



**Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, December 12, 2024 at 5:30 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/87869897700>

Meeting ID: 878 6989 7700

- b. By phone**

One tap mobile:

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Meeting ID: 878 6989 7700

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)

5:30 p.m. Call to Order

- 1. Welcome, Approval of Agenda, Recognition of Board Member Service**
- 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. 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)
- 4. Reconvene in Open Session to Report from Closed Session, if needed.**

CONSENT AGENDA

- 5. Approve November 14, 2024 Board meeting Minutes.**
- 6. Receive 2025 long range calendar.**
- 7. Receive Treasurer’s reports: a) September 30, 2024 and b) October 31, 2024.**

8. Receive legislative update provided by Pacific Policy Group.
9. Receive December 4, 2024 regulatory update provided by Keyes & Fox.
10. Receive Community Advisory Committee (CAC) November 21, 2024 meeting summary.
11. Approve Amendment Eight (8) to Keyes & Fox Agreement for energy advisory services to extend the term and increase the not to exceed amount. (Action)
12. Approve Amendment One (1) to Richards, Watson and Gershon Agreement for legal services to extend the term. (Action)
13. Receive summary of VCE Grant activity. (Information)
14. Approve 2025 Legislative and Regulatory Platform. (Action)
15. Approve updated VCE Reserve Policy and Dividend Program Guidelines. (Action)
16. Authorize Executive Officer, in consultation with legal counsel, to execute and sign Hourly Flex Pricing Pilot Agreement(s). (Action)
17. Approve Agricultural Flexible Irrigation Technology (AgFIT) Pilot program budget amendment and receive close out update. (Action)
18. Approve Employment Agreement for Executive Officer between Valley Clean Energy and Mitch Sears. (Action)

REGULAR AGENDA

19. Approve 2025 Operating Budget and 2025 Customer Rates. (Discussion/Action)
20. Discuss and seek recommendation on GHG-Free allocations from large hydro and nuclear resources. (Discussion/Action)
21. **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.
22. **Announcement/Adjournment:** The Board's January 9, 2025 meeting has been cancelled. The Board's next regular meeting is scheduled for Thursday, February 13, 2025 to be held at City of Davis Community Chambers located at 23 Russell Blvd., Davis, California 95616.

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 5

TO: Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from November 14, 2024 meeting
DATE: December 12, 2024

RECOMMENDATION

Receive, review and approve the attached November 14, 2024 meeting Minutes.

Attachment: November 14, 2024 meeting Minutes



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, NOVEMBER 14, 2024**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, November 14, 2024 at 5:30 p.m. to be held at City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695. Chair Lucas Frerichs established that there was a quorum present and began the meeting at 5:32 p.m.

Board Members Present: Lucas Frerichs (Chair), Babu Vaitla (Vice Chair), Jesse Loren, Tania Garcia-Cadena, Richard Casavecchia

Members Absent: Tom Stallard, Jim Provenza, Will Arnold

Welcome and Approval of the Agenda Chair Frerichs welcomed everyone to the meeting. Motion made by Director Loren to approve the November 14, 2024 Board meeting agenda, seconded by Vice Chair Vaitla. Motion passed unanimously with Directors Stallard, Provenza, and Arnold absent.

Public Comment – General and Consent Items Chair Frerichs opened up the public comment period on general and consent items. There were no written or verbal public comments.

Approval of Consent Agenda / Resolution 2024-014 Motion made by Vice Chair Vaitla to approve the consent agenda items, seconded by Director Loren. Motion passed with Directors Stallard, Provenza, and Arnold absent. The following items were:

3. approved October 10, 2024 Board meeting Minutes;
4. received 2024 long range calendar;
5. received October 2024 regulatory update dated November 6, 2024 provided by Keyes & Fox;
6. received Community Advisory Committee October 24, 2024 meeting summary;
7. received copy of Second Amendment letter increasing the not to exceed amount and extending Jim Parks Consultant agreement one year;
8. received copy of First Amendment letter increasing the not to exceed amount and extending Pacific Policy Group agreement one year;
9. approved Amendment One (1) to REACH Strategies agreement extending term one (1) year and increasing the not to exceed amount as Resolution 2024-014; and,
10. accepted and attested the accuracy of Valley Clean Energy’s 2023 Power Content Label.



Item 11: Approve Phase 2 of Electric Vehicle Rebate Program. (Action)

VCE Executive Officer Mitch Sears introduced this item. VCE Director of Marketing & Customer Care Rebecca Kuczynski reviewed background and context, proposed program design, the program's equity, and reviewed next steps. Chair Frerichs asked if there were any public comments. There were no written or verbal public comments.

The Board and Staff discussed: re-evaluating as proposed Phase 2 of Electric Vehicle (EV) Rebate program; assistance for and efforts to reach low income and multi-family housing customers; the number of customers on the "waiting list" as the result of Phase 1 EV Rebate program; goals of EV Rebate program; and the inclusion of mid-income customers; and the need for a little more information and revision to the proposed Phase 2 program.

No action was taken by the Board at this time. The Board directed Staff to gather more information, redraft Phase 2, and return to the Board with a revised and updated Phase 2 Electric Vehicle Rebate Program proposal.

Item 12: Approve VCE's participation in Hourly Flex Pricing Pilots: Expanded Agricultural Flexible Irrigation Technology (AgFIT) Pilots 1 & 2 and Vehicle-to-Everything (V2X). (Action)

Mr. Sears introduced this item. Ms. Kuczynski reviewed background and context, reviewed Hourly Flex Pricing (HFP) Pilot goals and program design, reviewed HFP customer price interface on PG&E's website, briefly reviewed eligibility and incentives of HFP, and next steps. Ms. Kuczynski informed those present that PG&E is administering all pilots except for HFP Expanded Pilot #1, which is being administered by VCE.

The Board and Staff discussed: location of a customer's circuit i.d.; what CCA's are participating in the Vehicle-to-Grid (V2X) program; and, how the CCA is handling. There were no written or verbal public comments.

Motion made by Director Garcia-Cadena to approve VCE's participation in the Hourly Flex Pricing Pilots: Expanded Agricultural Flexible Irrigation Technology (AgFIT) Pilots 1 & 2 and Vehicle-to-Everything, seconded by Director Loren.

Motion passed by the following vote:

AYES: Vaitla, Loren, Garcia-Cadena, Casavecchia, Frerichs

NOES: None

ABSENT: Stallard, Provenza, Arnold

ABSTAIN: None

Item 13. Receive 2025 Operating Budget and Customer Rates update. (Information)

Mr. Sears introduced this item. VCE Director of Finance & Internal Operations Edward Burnham provided an overview of VCE's short-term 2025 financial outlook, reviewed key factors influencing 2025 Budget and Customer Rates, reviewed VCE's long-term fixed costs, and reviewed possible VCE Reserve Policy and Dividend Policy revisions, rate discounts and revenue investment. Mr. Burnham reviewed three (3) draft budget and rate scenarios.



The Board and Staff discussed: possible impacts to each scenario on the credit rating; the desire to provide additional rate reductions to customers; the possible impacts to rate reductions; program funding; affordability; and data impacts of costs to lower income customers. There were no written public comments.

Verbal Public Comment: Christine Shewmaker: she thanked Staff for the clarification on rate reductions and was glad to hear that CARE/FERA customers receive an additional reduction. She would like to see information on the results of VCE's power sales on VCE's renewable energy procurement and the projected pathway moving into 2025.

Mr. Sears and Mr. Burnham thanked the Board for their feedback. Mr. Burnham informed those present that VCE's Reserve Policy and Dividend Programs Guidelines will also be brought back to the Board as a separate item at their December 2024 meeting, in addition to the draft 2025 Operating Budget and customer rates.

Item 14: Board Member and Staff Announcements

Director Loren announced that SACOG released their 2024 Regional Progress report, available online, which has valuable information that may be of interest to VCE. Mr. Sears provided a demonstration of VCE's Electric Advisor Service on VCE's website.

Public Comment on Closed Session Items

Chair Frerichs announced that the Board will be going into Closed Session and asked if there were any public comment on the Closed Session items. There being no verbal or written public comment, Chair Frerichs announced that it is anticipated that no reportable action will be taken in Closed Session.

Announcement / Adjournment

There being no further business to discuss the regular meeting was adjourned at 6:50 p.m. to go into Closed Session.

CLOSED SESSION: Public Employee Performance Evaluation

The Board began Closed Session at 6:51 p.m. and adjourned their Closed Session at 7:10 p.m. There was nothing to report.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 6

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee **2025** Long-Range Calendar

DATE: December 12, 2024

Recommendation

Receive and file the **2025** Board and Community Advisory Committee long-range calendar listing proposed meeting topics. Please note that meeting locations and topics may change.

Attachment: **2025** Board and CAC long range calendar

VALLEY CLEAN ENERGY
2025 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 9, 2025 (Cancelled)	Board (Woodland)	<ul style="list-style-type: none"> This meeting has been cancelled. 	
January 23, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> 2025 CAC Task Group (s) formation (Annual) Rates/Budget 2025 Update Customer Participation Update (4th Quarter 2024) 	<ul style="list-style-type: none"> Information Discussion/Action Discuss/Action
February 13, 2025	Board (Davis)	<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) Receive CAC Year-end Task Group Reports 2024 Year in review: Customer Care & Marketing Update to VCE Employee Handbook (Placeholder) 	<ul style="list-style-type: none"> Action Nominations Information Information Information Action
February 27, 2025	Advisory Committee (Davis)	<ul style="list-style-type: none"> Strategic Plan Update (Annual) 	<ul style="list-style-type: none"> Information
March 13, 2025	Board (Woodland)	<ul style="list-style-type: none"> 	
March 27, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> 2024 Net Margin Allocation 	<ul style="list-style-type: none"> Discussion
April 10, 2025	Board (Davis)	<ul style="list-style-type: none"> Strategic Plan Update (Annual) Receive Enterprise Risk Management Report (Bi-Annual) Customer Participation update (1st Quarter 2025) Calendar Year 2024 Audited Financial Statements (James Marta & Co.) (placeholder) 2024 Net Margin Allocation 	<ul style="list-style-type: none"> Information Information Information Action Discussion/Action

April 24, 2025	Advisory Committee (Davis)	•	•
April 28 - 30, 2025	CalCCA Annual Conference Irvine	VCE Staff and some Board and CAC members attending	
May 8, 2025	Board (Woodland)	<ul style="list-style-type: none"> • Resource Adequacy “Slice-of-Day” • Load Management Standards Plan • Recap of CalCCA April 2025 Annual Conference 	<ul style="list-style-type: none"> • Information • Discussion/Action • Information
May 22, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Load Management Standards • Customer Participation update (1st Quarter 2025) • Reserves Policy / Dividend Program update • 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action •
June 12, 2025	Board (Davis)	<ul style="list-style-type: none"> • Re/Appointment of Members to Community Advisory Committee (Annual) • Mid-Year 2025 Financial Update • Legislative update provided by Pacific Policy Group 	<ul style="list-style-type: none"> • Action • Information • Information
June 26, 2025	Advisory Committee (Davis)	• Power Procurement / Renewable Portfolio Standard Update	• Information
July 10, 2025	Board UC Davis – CA Lighting Technology Center, Davis	<ul style="list-style-type: none"> • Customer Participation Update (2nd Quarter 2025) • Updated VCE Financial Reserve Policy and Dividend Program Guidelines 	<ul style="list-style-type: none"> • Information • Action
July 24, 2025	Advisory Committee (Woodland)	• Tentatively NO MEETING*	
August 14, 2025	Board (Davis)	• Tentatively NO MEETING*	

*No meeting unless an urgent matter needs to be addressed

August 28, 2025	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Customer Participation Update (2nd Quarter 2025) • Outreach and Marketing Plan update 	<ul style="list-style-type: none"> • Information • Information/Discussion/Action
September 11, 2025	Board (Woodland)	<ul style="list-style-type: none"> • Certification of 2024 Power Content Label (Annual) (placeholder) • Enterprise Risk Management Update (Bi-annual) • Treasurer’s report (Annual) • Outreach and Marketing Plan update 	<ul style="list-style-type: none"> • Action • Information • Information • Information/Discussion/Action
September 25, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Receive Board Report on 2024 Power Content Label 	<ul style="list-style-type: none"> • Information
October 9, 2025	Board (Davis)	<ul style="list-style-type: none"> • 2025 Operating Budget Update and 2026 preliminary Operating Budget • Customer Participation Update (3rd Quarter 2025) • Progress Update on Programs Plan and 2026 program concepts • Legislative End of Session Update 	<ul style="list-style-type: none"> • Information • Information • Discussion/Action • Information
October 23, 2025	Advisory Committee (Davis)	<ul style="list-style-type: none"> • 2024 Power Content Label Outreach (placeholder) • Customer Participation Update (3rd Quarter 2025) • Legislative End of Session Update • Draft 2026 Legislative Platform • Draft CAC Task Group Year-end Reports • GHG Free Attributes 	<ul style="list-style-type: none"> • Information • Information • Information • Discussion/Action • Discussion/Action • Discussion/Action
November 13, 2025	Board (Woodland)	<ul style="list-style-type: none"> • 2025 Operating Budget Update • 2024 Power Content Label Outreach • 2026 Legislative Platform • GHG Free Attributes 	<ul style="list-style-type: none"> • Information/Discussion • Information • Discussion/Action • Discussion/Action
November 27, 2025 November 20, 2025 (rescheduled to November 20 due to Thanksgiving holiday on Nov. 27 th)	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • 2026 Budget Update/Preview • Review and finalize CAC Task Group Year-end Reports 	<ul style="list-style-type: none"> • Information • Discussion
December 11, 2025	Board (Davis)	<ul style="list-style-type: none"> • Approve 2026 Operating Budget (Annual) and 2026 Customer Rates • Receive VCE Grant/Program activity summary • Receive CAC Year-end Task Group Reports 	<ul style="list-style-type: none"> • Discussion/Action • Information • Information

*No meeting unless an urgent matter needs to be addressed

December 25, 2025 December 18, 2025 (rescheduled to December 18 due to Christmas holiday on Dec. 25 th)	Advisory Committee (Davis)	<ul style="list-style-type: none"> • 2026 CAC Task Group(s) formation (Annual) • Power Procurement / Renewable Portfolio Standard Update • Election of Officers for 2026 (Annual) 	<ul style="list-style-type: none"> • Discussion/Action • Information • Nominations
January 8, 2026	Board (Woodland)	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual - new Members only) • Election of Officers for 2026 (Annual) • Customer Participation Update (4th Quarter 2025) • 2025 Year in review: Customer Care & Marketing 	<ul style="list-style-type: none"> • Action • Nominations • Information • Information
January 22, 2026	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Rates/Budget 2026 Update • Customer Participation Update (4th Quarter 2025) • Review 2026 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</u> MEETING DATE(S)
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 7 (a)

TO: Board of Directors

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

SUBJECT: Monthly Treasurer’s Report (Information Item) – September 30, 2024

DATE: December 12, 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 the month ending September 30, 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 September 30, 2024.

