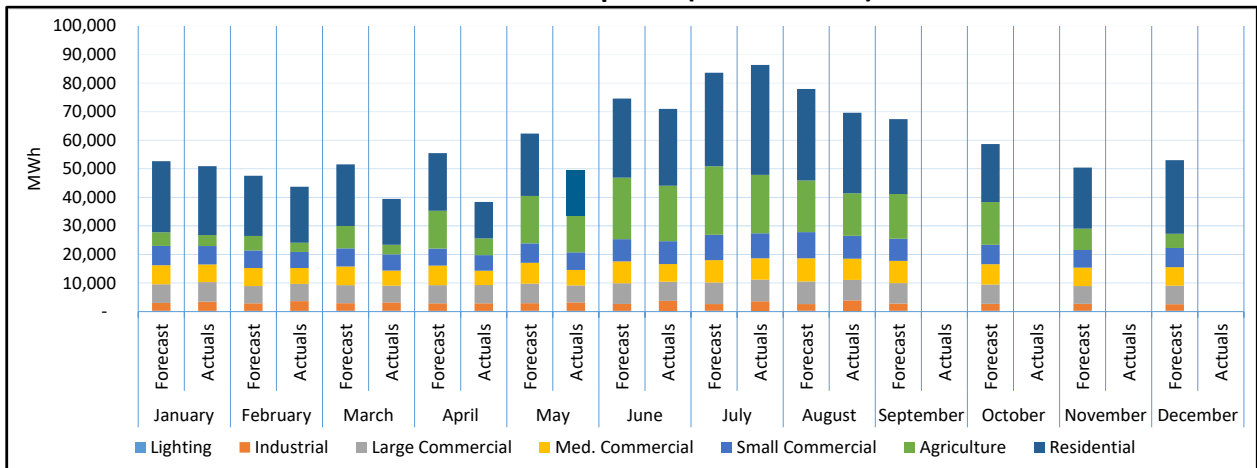
Table 1 - 2024 Proforma Budget (Unaudited)

Description	APPROVED 2024 BUDGET	2024 Proforma (8 Month Actuals + 4 Month Budget)	Variance
Revenue	\$ 103,881	\$ 103,478	\$ (403)
Power Cost	\$ 75,200	\$ 80,490	\$ (5,290)
Other Expenses	\$ 6,800	\$ 6,250	\$ 550
Net Income	\$ 21,881	\$ 16,738	\$ (5,143)

Key factors influencing the 2024 Operating Budget results include:

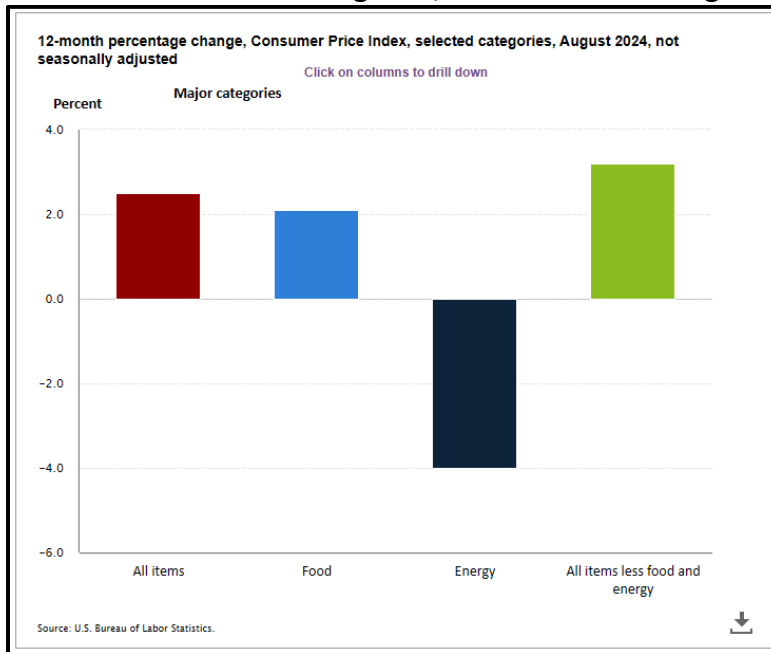
- **Load Forecast.** As shown in Table 2, in the first half of 2024 energy use in most sectors has been lower than forecasted. The overall load for the first 8 months has come in approximately 11% lower than forecasted. VCE's two largest sectors showed lower than forecast energy use: (1) residential (AC load) and (2) commercial use related to agriculture due to a relatively wet and long winter, lower overall summer temperatures, and reduced extreme heat events.

Table 2 – Load Update (2024 Actuals)



- Budgeted revenues. The 2024 Budget incorporated revenues associated with a normalized load. These revenues have not fully materialized in the actuals for 2024 due to the lower overall load as described above, resulting in lower revenues throughout 2024.
- Power Costs. Average forward market power prices have decreased from the high from prior 2022/2023 winter highest levels. They have remained fairly consistent throughout 2024 despite lower load demand, stable natural gas storage levels and lower natural gas prices for an overall decrease of 4%. Table 3 below helps illustrate the relative impact to energy sector prices vs. other major categories in the US economy resulting from economy wide financial impacts.