Financial Statements for the period September 1, 2024 – September 30, 2024

In the Statement of Net Position, VCE, as of September 30, 2024, has a total of \$44,842,492 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 September 30, 2024, VCE’s net position was \$57,389,294.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$7,947,476 of revenue (net of allowance for doubtful accounts), of which \$9,706,672 was billed in September, and \$5,962,628 represents estimated unbilled revenue. The cost of electricity for the September revenue totaled \$4,833,626. For September, VCE’s gross margin was approximately 40% and the net income totaled \$2,458,332. The year-to-date change in net position was \$20,966,119.

In the Statement of Cash Flows, VCE cash flows from operations were \$8,419,171 due to September cash receipts of revenues being more than the monthly cash operating expenses.

Bank Account Balances (as of 9/30/2024):

Operating Account:	\$	23,867,893
Insured Cash Sweep Account:	\$	23,020,995
Debt Service Account:	\$	1,100,000
<u>CAISO Operational Account:</u>	<u>\$</u>	<u>3,334,008</u>
Total Cash on Deposit	\$	51,322,896

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. September 2024 earnings were \$80,851.

VCE's Outstanding Loan Balances (as of 9/30/2024):

Valley Clean Energy Alliance has available at the financial institution a line of credit totaling \$11,000,000 with \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding at the close of business on September 30, 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 September 30, 2024

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

- Electric Revenue – (\$4,567,474) and -05% – 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 – \$5,327,725 and 9% – Favorable mainly due to budgeted renewable energy certificates budgeted no longer required, reimbursed RA costs related to PPA delays, lower load driven by lower spring temperatures reducing agriculture and residential usage compared to forecast.
- Reimbursable Revenues \$614,000 (AgFIT) – Unfavorable Variance - Reimbursable AgFIT revenues and associated program costs are expected later this year resulting in budget timing differences.
- General Programs Costs \$603,709 – Favorable Variance due to timing differences for budgeted program costs.
- AgFIT Programs Costs \$282,382 (AgFIT) – Favorable Variance due to timing difference for budgeted program costs that are expected later this year.
- Regulatory Costs \$53,519 – Favorable Variance due to costs being captured as part of AgFIT.
- CC Power Costs (\$70,876) – Unfavorable Variance due to timing of annual dues and expanded scope of support services. Cost will normalize by year end to budget.

Attachments:

- 1) Financial Statements (Unaudited) September 1, 2024 to September 30, 2024 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending September 30, 2024



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF SEPTEMBER 1 TO SEPTEMBER 30, 2024

PREPARED ON DECEMBER 1, 2024

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
September 30, 2024
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$ 44,842,492
Accounts receivable, net of allowance	14,564,641
Accrued revenue	5,962,628
Prepaid expenses	198,172
Inventory - Renewable Energy Credits	-
Other current assets and deposits	4,728,934
Total current assets	<u>70,296,868</u>

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	<u>1,100,000</u>

TOTAL ASSETS

\$ 71,396,868

LIABILITIES

Current liabilities:

Accounts payable	\$ 390,184
Accrued payroll	112,195
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	9,794,391
Other accrued liabilities	1,851,790
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	60,737

TOTAL LIABILITIES

\$ 14,007,573

NET POSITION

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	55,449,294
TOTAL NET POSITION	<u><u>\$ 57,389,294</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
September 30, 2024
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING September 30, 2024	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 7,947,476	\$ 81,201,124
Other revenue	-	-
TOTAL OPERATING REVENUES	7,947,476	81,201,124
OPERATING EXPENSES		
Cost of electricity	4,833,626	55,522,275
Contract services	253,732	2,461,571
Staff compensation	135,778	1,232,771
General, administration, and other	346,860	1,615,760
TOTAL OPERATING EXPENSES	5,569,995	60,832,377
TOTAL OPERATING INCOME (LOSS)	2,377,481	20,368,747
NONOPERATING REVENUES (EXPENSES)		
Interest income	80,851	597,372
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	80,851	597,372
CHANGE IN NET POSITION	2,458,332	20,966,119
Net position at beginning of period	19,237,535	36,423,176
Net position at end of period	\$ 21,695,867	\$ 57,389,294

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
September 30, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING September 30, 2024</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 7,947,476	\$ 81,201,124
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	1,208,064	(55,522,275)
Payments for contract services, general, and administration	(600,592)	(4,077,330)
Payments for member agency services	-	-
Payments for staff compensation	(135,778)	(1,232,771)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	<u>8,419,171</u>	<u>20,368,748</u>
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	<u>-</u>	<u>-</u>
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	80,851	597,372
Net cash provided (used) by investing activities	<u>80,851</u>	<u>597,372</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	8,500,022	20,966,121
Cash and cash equivalents at end of period	<u>37,442,470</u>	<u>24,976,372</u>
	<u>45,942,492</u>	<u>45,942,493</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	44,842,492	44,842,493
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	<u>\$ 45,942,492</u>	<u>\$ 45,942,493</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
September 30, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING September 30, 2024</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 2,377,481	\$ 20,368,747
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	(1,535,837)	4,485,895
(Increase) decrease in accrued revenue	(1,078,136)	2,528,594
(Increase) decrease in prepaid expenses	(1,858,738)	92,059
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	(11,769)	63,944
Increase (decrease) in accounts payable	(41,037)	55,872
Increase (decrease) in accrued payroll	(24,612)	(53,828)
Increase (decrease) in due to member agencies	-	5,855
Increase (decrease) in accrued cost of electricity	10,610,209	(8,179,113)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	-	1,028,447
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	(18,388)	(27,724)
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 8,419,171	\$ 20,368,748

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 09/30/2024

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 80,998,026	\$ 85,565,500	\$ (4,567,474)	-5%
Electric Revenue	\$ 80,400,654	\$ 84,551,000	\$ (4,150,346)	-5%
Interest Revenues	\$ 597,372	\$ 400,000	\$ 197,372	49%
Reimbursable Revenues	\$ -	\$ 614,500	\$ (614,500)	-100%
Purchased Power	\$ 55,522,275	\$ 60,850,000	\$ (5,327,725)	-9%
Purchased Power Base	\$ 55,522,275	\$ 57,952,000	\$ (2,429,725)	-4%
Purchased Power Contingency 5%	\$ -	\$ 2,898,000	\$ (2,898,000)	-100%
Labor & Benefits	\$ 1,226,413	\$ 1,224,000	\$ 2,413	0%
Salaries & Wages/Benefits	\$ 1,007,134	\$ 1,008,000	\$ (866)	0%
Contract Labor	\$ 126,836	\$ 153,000	\$ (26,164)	-17%
Human Resources & Payroll	\$ 92,444	\$ 63,000	\$ 29,444	47%
Office Supplies & Other Expenses	\$ 405,091	\$ 295,800	\$ 109,291	37%
Technology Costs	\$ 65,344	\$ 28,800	\$ 36,544	127%
Office Supplies	\$ 8,804	\$ 9,000	\$ (196)	-2%
Travel	\$ 22,001	\$ 24,000	\$ (1,999)	-8%
CalCCA Dues	\$ 114,576	\$ 108,000	\$ 6,576	6%
CC Power	\$ 192,376	\$ 121,500	\$ 70,876	58%
Memberships	\$ 1,990	\$ 4,500	\$ (2,510)	-56%
Contractual Services	\$ 1,629,078	\$ 1,693,350	\$ (64,272)	-4%
Other Contract Services (e.g. IRP)	\$ 15,000	\$ 27,000	\$ (12,000)	-44%
Don Dame	\$ 2,974	\$ 16,200	\$ (13,226)	-82%
Wholesale Energy Services (TEA)	\$ 643,957	\$ 614,250	\$ 29,707	5%
2030 100% Renewable & Storage	\$ -	\$ 22,500	\$ (22,500)	-100%
Customer Support Call Center	\$ 592,324	\$ 603,000	\$ (10,676)	-2%
Operating Services	\$ 84,924	\$ 45,000	\$ 39,924	89%
Commercial Legal Support	\$ 12,889	\$ 18,000	\$ (5,112)	-28%
Legal General Counsel	\$ 36,774	\$ 63,000	\$ (26,226)	-42%
Regulatory Counsel	\$ 99,481	\$ 153,000	\$ (53,519)	-35%
Joint CCA Regulatory counsel	\$ 45,471	\$ 14,400	\$ 31,071	216%
Legislative - (Lobbyist)	\$ 55,000	\$ 51,750	\$ 3,250	6%
Accounting Services	\$ (5,855)	\$ 2,250	\$ (8,105)	-360%
Financial Consultant	\$ -	\$ 18,000	\$ (18,000)	-100%
Audit Fees	\$ 46,140	\$ 45,000	\$ 1,140	3%
Marketing	\$ 176,413	\$ 225,000	\$ (48,587)	-22%
Marketing Collateral	\$ 174,111	\$ 216,000	\$ (41,889)	-19%
Community Engagement Activities & Sponsorships	\$ 2,302	\$ 9,000	\$ (6,698)	-74%
Programs	\$ 693,909	\$ 1,593,500	\$ (899,591)	-56%
Program Costs (Rebates, Incentives, etc.)	\$ 96,291	\$ 700,000	\$ (603,709)	-86%
AG Fit	\$ 597,618	\$ 880,000	\$ (282,382)	-32%
PIPP Program	\$ -	\$ 13,500	\$ (13,500)	-100%
Rents & Leases	\$ 41,730	\$ 36,900	\$ 4,830	13%
Hunt Boyer Mansion	\$ 41,730	\$ 18,900	\$ 22,830	121%
Lease Improvement	\$ -	\$ 18,000	\$ (18,000)	-100%
Other A&G	\$ 399,144	\$ 411,900	\$ (12,756)	-3%
Development - New Members	\$ -	\$ 18,900	\$ (18,900)	-100%
Strategic Plan Implementation	\$ 786	\$ 57,600	\$ (56,814)	-99%
PG&E Data Fees	\$ 221,702	\$ 216,000	\$ 5,702	3%
Insurance	\$ 38,623	\$ 36,000	\$ 2,623	7%
Banking Fees	\$ 138,032	\$ 83,400	\$ 54,632	66%
Miscellaneous Operating Expenses	\$ 2,834	\$ 9,000	\$ (6,166)	-69%
Contingency	\$ -	\$ 180,000	\$ (180,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 60,096,888	\$ 66,519,450	\$ (6,422,562)	-10%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
NET INCOME	\$ 20,901,138	\$ 19,046,050	\$ 1,855,088	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7 (b)

TO: Board of Directors

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

SUBJECT: Monthly Treasurer’s Report (Information Item) – October 31, 2024

DATE: December 12, 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 October 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 October 31, 2024.

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

In the Statement of Net Position, VCE, as of October 31, 2024, has a total of \$46,610,522 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 October 31, 2024, VCE’s net position was \$58,985,083.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$7,073,451 of revenue (net of allowance for doubtful accounts), of which \$9,706,672 was billed in October, and \$5,962,628 represents estimated unbilled revenue. The cost of electricity for the October revenue totaled \$4,327,544. For October, VCE’s gross margin was approximately 40% and the net income totaled \$2,395,788. The year-to-date change in net position was \$22,561,907.

In the Statement of Cash Flows, VCE cash flows from operations were \$1,638,764 due to October cash receipts of revenues being more than the monthly cash operating expenses.

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

Operating Account:	\$	25,454,550
Insured Cash Sweep Account:	\$	23,111,274
Debt Service Account:	\$	1,100,000
<u>CAISO Operational Account:</u>	<u>\$</u>	<u>4,055,884</u>
Total Cash on Deposit	\$	53,721,708

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. October 2024 earnings were \$129,265.

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 October 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 October 31, 2024

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

- Electric Revenue – (\$4,313,258) and -05% – 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 – \$5,636,181 and 9% – Favorable mainly due to budgeted renewable energy certificates budgeted no longer required, reimbursed RA costs related to PPA delays, lower load driven by lower spring temperatures reducing agriculture and residential usage compared to forecast.
- Reimbursable Revenues \$614,000 (AgFIT) – Unfavorable Variance - Reimbursable AgFIT revenues and associated program costs are expected later this year resulting in budget timing differences.
- General Programs Costs \$703,709 – Favorable Variance due to timing differences for budgeted program costs.
- AgFIT Programs Costs \$197,756 (AgFIT) – Favorable Variance due to timing difference for budgeted program costs that are expected later this year.
- Marketing Collateral \$58,548 – Favorable Variance due to timing difference related to programs implementation.

Attachments:

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



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF OCTOBER 1 TO OCTOBER 30, 2024

PREPARED ON DECEMBER 1, 2024

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

ASSETS

Current assets:

Cash and cash equivalents	\$ 46,610,522
Accounts receivable, net of allowance	12,106,934
Accrued revenue	4,130,612
Prepaid expenses	304,257
Inventory - Renewable Energy Credits	-
Other current assets and deposits	5,862,767
Total current assets	<u>69,015,093</u>

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	<u>1,100,000</u>
TOTAL ASSETS	<u>\$ 70,115,093</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 394,757
Accrued payroll	117,298
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	6,882,979
Other accrued liabilities	1,859,344
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	77,355
TOTAL LIABILITIES	<u>\$ 11,130,010</u>

NET POSITION

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	57,045,083
TOTAL NET POSITION	<u>\$ 58,985,083</u>

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

	FOR THE PERIOD ENDING OCTOBER 31, 2024	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 7,073,451	\$ 87,474,575
Other revenue	-	-
TOTAL OPERATING REVENUES	7,073,451	87,474,575
OPERATING EXPENSES		
Cost of electricity	4,327,544	59,849,819
Contract services	191,841	2,653,412
Staff compensation	133,165	1,365,935
General, administration, and other	154,378	1,770,138
TOTAL OPERATING EXPENSES	4,806,928	65,639,305
TOTAL OPERATING INCOME (LOSS)	2,266,523	21,835,270
NONOPERATING REVENUES (EXPENSES)		
Interest income	129,265	726,637
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	129,265	726,637
CHANGE IN NET POSITION	2,395,788	22,561,907
Net position at beginning of period	19,237,535	36,423,176
Net position at end of period	\$ 21,633,323	\$ 58,985,083

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

	<u>FOR THE</u> <u>PERIOD ENDING</u> <u>OCTOBER 31, 2024</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 7,073,451	\$ 87,474,575
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(4,955,669)	(59,677,578)
Payments for contract services, general, and administration	(345,853)	(4,423,550)
Payments for member agency services	-	-
Payments for staff compensation	(133,165)	(1,365,935)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	<u>1,638,764</u>	<u>22,007,512</u>
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	<u>-</u>	<u>-</u>
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	129,265	726,637
Net cash provided (used) by investing activities	<u>129,265</u>	<u>726,637</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	1,768,029	22,734,149
Cash and cash equivalents at end of period	<u>45,942,492</u>	<u>24,976,372</u>
	<u>47,710,522</u>	<u>47,710,521</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	46,610,522	46,610,521
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	<u>\$ 47,710,522</u>	<u>\$ 47,710,521</u>

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

	<u>FOR THE</u> <u>PERIOD ENDING</u> <u>OCTOBER 31, 2024</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 2,266,523	\$ 21,835,270
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	(1,665,261)	2,020,635
(Increase) decrease in accrued revenue	(1,832,017)	696,577
(Increase) decrease in prepaid expenses	(4,732)	87,327
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	110,818	174,762
Increase (decrease) in accounts payable	(4,573)	51,299
Increase (decrease) in accrued payroll	(5,103)	(58,931)
Increase (decrease) in due to member agencies	-	5,855
Increase (decrease) in accrued cost of electricity	1,655,893	(4,923,220)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	1,133,833	2,162,280
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	(16,618)	(44,342)
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 1,638,764	\$ 22,007,512

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 10/30/2024

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 88,200,742	\$ 92,514,000	\$ (4,313,258)	-5%
Electric Revenue	\$ 87,474,105	\$ 91,448,000	\$ (3,973,895)	-4%
Interest Revenues	\$ 726,637	\$ 450,000	\$ 276,637	61%
Reimbursable Revenues	\$ -	\$ 616,000	\$ (616,000)	-100%
Purchased Power	\$ 59,849,819	\$ 65,486,000	\$ (5,636,181)	-9%
Purchased Power Base	\$ 59,849,819	\$ 62,367,000	\$ (2,517,181)	-4%
Purchased Power Contingency 5%	\$ -	\$ 3,119,000	\$ (3,119,000)	-100%
Labor & Benefits	\$ 1,359,577	\$ 1,360,000	\$ (423)	0%
Salaries & Wages/Benefits	\$ 1,119,659	\$ 1,120,000	\$ (341)	0%
Contract Labor	\$ 138,354	\$ 170,000	\$ (31,646)	-19%
Human Resources & Payroll	\$ 101,564	\$ 70,000	\$ 31,564	45%
Office Supplies & Other Expenses	\$ 424,080	\$ 320,500	\$ 103,580	32%
Technology Costs	\$ 69,932	\$ 32,000	\$ 37,932	119%
Office Supplies	\$ 9,313	\$ 10,000	\$ (687)	-7%
Travel	\$ 22,173	\$ 24,500	\$ (2,327)	-9%
CalCCA Dues	\$ 128,296	\$ 120,000	\$ 8,296	7%
CC Power	\$ 192,376	\$ 129,000	\$ 63,376	49%
Memberships	\$ 1,990	\$ 5,000	\$ (3,010)	-60%
Contractual Services	\$ 1,812,948	\$ 1,877,500	\$ (64,552)	-3%
Other Contract Services (e.g. IRP)	\$ 15,000	\$ 31,000	\$ (16,000)	-52%
Don Dame	\$ 3,324	\$ 18,000	\$ (14,676)	-82%
Wholesale Energy Services (TEA)	\$ 753,881	\$ 682,500	\$ 71,381	10%
2030 100% Renewable & Storage	\$ -	\$ 25,000	\$ (25,000)	-100%
Customer Support Call Center	\$ 668,829	\$ 670,000	\$ (1,171)	0%
Operating Services	\$ 61,660	\$ 50,000	\$ 11,660	23%
Commercial Legal Support	\$ 17,502	\$ 20,000	\$ (2,498)	-12%
Legal General Counsel	\$ 39,504	\$ 70,000	\$ (30,496)	-44%
Regulatory Counsel	\$ 106,992	\$ 170,000	\$ (63,008)	-37%
Joint CCA Regulatory counsel	\$ 45,471	\$ 16,000	\$ 29,471	184%
Legislative - (Lobbyist)	\$ 60,500	\$ 57,500	\$ 3,000	5%
Accounting Services	\$ (5,855)	\$ 2,500	\$ (8,355)	-334%
Financial Consultant	\$ -	\$ 20,000	\$ (20,000)	-100%
Audit Fees	\$ 46,140	\$ 45,000	\$ 1,140	3%
Marketing	\$ 185,878	\$ 250,000	\$ (64,122)	-26%
Marketing Collateral	\$ 181,452	\$ 240,000	\$ (58,548)	-24%
Community Engagement Activities & Sponsorships	\$ 4,426	\$ 10,000	\$ (5,574)	-56%
Programs	\$ 818,535	\$ 1,735,000	\$ (916,465)	-53%
Program Costs (Rebates, Incentives, etc.)	\$ 96,291	\$ 800,000	\$ (703,709)	-88%
AG Fit	\$ 722,244	\$ 920,000	\$ (197,756)	-21%
PIPP Program	\$ -	\$ 15,000	\$ (15,000)	-100%
Rents & Leases	\$ 43,680	\$ 41,000	\$ 2,680	7%
Hunt Boyer Mansion	\$ 43,680	\$ 21,000	\$ 22,680	108%
Lease Improvement	\$ -	\$ 20,000	\$ (20,000)	-100%
Other A&G	\$ 402,770	\$ 448,600	\$ (45,830)	-10%
Development - New Members	\$ -	\$ 21,000	\$ (21,000)	-100%
Strategic Plan Implementation	\$ 786	\$ 64,000	\$ (63,214)	-99%
PG&E Data Fees	\$ 220,956	\$ 240,000	\$ (19,044)	-8%
Insurance	\$ 42,995	\$ 40,000	\$ 2,995	7%
Banking Fees	\$ 138,032	\$ 83,600	\$ 54,432	65%
Miscellaneous Operating Expenses	\$ 4,965	\$ 10,000	\$ (5,035)	-50%
Contingency	\$ -	\$ 200,000	\$ (200,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 64,902,252	\$ 71,728,600	\$ (6,826,348)	-10%
NET INCOME	\$ 23,298,490	\$ 20,785,400	\$ 2,513,090	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: December 12, 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), which continues to meet and discuss legislative matters. Below is a summary of key recent events and a look at what the future might hold.

The 2025-26 legislative session is officially underway as the Legislature returned to Sacramento on December 2 to swear in newly elected legislators, begin introducing bills, elect leadership, and set the rules for how the process will be handled.

Both the Senate and Assembly are experiencing significant turnover as many long-standing legislators are no longer in office due to term limits, seeking other office, or simply needing a break from public office. The November 5, 2024, election results are final and 12 new Senators and 23 new Assemblymembers took the oath of office on December 2 and are now filling out their staff and shaping up their bill packages for 2025. As expected, Christopher Cabaldon won his race to represent Senate District 4 and replace Bill Dodd who was term limited. There were few surprises in the results as the Democrats maintained their supermajority in both houses.

Similarly unsurprising is that both Senate Pro Tem Mike McGuire and Assembly Speaker Robert Rivas were reelected to their leadership posts. The two leaders did surprise those working in Sacramento with an agreement to reduce the amount of bills that each legislator can introduce. Previously, each Senator was allotted 40 bills for the two-year session and each Assemblymember had up to 50. Now, the bill limit figure is down to 35.

Every new legislative session brings the prospect of new committee chairs and committee members, and our eyes are fixed on who will fill the open Senate Energy, Utilities, and Communications Committee as the former chair, Senator Steven Bradford, termed out. In addition, there are seven open seats on the Senate Energy, Utilities, and Communications Committee as well as seven open seats on the Assembly Utilities & Energy Committee.

Looking forward to the new year, the focus in January will be on the Governor’s proposed FY 2025-26 budget that is due to be released by January 10. A recent fiscal outlook produced by

the Legislative Analyst's Office (LAO) shows that the budget is roughly balanced with a relatively small deficit of about \$2 billion. This is a significant improvement from the start of last year's budget negotiations when the state was facing a seriously higher level of deficit. That said, concern remains about the budget as the LAO's report finds the state in a \$20 billion to \$30 billion deficit in FY 2026-27, 2027-28, and 2028-29.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: December 12, 2024

Please find attached Keyes & Fox’s November 2024 Regulatory Memorandum dated December 4, 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 December 4, 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: December 4, 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.

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 November 25, the CPUC issued a [Proposed Decision](#) on PG&E's 2025 ERRA Forecast. PG&E's 12-month net revenue requirement for 2025 is approximately \$2.25 billion, 17% less than the adopted 12-month revenue requirement for 2024. This revenue requirement results in a decrease of bundled residential customers' rates of about 2% or 0.7 cents per kilowatt-hour (cents/kWh) to a total rate of 34.6 cents/kWh, and a decrease in CCA residential customers' of about 4.4% or 0.9 cents/kWh to a total rate of 19.7 cents/kWh. This decision would also adopt a 2025 California Climate Credit of \$58.23, a \$3.06 decrease compared to 2024.

Analysis: The Proposed Decision agrees with CalCCA and would reject PG&E's effort to alter how the resource adequacy market price benchmark is accounted for in rates. This would be a significant result that will protect departed customers from paying more than their fair share in PCIA rates. At the same time, the Proposed Decision would also set the stage for a future rulemaking where the Commission would consider issues related to the valuation of PG&E's and the other IOUs' capacity portfolios for the purposes of setting rates. CalCCA generally supports that endeavor. Finally, the Proposed Decision would adopt a revised version of PG&E's proposed common cost allocation methodology that aligns with the method used by SCE.

Next Steps: The Proposed Decision may be heard as early as the **December 19** Commission meeting. There is an expedited comment period for this PD. Reply comments are due **December 9**.

Additional Information: [Proposed Decision](#) (Nov. 25, 2024); PG&E [Fall Update](#) (Oct. 23, 2024); [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 ERRA Forecast [Application](#) (May 15, 2024); Docket No. [A.24-05-009](#).