Table 3 – CPI for Selected Categories, 12 Month Percentage Change



2. 2024 operating Budget Update and Multi-year Outlook (2025 through 2027).

Staff has incorporated current forecasts for revenues and costs as shown in Table 4 below, to include the current 2% discount to PG&E’s rates for all customers and an additional 2.5% rate credit for CARE/FERA and Medical Baseline customers and PCIA forecasts. VCE’s long-term renewable PPA

contracts are forecasted to continue to provide near/long-term financial relief. VCE continues building reserves for VCE's initial investment grade credit rating, and increased ability to implement programmatic objectives. Based on the direction received from the Board at the July meeting, 2025 incorporates the initial sale of renewable energy credits (RECs). VCE's forecasted 2025 net margin is above VCE's minimum target of 5% due to the lower actual RA costs than previously forecasted and the favorable REC sale price.

Table 4 – Multi-Year Forecast

Description	Actuals		(8 Month Actuals + 4 Month Budget)	Preliminary Forecast*			
	2022	2023	2024	2025	2026	2027	2028
Customer Revenue	85,323	95,430	103,478	88,900	97,500	99,900	100,400
Power Cost	75,130	68,528	80,490	67,420	79,400	75,800	72,900
Other Expenses	4,469	6,030	6,250	7,200	7,200	7,920	8,712
Net Income	5,724	20,872	16,738	14,280	10,900	16,180	18,788

* The Multi-Year Forecast is based on analysis by CalCCA, MRW, and TEA, discounted based on power and PCIA volatility in previous years. Note: 2026 increase in power costs based on current forwards.

2025 Preliminary Operating Budget Key Factors:

To construct the initial 2025 preliminary operating budget estimates staff has incorporated the following assumptions: 2025 Customer Rates (VCE & PG&E Comparison): VCE will continue to set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and continue to contribute to reserve funds to obtain an initial investment grade credit rating.

Based on information from VCE and CalCCA's analysts on the proposed 2025 PG&E rates, VCE expects changes to three key drivers that are outside VCE's direct control:

1. 2025 Power Charge Indifference Adjustment (PCIA) (Revenue reducing): significant increase due to under-collection in 2024 and lower power cost forwards for 2025.

As previously forecasted, lower power market prices have created upward pressure on the Power Charge Indifference Adjustment (PCIA). Although power prices are lower, increased power costs for renewable energy credits and resource adequacy have partially offset the lower energy costs. Currently, based on analysis by CalCCA, staff anticipate PCIA rates to increase by more than 150% (\$14M increase /\$20M total) for VCE. PCIA rate increases are included in PG&E's bundled rate comparison.

2. PG&E Bundled rates (PCIA & Generation): 2% decrease – Results in approximately \$2M reduced gross revenue for 2025
3. Resource Adequacy (RA). Rising RA costs for the calendar year 2025 have negatively impacted VCE's power costs (Table 5). VCE's procurement consultant TEA is currently filling VCE's remaining open RA positions for 2025 based on availability. VCE's PPA's have grown to deliver approximately 80%+ in 2025. Although there are significant increases in RA from VCE's PPAs, the slice-of-day RA model and market cost increases have outpaced PPA savings for 2025.

Table 5 – Resource Adequacy Costs

	(8 Month Actuals + 4 Month Budget)	Preliminary Forecast			
	2024	2025	2026	2027	2027
Resource Adequacy (in thousands)	21,255	16,100	18,700	13,800	11,500

- 2025 Programs Expenditures – VCE has been able to make significant contributions in support of customer programs. VCE anticipates spending \$1M in designated program funds in 2025 from non-reimbursable programs and \$2M including reimbursable programs (i.e. grants).

Additional Considerations – Preliminary 2025 Budget Other operating expenses (not including power costs) are nearly flat compared to the 2024 budget, reflecting only a 3% increase – equal to 2024 CPI at ~3.5%. The primary factors of increased costs are related to programs and the addition of one full-time analyst position to power cost management and financial analysis. Other categories include strategic plan development and execution, initial investment grade credit rating, consultants, and other administrative costs.

Multi-Year Forecast (2024-2027)

Table 4 above summarizes the preliminary 2025 Operating Budget Estimate and long-term financial forecast. VCE's long-term renewable contracts will also have rate stabilization effects while significantly increasing VCE's renewable content. As shown in the table, VCE is expected to continue to recover costs and build healthy cash reserves for VCE's initial investment-grade credit rating. VCE expects the updated forecasts from PG&E in October to complete the analysis for maintaining its financial strength, renewable portfolio standards, and customer rate discounts.

CONCLUSION

Staff will update the 2025 Draft Operating Budget and Multi-Year Forecast for the Board in November. The draft budget will incorporate financial results from September and PG&E's forecasts from its annual rate and PCIA proceeding with the CPUC. Staff continues to analyze options to further optimize the value of power portfolio attributes (e.g. REC sales), which will inform the staff recommended draft budget in November. Though the table above indicates continued profitability and building of reserves for VCE's initial credit rating, staff notes that there continues to be significant market and regulatory volatility that may change or delay expected results.