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: On November 14, the CPUC issued a [Proposed Decision](#) on PG&E's revenue requirement to support extended operations at the Diablo Canyon Power Plant (DCPP) and the 2025 volumetric performance fees proposal.

Analysis: The Proposed Decision approves the joint IOUs' proposal to establish the DCPP non-bypassable charge (NBC) that applies to all Commission jurisdictional customers based on approved net costs, of which 44.9% is allocated to customers in PG&E's territory. The impact of these charges is estimated to increase system average bundled service rates by 1.4% and the system average rate for CCA and direct access customers by 2.4% in PG&E's territory, effective starting January 1, 2025.

Next Steps: The Proposed Decision may be heard as soon as the **December 19** Commission meeting. Comments on the Proposed Decision are due **December 4** and reply comments are due **December 9**.

Additional Information: [Proposed Decision](#) (Nov. 14, 2024); 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](#).

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 November 8, VCE submitted [AL 20-E](#) stating its intention to participate in PG&E's expanded pilot #2. On November 19, the Public Advocates Office filed a motion to submit new evidence to the record regarding how to update marginal costs for real-time pricing pilots between general rate case cycles.

Analysis: Expanded Pilot # 2 is administered by PG&E, based on VCE's AgFIT Pilot and applies to residential, commercial, and industrial customers on B-6, B-10, B-19, B-20, E-ELEC, and EV2-A rates.

Next Steps: 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: PAO [Motion](#) (Nov. 19, 2024); VCE [AL 20-E](#) (Nov. 8, 2024); PG&E [Reply](#) to Protest (Oct. 29, 2024); PAO [Protest](#) of AL 7395-E (Oct. 22, 2024); PG&E [AL 7395-E](#) (Oct. 2, 2024); (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](#).

PG&E Billing System Modernization

Background: This proceeding addresses PG&E's plan to upgrade its legacy billing system, some portions of which date back to the mid-1990s. PG&E proposed a three-stage upgrade that would ultimately be complete in Q4 2029 and cost an estimated \$761.3 million.

Recent Developments: Protests to PG&E's [Application](#) were filed on November 25.

Analysis: PG&E's outdated billing system is incapable of handling the quantity of customers or the increased complexity of more modern electricity rates, including income-graduated fixed charges and real-time pricing in many cases. Also, the outdated billing system imposes significantly higher per-customer costs on CCAs in PG&E's territory than for CCAs elsewhere in the state.

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](#) (Oct. 23, 2024); Docket No. [A.24-10-014](#).

Clean Power SF Municipalization

Background: The City and County of San Francisco (SF or City) filed this Petition for a determination by the CPUC of just compensation for acquisition by the City of PG&E property (PG&E distribution system within SF transmission assets needed for operational control, a substation and related assets). The Petition was filed pursuant to Public Utilities Code §1401-1421, which gives political subdivisions the right to petition the CPUC to value IOU assets that the political subdivision seeks to acquire and fix the just compensation for those assets. In the initial Scoping Memo, Assigned Commissioner John Reynolds declined to consider public interest determinations under Public Utilities Code §851 which PG&E sought to interject ahead of the CPUC's consideration of the valuation of PG&E assets. Briefing was filed in August of 2022. In March of 2024, the ALJ issued a Ruling seeking Party comments on standards for just compensation.

Recent Developments: On November 13, the City and County of San Francisco filed a Motion to compel discovery, and PG&E filed a Response on November 25.

Analysis: The current discovery dispute relates to information that PG&E allegedly provided to the CPUC and its consultant but it is refusing to provide to the City and County.

Next Steps: According to the most recent procedural schedule, a Proposed Decision issuing a draft valuation was planned to be issued in Q4 2024, but given discovery disputes and the need for testimony, hearings, and briefing to precede this decision, this will likely be further delayed into 2025.

Additional Information: PG&E [Response](#) to Motion (Nov. 25, 2024); [Motion](#) (Nov. 13, 2024); ALJ [Ruling](#) (Oct. 28, 2024); ALJ [Ruling](#) requesting comments (Mar. 27, 2024); [Amended Scoping Memo and Ruling](#) (Dec. 22, 2023); [Ruling](#)

amending schedule (Nov. 9, 2022); [Scoping Memo and Ruling](#) (Jun. 24, 2022); [Petition](#) (Jul. 27, 2021); Docket No. [P.21-07-012](#).

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 November 15, the CPUC issued a [Proposed Decision](#) adopting 2024 RPS Procurement Plans, identifying required modifications for Final RPS Plans, and clarifying that the filing date of the draft version of RPS Plans will be considered the "year of filing" for confidentiality purposes.

Analysis: The Proposed Decision would require a minor correction to VCE's documentation of its total 2021 RPS procurement, but otherwise would find it to be compliant.

Next Steps: The Proposed Decision may be heard as soon as the **December 19** Commission meeting. Comments on the Proposed Decision are due **December 5** and reply comments are due **December 9**. VCE's Final RPS Plan filing will be due 30 days after the Final Decision is issued.

Additional Information: [Proposed Decision](#) (Nov. 15, 2024); [D.24-10-009](#) (Oct. 18, 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 on the [Proposed Decision](#) on Track 2 issues were filed November 18 and reply comments were filed November 25. A [Revised Proposed Decision](#) was issued on December 3.

Analysis: The Proposed Decision would adopt modifications to the central procurement entity (CPE) framework, such as eliminating the non-compensated self-show option of the CPE framework and locking in CPE allocations to load-serving entities (LSEs) one year earlier. It also proposed further revision to the planning reserve margin by the Energy Division, to be released in early December 2024.

Next Steps: The Proposed Decision may be heard as early as the December 5 Commission meeting. An updated study on the 2026 planning reserve margin is expected in December.

Additional Information: Revised Proposed Decision on Track 2 (Dec. 3, 2024); Track 3 [Scoping Memo and Ruling](#) (Nov. 4, 2024); 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](#).

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 November 19, Parties filed comments on the October 30 ALJ [Ruling](#) on the preliminary mapping of resources to busbars on the transmission system.

Analysis: N/A

Next Steps: By March 1, 2025, the CPUC may request that the Division of Water Resources exercise the centralized procurement mechanism for long-lead-time resources.

Additional Information: ALJ [Ruling](#) (Oct. 30, 2024); [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](#).

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: [D.24-11-004](#) adopting implementation rules for multi-property microgrid tariffs and closing the proceeding was issued November 18.

Analysis: The multi-property microgrid tariff adopted in the Decision ensures costs are not shifted to ratepayers, and it 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. Microgrid applicants located in a CCA's service area will be directed to consult with the CCA about the potential for collaboration.

Next Steps: This proceeding is now closed.

Additional Information: [D.24-11-004](#) (Nov. 18, 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: Comments on the Threshold Questions are due January 10 and reply comments are due January 24. A ruling on the need for legal briefs is expected in Q1 2025 and resolution of the Threshold Questions is expected in Q2 2025, after which the primary topic areas will be addressed. 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: [Scoping Memo and Ruling](#) (Oct. 24, 2024); 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 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: CalCCA filed a motion for party status on December 2, indicating its intention to further examine PG&E's proposals to increase CCA service fees and modify the Commission's process for reviewing future fee escalation requests.

Analysis: N/A

Next Steps: A prehearing conference is expected, followed by issuance of a Scoping Memo setting 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: Track 2 rebuttal testimony was filed on November 22.

Analysis: N/A

Next Steps: 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 April 2025.

Additional Information: [Scoping Memo & Ruling](#) (Oct. 11, 2024); 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 2021 ERRA Compliance

Background: The annual ERRA 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 ERRA Compliance [Application](#) (Feb. 28, 2022); Docket No. [A.22-02-015](#).

PG&E 2022 ERRA Compliance

Background: The annual ERRA 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: N/A

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 ERRA Compliance [Application](#) and [Notice of Availability](#) (Feb. 28, 2023); Docket No. [A.23-02-018](#).

PG&E 2023 ERRA Compliance

Background: The annual ERRA 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: The [Joint Case Management Statement](#) was filed November 6.

Analysis: The Joint Case Management Statement identified no disputed issues of fact. PG&E and CalCCA indicated interest in discussing settlement terms related to the Humboldt 6 outage.

Next Steps: Opening briefs are due December 19 and a proposed decision is expected by mid-March 2025.

Additional Information: [Joint Case Management Statement](#) (Nov. 6, 2024); ALJ [Ruling](#) (Oct. 21, 2024); [Scoping Memo and Ruling](#) (Jun. 12, 2024); [Joint Prehearing Conference Statement](#) (Apr. 15, 2024); CalCCA's [Protest](#) (Apr. 5, 2024); PG&E 2023 ERRA 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: On November 14 the CPUC issued [Draft Resolution E-5352](#) providing guidance on determining eligibility for electric line extension subsidies for mixed-fuel new construction projects. On November 21, PG&E submitted [AL 5004-G/7437-E](#) making revisions to its gas and electric tariffs defining a newly constructed building.

Analysis: N/A

Next Steps: The Draft Resolution is scheduled to be heard at the December 19 Commission meeting. A proposed decision on Phase 4 Track A considerations is expected in 2024, and a Phase 4 Track B staff proposal is expected in Q4 2024, followed by proposed decisions in Q2 2025.

Additional Information: PG&E [AL 5004-G/7437-E](#) (Nov. 21, 2024); [Draft Resolution E-5352](#) (Nov. 14, 2024); 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](#).

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: No recent developments.

Analysis: N/A

Next Steps: There is no current procedural schedule for this proceeding. The Draft Resolution was scheduled to be heard at the November 7 Commission meeting but is being held over to the December 19 meeting.

Additional Information: [Draft Comment Resolution E-5358](#) (Oct. 3, 2024); 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](#).

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 CPUC issued a Proposed Decision (PD) (Oct. 25, 2024) adopting a \$5.95/MWh Wildfire NBC for 2025 - a slight increase from the 2024 WF NBC charge of \$5.61/MWh. This matter may be heard as soon as the December 5 Commission meeting.
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. Final Market Price Benchmarks (MPBs) for 2024 and forecast 2025 MPBs were issued on October 4.
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.
A.21-06-021	PG&E 2023 Phase 1 GRC	This proceeding is inactive, but it remains open to provide further guidance on metrics relevant to auditor reports, to consider revising the energization cost recovery mechanism, and to establish reporting requirements for reviewing the reasonableness of PG&E’s interim rate recovery in its next GRC.

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 10**

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Summary of Community Advisory Committee (CAC) November 21, 2024 meeting

DATE: December 12, 2024

This report summarizes the Community Advisory Committee’s meeting held in person and via Zoom webinar on Thursday, November 21, 2024.

- A. Discussed and sought recommendation on GHG-free allocations from large hydro and nuclear resources.** VCE Staff Gordon Samuel reviewed the history of VCE’s acceptance of PG&E offerings of carbon free hydro allocations, but not nuclear allocations. He reviewed regulatory changes that prompted staff to reassess staff’s recommendation to accept nuclear GHG-free allocations. The CAC and Staff discussed: VCE’s Power Content Label; customer perception of nuclear; monetary impacts; and risks. The CAC recommended that the Board accept both the large hydro and nuclear GHG-free attributes and authorize VCE’s Executive Officer to enter into agreements with PG&E to accept the allocations (6-2-0).
- B. Received preliminary 2025 Operating Budget and customer rates update.** VCE Staff Edward Burnham presented an overview of the draft 2025 Operating Budget, key factors influencing the 2025 budget and customer rates, and highlights of proposed updates to VCE’s Reserve and Dividend policies. The CAC and Staff discussed: Power Charge Indifference Adjustment (PCIA) costs; possible customer rate discounts; revenue investment; long term fixed costs, modifications to VCE’s Reserve and Dividend policies; investment credit rating; affordability; and, customer outreach and retainment of Customers. This was an informational item.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

To: Board of Directors

From: Mitch Sears, Executive Officer

Subject: Amendment 8 to Keyes & Fox Agreement regulatory compliance and regulatory advocacy

Date: December 12, 2024

RECOMMENDATION

Adopt a resolution approving amendment 8 to the Keyes & Fox Agreement for legal services related to regulatory compliance and advocacy.

BACKGROUND & DISCUSSION

The VCE Board has previously authorized the Executive Officer to execute a contract and subsequent contract extensions with Keyes & Fox LLP for legal services related to regulatory compliance and regulatory advocacy. The original contract expired December 31, 2018 with a not to exceed amount of \$66,667. Subsequently, the following amendments extending the original contract were approved by the Board:

- Amendment 1: on January 23, 2019 (Resolution 2019-001) provided for a term starting January 1, 2019 expiring December 31, 2019 increasing the total amount not to exceed by an additional \$142,600;
- Amendment 2: on February 13, 2020 (Resolution 2020-002) provided for a term starting January 1, 2020 expiring June 30, 2020 increasing the total amount not to exceed by an additional \$88,300;
- Amendment 3: on June 11, 2020 (Resolution 2020-017) provided a term starting July 1, 2020 expiring June 30, 2021 increasing the total amount not to exceed by an additional \$180,800;
- Amendment 4: on June 10, 2021 (Resolution 2021-013) provided a term starting July 1, 2021 expiring June 30, 2022 increasing the total amount not to exceed by an additional \$177,000;
- Amendment 5: on July 14, 2022 (Resolution 2022-019) provided a term starting July 1, 2022 expiring December 31, 2023 increasing the total amount not to exceed by an additional \$287,500.
- Amendment 6: on December 14 2023 (Resolution 2023-015) extended the Keyes & Fox contract one (1) year covering the time period of January 1, 2024 through December 31, 2024 and increased the not to exceed amount by an additional \$278,000, for a total cumulative amount not to exceed of \$1,220,867 since 2018.
- Amendment 7: on May 9, 2024 (Resolution 2024-006) increasing the total amount not to exceed for the demand flexibility docket by an additional \$37,000 for 2024 related to AgFIT expansion regulatory requirements without increasing the total not to exceed amount of the Agreement and updated Exhibit D – Payment.

The Keyes & Fox contract provides the following scope of services: 1) determine and review regulatory compliance obligations, 2) support VCE staff as its expert regulatory resource and 3) review contracts between VCE and third parties.

In addition to services provided to VCE, Keyes & Fox provides regulatory counsel support to CalCCA and other CCA joint CPUC filings. Since a majority of VCE's advocacy in proceedings before regulators has been through CalCCA since program launch in 2018, the need for substantial amount of regulatory advocacy for VCE by Keyes & Fox is anticipated to be limited at this time. However, VCE requires continued regulatory counsel support for CPUC filings and regulatory activities specific to VCE (e.g. Resource Adequacy filings, Integrated Resource Plan submissions, etc.). The scope of Keyes & Fox work for VCE is similar to regulatory counsel work required by all individual CCA's.

Keyes & Fox continues to provide timely and insightful legal advice/guidance on power contract negotiations and regulatory proceedings that helps keep VCE positioned well contractually and in compliance. Based on these factors and competitive rates for services, staff recommends approval of this amendment to extend the contract.

Amendment

The Amendment simplifies the exhibits by combining "Exhibit A – Scope of Services" and "Exhibit D – Payment", thereby deleting the existing Exhibit D with an updated "Exhibit A – Scopes of Services and Payment".

The recommended Amendment Eight (8):

- extends the term for two (2) years expiring December 31, 2026;
- increases the not to exceed amount by \$597,000;
- combines Exhibits A and "D – Payment" and replaces it with "Exhibit A – Scopes of Services and Payment"; and,
- replaces Exhibit "C - Schedule of Services".
- All other provisions remain unchanged.

FISCAL IMPACT

Monies have been budgeted in VCE's 2025 Operating budget.

ATTACHMENTS

1. Resolution 2024-XXX including the following exhibits:
 - a. Eighth (8th) Amendment
 - b. Exhibit A – Scope of Services and Payment
 - c. Exhibit C – Schedule of Services

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-_____

**A RESOLUTION OF VALLEY CLEAN ENERGY ALLIANCE APPROVING THE EIGHTH (8TH)
AMENDMENT TO THE KEYES & FOX LLP AGREEMENT FOR REGULATORY COMPLIANCE
AND ADVOCACY LEGAL SERVICES AND AUTHORIZING VCE'S EXECUTIVE OFFICER TO
EXECUTE THE AMENDMENT**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, on June 26, 2018 an agreement was entered into between Valley Clean Energy and Keyes & Fox LLP to provide legal services related to regulatory compliance and regulatory advocacy in the amount not to exceed \$66,667, expiring December 31, 2018; and

WHEREAS, Keyes & Fox LLP also provides regulatory counsel support to CalCCA and other Community Choice Aggregators on joint California Public Utilities Commission filings; and

WHEREAS, on January 23, 2019 Amendment One (1) to the Keyes & Fox LLP agreement was approved extending the term through December 31, 2019, refining the previous scope of services and budget for 2019, and increasing the total amount not to exceed by an additional \$142,600; and,

WHEREAS, on February 13, 2020 Amendment Two (2) to the Keyes & Fox LLP agreement was approved extending the term through June 30, 2020 to align the contract from a calendar year to a fiscal year (July – June), increasing the total amount not to exceed by an additional \$88,300, and updating the scope of work and budget consistent with the contract extension; and,

WHEREAS, on June 11, 2020 Amendment Three (3) to the Keyes & Fox LLP agreement was approved extending the term through June 30, 2021, revising the scope of service, and increasing the total amount not to exceed by an additional \$180,800; and,

WHEREAS, on June 30, 2021 Amendment Four (4) to the Keyes & Fox LLP agreement was approved extending the term through June 30, 2022, revising the scope of services, and increasing the total amount not to exceed by an additional \$177,000; and,

WHEREAS, on July 14, 2022 Amendment Five (5) to the Keyes & Fox LLP agreement was approved extending the term eighteen (18) months to expire on December 31, 2023 to align with the Budget Calendar Year 2023, revising the scope of services, and increasing the total amount not to exceed by an additional \$287,500;

WHEREAS, on December 14, 2023 Amendment Six (6) extended the Agreement for one (1) year to expire on December 31, 2024, revises the scope of services, and increases the total amount not to exceed by an additional \$278,000 for 2024, or a total cumulative amount not to exceed of \$1,220,867;

WHEREAS, Amendment Seven (7) increases the total amount not to exceed for the demand flexibility docket by an additional \$37,000 for 2024, without increasing the total not to exceed amount of the Agreement and replaced Exhibit D – Payment to reflect the increase in task;

WHEREAS, Amendment Eight (8) extends the Agreement two (2) years; increases the not to exceed amount by \$597,000 for a total not to exceed amount of \$1,817,867; replaces Exhibits A and C; and deletes Exhibit D.

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

1. Authorizes the VCE Executive Officer, in consultation with VCE’s Legal General Counsel, to finalize, approve and execute on behalf of VCE the Eighth (8th) Amendment to the Keyes & Fox LLC Agreement extending the Agreement two (2) years for a new expiration date of December 31, 2026; increasing the not to exceed amount by \$597,00 for a total not to exceed amount of \$1,817,867; replaces Exhibits A and C with “Exhibit A – Scope of Services and Payment” and “Exhibit C – Schedule of Services”; deletes Exhibit D – Payment; and, as set forth in Attachment A – Eighth Amendment to the Keyes & Fox LLC Agreement, with any clarifying or clerical revisions requested by the Executive Officer and approved by General Counsel.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2024 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment A: Amendment Eight (8) to Keyes & Fox LLC Agreement

ATTACHMENT A

EIGHTH (8TH) AMENDMENT TO KEYES & FOX LLC AGREEMENT

EIGHTH AMENDMENT
TO THE AGREEMENT FOR CONSULTANT SERVICES
BETWEEN
VALLEY CLEAN ENERGY ALLIANCE
AND
KEYES & FOX LLP

1. Parties and Date.

This Eighth Amendment to the Consultant Services Agreement (“8th Amendment”), is made and entered into as of this [] day of December 2024, by and between **Valley Clean Energy Alliance**, a Joint Powers Agency, existing under the laws of the State of California with its principal place of business at 604 2nd Street, Davis, California 95616 (“VCE”) and Consultant, **Keyes & Fox LLP**, a Limited Liability Partnership, with its principal place of business at 580 California Street, 12th Floor, San Francisco, California 94104 (“K&F”). VCE and K&F are sometimes individually referred to as “Party” and collectively as “Parties.”

Recitals.

WHEREAS, On June 26, 2018, VCE and K&F entered into an “Agreement for Consultant Services,” for the purpose of retaining K&F to provide services described in the Agreement. The Agreement was for a term starting May 1, 2018, expiring December 31, 2018, for a total amount not to exceed \$66,667.

WHEREAS, On January 23, 2019, the VCE Board of Directors (“Board”) approved Resolution 2019-001 approving Amendment No. One to that Agreement, which provides for a term starting January 1, 2019, and expiring December 31, 2019, increasing the total amount not to exceed by an additional \$142,600; on February 13, 2020, the Board approved Resolution 2020-002 approving Amendment No. Two to that Agreement, which provides for a term starting January 1, 2020, and expiring June 30, 2020, increasing the total amount not to exceed by an additional \$88,300; on June 11, 2020, the Board approved Resolution 2020-017 approving Amendment No. Three to that Agreement, which provides for a term starting July 1, 2020, and expiring June 30, 2021, increasing the total amount not to exceed by an additional \$180,800; on June 10, 2021, the Board approved Resolution 2021-013 approving Amendment No. Four to that Agreement, which provides for a term starting July 1, 2021, and expiring June 30, 2022, increasing the total amount not to exceed by an additional \$177,000; on July 14, 2022, the VCE Board approved Resolution 2022-019 approving Amendment No. Five extending the term by eighteen months for an expiration date of December 31, 2023, and increased the not to exceed amount by an additional \$287,500; on December 14, 2023, the VCE Board

approved Resolution 2023-015, approving Amendment No. Six, extending the term by twelve months for an expiration date of December 31, 2024, and increased the not to exceed amount by an additional \$287,500 (collectively referred to as “Agreement”); and on May 9, 2024, the VCE Board approved Resolution 2024-006, approving Amendment No. Seven, replacing Exhibit D to Amendment No. Six in its entirety and increasing the not to exceed amount of the Demand Flexibility OIR task from \$45,000 to \$82,000 with no increase to the total not to exceed amount. Cumulatively, the Agreement to date (up to and including Amendment No. 7) provides that the total not to exceed amount is \$1,220,867.

WHEREAS, VCE and K&F now desire to further amend the Agreement to extend the term of the Agreement by two (2) years; add an additional \$597,000 to the not to exceed amount of the Agreement; replace Exhibit A and Exhibit C to Amendment No. 6 in their entirety with Exhibits A and C attached hereto; and combine Exhibits A and D to the Agreement.

Now therefore, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Amendment. Section 1.4 of the Agreement is hereby amended in its entirety to read as follows:

1.4 Term. The term of this Agreement, which began on May 1, 2018 shall end on December 31, 2026, unless amended as provided in this Agreement, or when terminated as provided in Article 5.

2. Amendment. Section 4.1 of the Agreement is hereby amended in its entirety to read as follows:

4.1 Compensation This is a “time and materials” based agreement. Consultant shall receive compensation, including authorized reimbursements, for Services rendered under this Agreement at the rates, in the amounts and at the times set forth in Exhibit D. Notwithstanding the provisions of Exhibit D, the total compensation shall not exceed an additional Five Hundred and Ninety-Seven Thousand and no/100 dollars (\$597,000), or a total cumulative amount of One Million, Eight Hundred Seventeen Thousand, Eight Hundred and Sixty-Seven and no/100 dollars (\$1,817,867) without written approval of VCE. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3. Amendment. Exhibits A and C of the Agreement are hereby replaced in their entirety by Exhibit A and Exhibit C, respectively, attached hereto, which are incorporated herein.

4. Amendment. All references to “Exhibit D” in the Agreement are replaced by “Exhibit A”.

Except as amended by this Eighth Amendment, all other provisions of the Agreement will remain in full force and effect.

If any portion of this Eighth Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

**SIGNATURE PAGE FOR EIGHTH AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES
BETWEEN VALLEY CLEAN ENERGY ALLIANCE
AND KEYES & FOX LLP**

IN WITNESS WHEREOF, the Parties have entered into this Eighth Amendment as of the []
day of December 2024.

VALLEY CLEAN ENERGY ALLIANCE

KEYES & FOX LLP

By: _____
Mitch Sears
Executive Officer

By: _____
Its: _____ Partner

Printed Name: _____ Sheridan Pauker

APPROVED AS TO FORM:

By: _____
Inder Khalsa
VCE Attorney

EXHIBIT A

SCOPE OF SERVICES AND PAYMENT

Subject to adjustments necessary for the do-not-exceed levels related to Tasks 1-5 (“Do-Not-Exceed”) below, all work in 2025 will be performed at the hourly billing rates set forth below as “Keyes & Fox LLP 2026 Hourly Rates”. Historically, rate increases have been between 5-8% per year. “Fee Structure” includes actual do-not-exceed amounts for 2025 and projected DNE amounts for 2026 based on projected hourly rate increases.

Keyes & Fox LLP (“K&F”) will invoice Valley Clean Energy Alliance (“VCE”) monthly. K&F will keep an hourly total of any time spent on VCE matters. K&F invoices will list the matter worked on and provide information on the dates of service, time involved, attorney or other personnel responsible and activity undertaken. Any unpaid amounts after forty-five (45) days will accrue interest at a rate of nine percent (9%) per annum. All fees for services will be earned as of the time of invoicing.

Expenses, travel time, and time for filing and service are included in the fee structure outlined below unless they are associated with “Extra Work” pursuant to Section 4.5 of this Agreement and, in that case, will be billed at cost (for expenses) or at the billable rates below (for time spent travelling, filing and serving).

Services Keyes & Fox LLP Will Provide	Fee Structure
<p><u>Task 1:</u> Maintain a calendar of regulatory compliance filing obligations and deadlines and provide a weekly snapshot highlighting upcoming filing dates and responsibilities. The weekly snapshot includes CPUC, CAISO, CEC, CARB, and U.S. EIA compliance deliverables.</p>	<p>Billed hourly with a Do-Not-Exceed of \$5,500 in 2025 and \$5,500 in 2026</p>
<p><u>Task 2:</u> Review compliance filings to ensure they are complete and correct prior to filing. A compliance review will be conducted for the following filings: (1) 2024 & 2025 Annual RPS Compliance Reports; (2) Final Verified Compliance RPS Compliance Report for Period 4; (3) Final 2024 & 2025 and Draft 2025 & 2026 RPS Procurement Plans; (4) D.19-11-016, D.20-12-044, D.21-06-035, D.23-02-040 and additional reliability procurement compliance requirements and reporting; (5) Power Content Label Review (October 2025 & 2026); (6) Emission Performance Standard Advice Letter (February 2025 & 2026); (7) Supplier Diversity Report (March 2025 & 2026); (8) Annual report on vehicle-grid integration strategies pursuant to D.20-12-029 (March 2025 & 2026), (9) Annual Data Privacy Report (April 2025 & 2026), (10) 2025 & 2026 Integrated Energy Policy Report Electricity Resource Planning Forms (August/September 2025 & 2026) and (11) Annual Load Management Standards reporting to CEC (April 2025 & 2026). Once complete, K&F will submit the above-referenced filings and complete required service to appropriate regulatory authorities on behalf of VCE.</p>	<p>Billed hourly with a Do-Not-Exceed of \$65,000 in 2025 and \$70,000 in 2026</p>
<p><u>Task 3:</u> Support VCE staff team as its expert regulatory resource by (i) monitoring key regulatory proceedings (as listed in Exhibit A), notifying VCE in a timely manner of issues arising in those proceedings that will critically impact VCE, and attending monthly Board Meetings to explain such issues, if necessary, and (ii) drafting monthly informational memos for the Board of Directors covering the key regulatory proceedings and additional proceedings that may have an impact on VCE’s compliance obligations.</p>	<p>Billed hourly with an annual Do-Not-Exceed of \$55,000 in 2025 and \$60,000 in 2026</p>

Services Keyes & Fox LLP Will Provide	Fee Structure
<u>Task 4:</u> Review contracts entered between VCE and third parties. PPA negotiations will be billed to separate matters and are not included within this task.	Billed hourly with a Do-Not-Exceed of \$17,000 in 2025 and \$19,000 in 2026
<u>Task 5:</u> 2025 Integrated Resource Plan (IRP) development, drafting, legal review and filing.	Billed hourly with a Do-Not-Exceed of \$45,000 in 2025 and \$5,000 in 2026
<u>AgFIT:</u> Represent VCE with respect to its original AgFIT Pilot and the Expanded AgFIT Pilot.	Billed hourly with a Do-Not-Exceed of \$85,000 in 2025 and \$90,000 in 2026
<u>Miscellaneous:</u> Miscellaneous compliance, advocacy, research and analysis tasks not otherwise listed above.	Billed hourly with a Do-Not-Exceed of \$35,000 in 2025 and \$40,000 in 2026

A list of the key regulatory proceedings at the California Public Utilities Commission discussed above is as follows:

Docket Number	Subject Matter
R.20-05-003 and successor	Integrated Resource Planning Rulemakings
R.17-06-026	Power Charge Indifference Adjustment Rulemaking
R.11-05-005, R.15-02-020, R.18-07-003, and R.24-01-017	RPS Rulemakings
A.21-06-021	PG&E Test Year 2023 Phase I GRC
A.24-09-014	PG&E 2023 Phase II GRC
A.26-XX-XXX	PG&E’s Next Phase I GRC
R.23-03-007	Wildfire Fund Non-Bypassable Charge (AB 1054) Rulemakings
R.19-11-009, R.21-10-002 and R.23-10-011	Resource Adequacy Rulemakings (2021-2022, 2023-2024, and 2025-2026 or equivalent)
A.20-06-011	PG&E Regionalization Application

Docket Number	Subject Matter
A.25-05-XXX, A.26-05-XXX	PG&E Energy Resource and Recovery Account Forecast Proceeding (2026-2027)
A.22-02-015, A.23-02-018, A.24-02-XXX, A.25-02-XXX, A.26-02-XXX	PG&E Energy Resource and Recovery Account Compliance Proceeding (2021-2025)
R.21-03-011	Provider of Last Resort Rulemaking
R.21-10-001	Safety Culture Assessments
A.24-03-XXX	Diablo Canyon Power Plant Extended Operations Cost Forecast proceeding
R.18-12-006	Transportation Electrification
R.19-01-011	Building Decarbonization OIR
R.19-09-009	Microgrids OIR
R.22-07-005	Demand Flexibility
R.22-10-010	CCA BioMAT
R.22-11-013	DER Customer Programs
A.22-09-018	PG&E Asset Transfer
23-LMS-01	CEC Load Management Standards
P.21-07-012	CPSF Municipalization
R.23-01-007	Diablo Canyon
R.23-03-007	Wildfire NBC 2024-2025
R.23-12-008	EV Rates & Infrastructure
R.24-01-018	Energization Timelines
R.24-05-023	Update Safety, Reliability, and Resiliency Rules
A.24-10-014	PG&E Billing System Upgrade

Note re Regulatory Advocacy: Since the vast majority of VCE’s advocacy in proceedings before regulators is anticipated to be through CalCCA and others, the need for drafting of motions for party status, pleadings, discovery requests or responses thereto, comments related to compliance filings, or Advice Letters; conducting significant legal or policy research; reviewing or providing feedback to VCE on CalCCA or other CCA joint filings; attending CalCCA-related calls other than the monthly regulatory call; or attending hearings, workshops or meetings with regulators is anticipated to be very limited at this time. To the extent VCE requires such work, that work, and any associated expenses, travel, and time spent filing and serving documents, shall be considered “Extra Work” pursuant to Section 4.5 of this Agreement and invoiced at the hourly rates listed herein.

K&F and VCE will review the Do-Not-Exceed amounts set forth above upon a request from either VCE or K&F for such a review. Any changes to the Do-Not-Exceed amounts resulting from such review shall not affect the amount of any fees already earned.

Keyes & Fox LLP 2024 Hourly Rate Sheet

Attorneys

Kevin Fox, Partner	640
Sheridan Pauker, Partner	475/505+
Tim Lindl, Partner	490
Jason Keyes, Partner	430
Mark Valentine, Partner	425
Jake Schlesinger, Partner	440
Scott Dunbar, Partner	400
Beren Argetsinger, Partner	385
Nikhil Vijaykar, Partner	425
Theresa Cho, Of Counsel	615
Julia Kantor, Associate	410
Andy Ball, Associate	375
Grant Snyder, Associate	320
Alexandra Haggarty, Associate	400
Alissa Greenwald, Associate	310

Non-Attorneys

Justin Barnes	240/290*
Miriam Makhyoun	260/290*
Adam Stein	190/220*
Jason Hoyle	190/220*
Karin Bosworth	\$175
Alicia Zaloga	140

+ Rates with a plus sign are transactional/compliance rates

* Rates with an asterisk are expert witness rates

Travel Policy: Unless special arrangements are made, travel time is billed at the full hourly rate. Every effort will be made to work productively on VCE matters during travel. If work is performed for another client during travel, VCE will not be billed for that time. All reasonable travel expenses are billable – hotel, airfare, car rental, meals, taxi, public transit, etc.

Work Policy: Reasonable time for filing and service is billed at regular billable rates.

Miscellaneous Expenses Policy: Expenses for postage, photocopying, printing, faxing and other minor expenses directly related to a matter are billable at cost to VCE.

EXHIBIT C

SCHEDULE OF SERVICES

The scope of this contract commences on January 1, 2025 and terminates December 31, 2026. The schedule may be extended by mutual agreement in writing by both parties.

EXHIBIT C

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Board of Directors

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

SUBJECT: First Amendment to the Richards, Watson, and Gershon Agreement for General Legal Counsel

DATE: December 12, 2024

RECOMMENDATION

Adopt a resolution approving the First Amendment to the Agreement with Richards, Watson and Gershon (RWG) for general legal counsel services extending the term two (2) years expiring December 31, 2026.

BACKGROUND & DISCUSSION

In March 2021, staff released an RFP seeking proposals for general legal counsel services for VCE. After a thorough review and interview process, in June 2021 via Resolution 2021-014 the Board entered into an Agreement with Richards, Watson, and Gershon (RWG) to provide general legal counsel services. The Agreement expires on December 31, 2024.

VCE Staff are recommending to continue general counsel services with RWG for an additional two (2) years based on RWG's performance, familiarity with VCE and its customer base, and competitive market rates for services. Since the original Agreement was multi-year, the hourly rates within Exhibit C – Compensation have been updated in recognition of the recent inflationary period (fixed rates since 2021; 8.3% increase in recommended extension). Note: Yolo County Counsel will continue to serve as VCE co-general counsel on a limited basis to maintain continuity.

Staff is recommending approval of the attached First Amendment to the Agreement extending the term two (2) years for a new expiration date of December 31, 2026; an updated Exhibit C – Compensation; and, authorization for the Executive Officer, in consultation with legal counsel, to execute and sign the First Amendment.

Attachments

1. First Amendment to RWG Agreement
2. Resolution 2024-XXX

**FIRST AMENDMENT TO THE AGREEMENT
BETWEEN VALLEY CLEAN ENERGY ALLIANCE AND
RICHARDS, WATSON AND GERSHON
FOR GENERAL COUNSEL LEGAL SERVICES**

This First Amendment to Agreement for Legal Services (First Amendment) is made and entered into as of _____, 2024, by and between **Valley Clean Energy Alliance**, a Joint Powers Authority organized and operating under the laws of the State of California (“VCE”), and **Richards, Watson and Gershon**, a Professional Corporation (“Law Firm”). VCE and Law Firm are sometimes referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

WHEREAS, VCE and Law Firm entered into the Agreement for Legal Services effective June 11, 2021 through December 31, 2024.

WHEREAS, VCE and Law Firm desire to amend the Agreement to extend the term for an additional two years and revise the hourly rates.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Term.** The term of the Agreement is hereby extended to December 31, 2026.
2. **Compensation.** Exhibit C to the Agreement is hereby replaced in its entirety by Exhibit C as attached to this Amendment.
3. Except as amended by this First Amendment, all other provisions of the Agreement will remain in full force and effect.
4. If any portion of this First Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

[Signatures on following page]

**SIGNATURE PAGE FOR FIRST AMENDMENT TO THE AGREEMENT
BETWEEN VALLEY CLEAN ENERGY ALLIANCE AND RICHARDS, WATSON AND GERSHON
FOR GENERAL COUNSEL LEGAL SERVICES**

IN WITNESS WHEREOF, the Parties have entered into this First Amendment as of the _____
day of _____ 2024.

VALLEY CLEAN ENERGY ALLIANCE

RICHARDS, WATSON AND GERSHON

By: _____
Mitch Sears
Executive Officer

By: _____
Inder Khalsa
Shareholder

EXHIBIT C
COMPENSATION

Shareholders and Senior Attorneys	\$325 per hour
Associates	\$275 per hour

All paralegal time will be billed at \$200 an hour.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024- _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
APPROVING FIRST AMENDMENT TO THE RICHARDS, WATSON AND GERSHON
AGREEMENT FOR GENERAL LEGAL COUNSEL AND AUTHORIZING THE EXECUTIVE
OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO EXECUTE
AND SIGN THE FIRST AMENDMENT**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, on June 10, 2021 via Resolution 2021-014, VCE entered into an Agreement with Richards, Watson and Gershon (RWG) for general legal counsel for a term expiring December 31, 2024; and

WHEREAS, both VCE and RWG agree to continue with RWG’s services for an additional two (2) years and update the hourly rates (Exhibit C).

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

1. Approval of the attached First Amendment to the Agreement with Richards, Watson and Gershon for general legal counsel extending the term to December 31, 2026; replacing in its entirety Exhibit C with revised hourly rates; and, authorize the Executive Officer, in consultation with legal counsel, to execute and sign the First Amendment to the Agreement.

ADOPTED, this _____ day of _____, 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary
Attachment A: First Amendment to RWG Agreement

ATTACHMENT A

**FIRST AMENDMENT TO THE AGREEMENT
BETWEEN VALLEY CLEAN ENERGY ALLIANCE AND
RICHARDS, WATSON AND GERSHON**

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Board of Directors

FROM: Edward Burnham, Finance and Operations Director

SUBJECT: Summary of VCE Grant Activity

DATE: December 14, 2024

This informational report summarizes VCE’s grant participation activities during 2024.

VCE Awarded Grants & External Funded Programs - In-Progress

1. Sacramento Area Council of Governments (SACOG) - EV Charger installations (“Electrify Yolo” project).

This \$2.9 million grant awarded in December 2018 and is for the installation of electric vehicle charging infrastructure within Yolo County. VCE was awarded the grant in cooperation with Yolo County and the cities of Davis and Woodland. VCE coordinated with the City of Winters to get additional charging infrastructure installed there. VCE is near completion of the installation of the charging stations in partnership with member jurisdictions. VCE received a grant extension expiring December 31, 2024.

2. Responsive, Easy Charging Products with Dynamic Signals (REDWDS) - California Energy Commission (CEC)

The California Energy Commission’s (CEC’s) Clean Transportation Program grant provides up to \$9 million in grant funds to accelerate the development and deployment of easy-to-use charging products which help customers manage electric vehicle (EV) charging and respond to dynamic grid signals. Up to \$300 million in additional grant funds may be available in the future to complete a second phase of work for agreements initially awarded funding under this solicitation. VCE in partnership with Monarch Tractor and GridTractor has been provisionally approved for \$337,500 to provide bidirectional electric tractors using dynamic rates similar to the the AgFIT program.

3. California Public Utilities Commission (CPUC) - Agricultural Flexible Irrigation Technology (AgFIT).

Launched in 2022, VCE’s AgFIT supports local growers in decreasing energy usage and costs and VCE was awarded \$4.2 million. In partnership with Polaris Energy Services and TeMix, the program provides incentives for irrigation automation and leverages software to help agricultural customers manage energy costs while providing maximum flexibility. The system gives agricultural customers visibility into energy prices a week ahead to help schedule irrigation for when energy costs (and other demands on the grid) are lowest. This program continues to evolve and gain participation.

4. County of Yolo American Rescue Plan (ARP) - Electrification Retrofit Rebate Outreach (ERRO)

Electrification Retrofit Rebate Outreach program to encourage low-income households to access a portion of \$1B in state electrification rebates. Yolo County has partnered and awarded VCE with \$100,000 in American Rescue Plan (ARP) funds to VCE for execution.

5. California Public Utilities Commission (CPUC) - AgFIT (Expanded Pilots #1 and 2)

Pilot #1 is similar to the original AgFIT Pilot and is geared toward ag customers. It is administered by VCE in VCE territory. Pilot #2 has more eligible customer classes, including residential. It is administered by PG&E.

VCE Requested Grants & External Funded Programs – Applied/Pending

6. EPA Grant: Environmental and Climate Justice Community Change Grants Program.

The Community Engagement and Collaborative Governance Plan ensures the successful implementation of environmental and climate justice projects through strong relationships and meaningful engagement with community leaders, residents, and project partners. The total grant application is \$19M with \$10M allocation for VCE. Yolo County, the Lead Applicant, will work with collaborating entities and the broader community to ensure project activities are responsive to community needs, equitably distributed, and inclusive of all voices— especially those from farmworkers, low-income families, and tribal communities. The EPA grant plan includes several projects, including two microgrids (one for VCE, one for Yocha Dehe Wintun Nation); an expansion of VCE/Yolo County's ERRO program, community outreach performed by De Colores and Cool Davis, rebates for electrification, and other associated projects.

7. California Air Resources Board - Electric Autonomous Tractor Swarms (EATS) Grant.

VCE has partnered with UC Agriculture and Natural Resources (ANR) and Monarch Tractor to apply for a \$5M statewide grant for the engagement of the agricultural sector to develop customer programs and initiatives that decarbonize, community resiliency and custom savings. The grant application is under review and evaluation.

VCE Grants & External Funded Programs – Unsuccessful Applications

8. California Department of Food and Agriculture (CDFA) - Community Resilience Centers (CRC) Microgrid Program

The CRC Program will focus on improving community facilities to enhance the state's emergency preparedness capabilities, particularly in response to climate change. VCE applied for \$5.7 million in funding to enable VCE's Gibson project (13 MW photovoltaic (PV)+ 13 MW battery storage) to act as a microgrid for the Yolo County Capay Valley. The Capay Valley (Madison Circuit) has been identified as one of the most interrupted circuits in California. The Madison circuit serves 5 emergency support centers including fire districts and medical. The Madison Circuit serves +4000 customers, 800 CARE/FERA, +160 life support, and +10 critical support customers. VCE was not approved for this grant opportunity and was recommended to pursue the strategic growth council grant.

9. Strategic Growth Council (SGC) - Community Resilience Centers (CRC) Microgrid Program

The CRC Program will fund neighborhood-level resilience centers to provide shelter and resources during climate and other emergencies, as well as year-round services and programming that strengthens community connections and the ability to withstand disasters. VCE applied for \$5.7 million in funding to enable the Gibson photovoltaic (PV)+ battery storage facility to act as a microgrid as described in the above CDFA grant. This grant application is under review and evaluation.

10. California Energy Commission (CEC) - Grid-Supportive Transportation Electrification

Grid resilience technology that would support EVs, electrified homes, and add dynamic rates focused on Residential customers. The purpose of this solicitation was to fund technology demonstration and deployment projects that support EPIC 4 objective to increase the value proposition of DERs to the grid. VCE would have been a subgrantee under UC Davis and the project will demonstrate SPIN, a grid-supportive residential control system for electric vehicles, onsite generation, onsite battery energy storage and electric appliances. VCE would contribute the dynamic rate component based on the prior AgFIT pilot program.

11. California Energy Commission (CEC) - Power Electronics for Zero-Emission Residential Resilience (PEZERR)

Grid resilience technology that would support EVs, electrified homes, and add dynamic rates focused on Residential customers. The purpose of this solicitation was to fund emerging power electronics technologies that improve affordability and simplify the complexity and time required for installing and integrating zero-emission backup power systems for powering critical loads during grid outages. (SPIN) would have been a unique product that acts as the energy center for the entire home (i.e. microgrid in a box) by transforming the way electric vehicles (EVs), stationary battery storage and the grid interact with residential energy systems. SPIN would have controls power flow to optimize energy for the consumer and utility, while delivering energy security to occupants through its full home, automatic, backup power capability without the need for utility service upgrades.

12. California Energy Commission (CEC) - Virtual Power Plant Approaches for Demand Flexibility (VPP-FLEX)

Dynamic rates with shiftable load as a VPP for residential customers. The California Lighting Technology Center (CLTC), in collaboration with Pacific Gas and Electric Company (PG&E), Valley Clean Energy (VCE), Panasonic, Yolo County and its northern California communities (collectively called "Team") proposed to develop and deploy a residential, community, virtual power plant (VPP) program called the North Valley, Residential, Community VPP (North Valley VPP). The proposed VPP will deliver at least 1.0 MW of load-modifying demand reductions from aggregated load shift and/or shed of residential smart appliances and electric vehicles (EVs), used in combination with behind-the-meter, (BTM) distributed battery energy storage systems (BESS). The Team's approach, would have combined community-scale aggregation of DR resources dispatched automatically in response to real-time pricing signals, had the potential to

address core shift and shed DR services. The North Valley VPP would have been the first in California to integrate dynamic rates in the form of hourly changes in electricity prices, also called real-time pricing (RTP), with PG&E's distributed energy resource management system (DERMS) for the purposes of continuously monitoring, dispatching, and automatically controlling BTM resources in real time, and in combination with distribution system and grid-connected resources. Budget submission includes funds for one year of VCE's Electric Advisor service.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Yvonne Hunter, Legislative and Project Specialist
Mark Fenstermaker, Pacific Policy Group (PPG)

SUBJECT: 2025 Legislative and Regulatory Platform

DATE: December 12, 2024

RECOMMENDATION

Recommend that the VCE Board approve the proposed 2025 VCE Legislative Platform outlining policy, legislative and regulatory issues and positions that VCE would take on them.

BACKGROUND/ANALYSIS

At the July 8, 2020 Board Meeting, the VCE Board of Directors adopted VCE’s first legislative platform. Each year, VCE updates the legislative platform in advance of the next legislative session to reflect ongoing and new legislative priorities. It serves as a guide for legislative engagement and is based on positions that VCE has taken on past legislation, as well as the principles set forth in VCE’s Vision Statement, Strategic Plan, and Environmental Justice Statement. The Legislative Platform, however, does not limit VCE’s engagement in new legislative or regulatory issues that may impact VCE and are not included in the Platform. In addition, the platform is meant to be an inward facing document to provide guidance to VCE staff and PPG for 2025 in the legislative and regulatory arenas.

The 2024 Platform that was approved by the VCE Board anticipated that the 2025 Platform would address regulatory issues more completely. The attached draft 2025 Legislative and Regulatory Platform incorporates the regulatory process into the document in ways that reflect regulatory issues that may be of interest to VCE as well as a discussion of the regulatory procedures which VCE must follow.

The Leg/Reg Task Group and CAC reviewed the draft 2025 Platform and offered a number of helpful suggestions that are incorporated in the recommended Platform.

Highlights of Key Changes to 2025 Platform

- Both staff and the LRTG reviewed the 2024 Platform and did not see the need for any major policy additions or deletions for the 2025 update. Thus, only minor wording

tweaks and consistency edits are included in issue areas. These include the addition of the phrase “and front-of-the meter distributed” added to statement 3c in the Resource Adequacy section.

- Because affordability promises to be an important legislative and regulatory issue in the future, staff and the LRTG reviewed the 2024 Platform to be sure that it included statements that address affordability issues, should the need arise. The conclusion was that the 2024 Platform includes broad statements related to affordability that provide sufficient guidance to VCE staff and our lobbyist to engage in affordability issues in the coming year. These include sections 1a in Governance and Statutory Authority and 2b in Restructuring the Electric Utility Sector, as shown below.

1. Governance and Statutory Authority

VCE will:

- a. Oppose policies that limits the local decision-making authority for CCAs, including rate-setting authority and procurement of energy and capacity to serve their customers.

2. Restructuring the Electricity Utility Sector¹

VCE will:

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

- The draft 2025 Legislative and Regulatory Platform incorporates regulatory issues in two ways.
 - First, it deletes references to “legislation and regulations” in Section B and replaces that phrase with “policy” or “policies” in order to cover both legislative and regulatory issues.
 - Second, it adds a new section (C) “Regulatory Requirements, Procedures and Issues”. This new section includes basic information about the regulatory arena, how it is different from the legislative arena and how VCE participates in that process directly and through CalCCA. It also includes issues in which VCE may become engaged in 2025.
- The draft Platform also includes minor wording changes and formatting/organizational changes to accommodate the inclusion of the new regulatory section.
- The CAC will discuss two issues for possible inclusion in the 2026 Platform. These are transport electrification and consideration of wildlife and open space in siting generation facilities.

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¹ This is one area where legislation would be required, as regulatory action alone would not be feasible.

Conclusion

Staff recommends that the Board approve the attached draft 2025 Legislative and Regulatory Platform to help guide VCE's legislative and regulatory activities.

Attachments

Redline version of the draft 2025 Legislative and Regulatory Platform

2025⁴ LEGISLATIVE AND REGULATORY PLATFORM

Adopted _____, 2024

~~NOTE: In order to expand this platform to include regulatory activities as well as legislation, VCE has added references to regulatory engagement for selected issues. VCE intends to integrate regulatory matters more thoroughly into the platform next year in developing the platform for 2025 with the assistance of its regulatory consultant.~~

A. INTRODUCTION ~~Introduction~~

About Valley Clean Energy

Valley Clean Energy is a joint-powers authority organized pursuant to California law that includes the cities of Davis, Woodland, Winters and the unincorporated areas of Yolo County. The purpose of VCE is to enable the participating jurisdictions to determine the sources, modes of production and costs of the electricity they procure for the customers in the VCE service territory. VCE is governed by a Board of Directors consisting of city council members and county supervisors from its member jurisdictions.

PG&E, the incumbent Investor-Owned Utility (IOU), continues to deliver the electricity procured by VCE and performs billing, metering, and other electric distribution utility functions and services. Customers within the participating jurisdictions may opt-out of VCE and remain a PG&E bundled-service electricity customer.

The mission of VCE is to ~~deliver~~ provide cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions to residents, businesses and public facilities within its member jurisdictions. In addition, VCE provides a greater level of transparency and accountability ~~regarding in regard to~~ energy sources and prices because VCE's board consists of local elected officials and its deliberations and decisions are conducted in public in accordance with California law.

About the Legislative and Regulatory Platform

This Legislative and Regulatory Platform serves as a guide for legislative and regulatory engagement in the 2025⁴ legislative session and calendar year. It is based on positions that VCE has taken on past legislation and regulatory proceedings, as well as the principles set forth in VCE's Vision Statement, Strategic Plan, and Environmental Justice Statement. It will be updated annually to reflect new issues that VCE ~~may will~~ address each year. VCE may engage in legislative and regulatory issues not included in the Platform if the proposals have important impact to VCE operations and customers.

Draft 2025 Leg-Reg Platform

To review VCE's Vision Statement, Strategic Plan and Environmental Justice Statement, please see <https://valleycleanenergy.org/wp-content/uploads/VCEA-Vision-Statement-11-16-17.pdf>, <https://valleycleanenergy.org/wp-content/uploads/Valley-Clean-Energy-Statement-on-Environmental-Justice-Adopted-10-8-2020-1.pdf>, <https://valleycleanenergy.org/wp-content/uploads/VCE-Strategic-Plan-Final.pdf>.

The Platform is divided into two sections: Legislative and Regulatory Issue Areas, and Regulatory Requirements and Procedures. The issue areas are mostly common to both the legislative and regulatory arenas and range from governance and statutory authority to resource adequacy, PCIA and dynamic pricing, as detailed in Section B below. While VCE monitors activities within both the legislative and regulatory landscapes, the landscapes differ in important ways procedurally, and the regulatory structure imposes some specific requirements that VCE must fulfill on a regular periodic basis. Section C describes these regulatory requirements and procedural considerations.

B. LEGISLATIVE AND REGULATORY ISSUE AREAS

Issue Areas

1. Governance and Statutory Authority

VCE will:

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

2. Restructuring the Electricity Utility Sector¹

VCE will:

- a. Work with other local governments interested in forming municipal electric utilities, as well as the California Municipal Utilities Association, to expand opportunities for municipalization. This includes supporting legislation that expands opportunities for CCAs to become municipal electric utilities.
- b. Support legislation and advocate for reforms to the utility regulatory and business model to transform Investor-Owned Utilities (IOUs) so that they must deliver greater benefits to ratepayers, increase safety and reliability, reduce costs, and support the successful performance of CCAs.

¹ This is one area where legislation would be required, as regulatory action alone would not be feasible.

Draft 2025 Leg-Reg Platform

- c. Advocate for greater collaboration to occur between CCAs and incumbent IOUs, particularly in local planning efforts related to energy, EV charging, community ~~resource~~-centers, microgrids, dynamic pricing, etc.
- d. Support efforts that result in IOUs providing CCA customer meter data to the CCA in real time to enable CCAs to better forecast and schedule load.
- e. Support effective ~~policies legislation~~ that would transform PG&E to a public power or customer owned entity.

3. Resource Adequacy

VCE will:

- a. Support efforts to create a functional central procurement entity for residual Resource Adequacy needs.
- b. Oppose ~~policies legislation~~ that would negatively impact CCAs' procurement authority for Resource Adequacy.
- c. Advocate for and support efforts to remove barriers to demand response, microgrids, behind-the-meter ~~and front-of-the meter distributed~~ resources and aggregations of distributed energy resources to provide Resource Adequacy.
- d. Support ~~policies legislation and proposed regulations~~ that would modify the RA waiver and penalty process so that they more realistically reflect the constraints in the RA markets that Load Serving Entities face.

4. Power Cost Indifference Adjustment (PCIA)

VCE will:

- a. Support CalCCA efforts to increase the transparency of IOU electricity contracts and any other factors that provide the basis for PCIA charges that VCE (and its customers) and other CCAs must pay.
- b. Support efforts to create a pathway to wind down the PCIA.
- c. Support ~~policies legislation~~ that would bring stability to the PCIA and/or provide new mechanisms for CCAs to securitize PCIA charges.
- d. Oppose ~~policies legislation~~ that would increase or expand exit fees, including PCIA, on CCA customers.

5. Load Shaping/Shifting and Dynamic Pricing

VCE will:

- a. Support ~~policies legislation and, funding and regulatory provisions~~ that creates viable opportunities for CCAs to shape or shift load to support grid operations.
- b. Support ~~policy legislation and regulatory provisions~~ that recognizes and assigns Resource Adequacy value to load shaping or load shifting programs.
- c. Support ~~policy legislation and regulatory provisions~~ that enables customers of VCE and other CCAs to participate in dynamic pricing plans to shift load away from peak, including the use of automated systems.

Draft 2025 Leg-Reg Platform

6. Public Safety Power Shut-Offs (PSPS) and Flex Alerts

VCE will:

- a. Support ~~policy legislation and regulations~~ that increases the notification and transparency requirements on IOUs as they implement a PSPS.
- b. Support ~~policy legislation~~ that creates standards for PSPS implementation and penalties on IOUs that execute PSPS below those standards.
- c. Support ~~policy legislation~~ that creates rules and procedures to ensure PSPSs are implemented narrowly and only as absolutely necessary.
- d. Support ~~policy legislation~~ that requires IOUs to notify impacted cities, counties and CCAs of impending PSPS.
- e. Support ~~policy legislation and regulations~~ that requires IOUs to provide CCAs with better customer contact information so that CCAs may more effectively engage their customers in a timely manner.

7. Community Resilience

VCE will:

- a. Advocate for and support funding for programs implemented by CCAs and their member jurisdictions to increase community resilience to extreme temperatures, wildfires, PSPS events and other potential service disruptions.
- b. Support ~~policy legislation and regulations~~ that reduces barriers to microgrid development by CCAs.
- c. Oppose ~~policy legislation and regulations~~ that would enable IOUs to dominate or restrict microgrid development.
- d. Support ~~policy legislation and regulations~~ that facilitates development of community level resources and distributed energy resources and that recognizes their value in reducing the need for new transmission and distribution infrastructure.

8. Renewable Energy Generation Sources

VCE will:

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

Draft 2025 Leg-Reg Platform

9. Energy Justice

VCE will:

- a. Engage in ~~policies legislation~~ that directly or indirectly impacts the ability of underserved communities in the VCE service territory to have affordable, reliable and clean energy.
- b. Support ~~policy legislation and regulations~~ that strengthens the resilience of vulnerable communities to the impacts of climate change.
- c. Support ~~policy legislation~~ that enables all California communities, especially marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, to participate in the transition to a zero carbon electrical grid in a cost-effective manner.
- d. Support ~~policy legislation~~ that enables all California communities, especially historically marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, to participate in the decarbonization of the state's building stock and the transportation sector.
- e. Support ~~policy and funding legislation or budget appropriations~~ to alleviate residential and commercial energy insecurity or financial hardships that could disrupt electricity service to VCE customers or restrict VCE customers' access to clean energy opportunities. This could include, for example, assistance to avoid electric service disconnections or economic recovery funding for transportation electrification.

10. Local Economic Development and Environmental Objectives

VCE will:

- a. Support ~~policy legislation~~ that enhances opportunities for CCAs to promote local economic development through locally designed programs that meet the unique needs of its member agencies and customers.
- b. Support ~~policy legislation~~ that enhances development of local and regional sources of renewable energy.
- c. Support ~~policy legislation~~ that enables CCAs to collaborate with their member jurisdictions on local energy resources and projects to advance environmental objectives.
- d. Support ~~policy legislation and regulations~~ to enable CCAs to plan, own and operate clean energy resources that serve local needs while contributing to the local economy.
- e. Support ~~policy legislation~~ and ~~other~~ programs that ensure that CCAs and their member agencies have access to existing and new state and federal energy-related grant and loan funds, including programs for residential, commercial, industrial, agricultural and government customers.

11. Miscellaneous

VCE will:

- a. Oppose ~~policy legislation~~ that expands direct access or the ability or economic incentives for electric service providers to selectively recruit CCA or IOU customers.

Draft 2025 Leg-Reg Platform

- b. Support policy legislation that would require all load-serving entities to meet the same renewable content, environmental and other procurement requirements.
- c. Engage with legislative, regulatory or other proposals to create a western regional transmission organization. Such an organization must ensure the continued ability of CCAs to retain their local governance, rate making and procurement authority and ensure that California’s environmental and energy policies are not compromised.
- d. Support policy legislation and proposed regulations that address es interconnection or energizing delays for businesses, public agencies, homes, and energy generation projects.

C. REGULATORY REQUIREMENTS, PROCEDURES AND ISSUES

Background

As noted above, VCE monitors the regulatory landscape covering the topics listed in Section B. However, the regulatory landscape is much more complicated than the legislative landscape. State agency action on issues (generally referred to as “proceedings”) can often last several years, especially those proceedings conducted by the CPUC. In addition, engagement by an individual or agency, such as VCE, must follow specified procedural requirements.² As a result, regulatory participation is more resource intensive.

At the same time, as a “load-serving entity” (LSE) under California law VCE must comply with specific regulatory requirements. As a result, VCE directly and indirectly participates in the regulatory process in several ways. They include the following activities.

1.State Agency Compliance Reporting. Each year, VCE (or its regulatory and power procurement consultants, on behalf of VCE) files over 50 compliance reports to different state agencies including the CPUC, CEC, CAISO, Secretary of State. These include, but are not limited to: the joint rate mailer, integrated resource plan, renewable portfolio standard report, PG&E rate comparison mailer, RA year ahead load forecast, and power content label.

² Participating in a CPUC regulatory proceeding is more complicated than engaging in the legislative process. CPUC proceedings are considered quasi-judicial or court-like hearings. They are overseen by an administrative law judge and generally follow court like procedures. Those wishing to engage in a proceeding and submit a brief or testify must become “a party” to the proceeding and follow specified practices. Simply submitting a letter with comments on a proceeding is not an effective way to be engaged in a CPUC proceeding. Often proceedings are active over several years, require ongoing commitment of staff or consultant resources, and those interested in the issues must follow formal procedures for providing comments or other input.

³ CalCCA’s mission related to legislative and regulatory issues is best summed up by the following statement on its website: “CalCCAsupports legislation and regulatory policies that protect and foster CCAs within the state. We promote competitive neutrality and a level playing field. We oppose legislation and regulatory policies that unfairly discriminate against CCAs or CCA customers, or reduce CCA policy- or decision-making autonomy.”

⁴ More about CalCCA’s Regulatory policy and filings is available at: <https://cal-cca.org/regulatorylegislative/>

2. CalCCA Regulatory Committee.³ VCE staff participates on CalCCA’s Regulatory Committee. It meets weekly with subcommittees meeting multiple times a week, depending on deadlines and CalCAA comment depending on individual proceedings.

3. CalCCA Regulatory Filings.⁴ CalCCA periodically becomes “a party” to a CPUC regulatory proceeding on behalf of its member CCAs and submits comments and engages in discussions with CPUC staff and CPUC commissioners. VCE monitors these items and periodically provides input to the internal discussion related to how to approach a proceeding and the content of CalCCA comments. Examples of CalCCA filings include: Slice of Day, Provider of Last Resort (POLR), Establishing Energization Timelines and New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs. CalCCA also files comments on behalf of its member CCAs on California Energy Commission proceedings, although that regulatory process is different than that at the CPUC.

4. Individual CCA Regulatory Filings. Individual CCAs sometimes submit their own comments in CPUC proceedings, individually or jointly with other CCAs. VCE monitors these and occasionally has submitted its own comments or joined other CCAs. For example, VCE submitted comments on the expansion of the Dynamic Pricing Pilot (related to AgFIT) and RA Slice of Day proceedings.

5. Joining CalCCA or Individual CCA Filings. On high priority issues that significantly impact VCE, with the assistance of its regulatory consultant, VCE joins CalCCA or other CCAs in a filing submitted by CalCCA or a CCA. Examples include: Summer Reliability (Dynamic Pricing) and Slice of Day Resource Adequacy.

6. VCE Leads a Response to a Regulatory Proceeding. For high priority issues, VCE may take the lead in a regulatory filing, inviting CalCCA and other CCAs to join the filing. An example was the recent proceeding related to expanding the Dynamic Pricing Pilot Program (AgFIT).

7. Other Regulatory-Related Activities. These activities may include proceedings or actions at CAISO, the Air Resources Board, Federal Energy Regulatory Commission (FERC) or other regulatory agencies that may have direct or indirect impacts on VCE or the CCA community.

Proposed Future VCE Regulatory Engagement

In 2025, VCE will engage in the regulatory process in the following way.

- Continue to participate with CalCCA and other CCAs, as described in items 1-7 above.
- Depending upon staff and financial resources available, identify and participate in high priority regulatory proceedings that may have significant impact on VCE’s autonomy,

governance, rate setting authority, mission and strategic plan. The proceedings may include, but are not limited to: slice of day RA reform, RA benchmarking, dynamic pricing and other new critical issues that may arise in 2025 or in future years.

DRAFT

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations

SUBJECT: Approve updated reserve policy and dividend program guidelines

DATE: December 12, 2024

RECOMMENDATIONS

Approve updates to the financial reserve policy and dividend program guidelines.

OVERVIEW

The purpose of this report is to share the draft updated reserve policy and dividend program guidelines for Board consideration. VCE has been in operation now for multiple years post-adoption of the existing policy and guidelines. In order to achieve its strategic goals, VCE must maintain liquidity for day-to-day operations and its initial long-term financial target of 180 days operating cash. Both require routine updates to reach VCE’s strategic goal of financial strength including reaching VCE’s initial investment-grade credit rating and rate stabilization for its customers. This Staff Report and attached draft updated reserve policy and program dividends guidelines include revisions that support our financial strength goals.

BACKGROUND AND ANALYSIS

The Board adopted the Financial Reserve [Policy](#) (FRP) on December 14, 2017, and the Dividend Program [Guidelines](#) (DPG) on June 17, 2019, to establish cash reserve targets and guide the allocation of the audited net margin for each year. VCE has used these documents for guidance through multiple budgets, customer rate settings, financial audits, and within-year changes such as COVID-19, heat waves, droughts, etc. VCE reached the targeted 90+ operating days cash target for the year ending December 31, 2023, and began the customer dividend program in 2024. Additionally, VCE repaid all outstanding loans from member agencies and River City Bank.

As part of the evaluation of VCE’s ability to obtain an initial investment grade rating, VCE recognizes the need to increase the cash reserve targets and develop cash reserves for rate stabilization. Staff has evaluated the existing Policy and Guidelines based on the Financial Strength strategic goal objectives and direction from the Board of Directors. As part of the process, Staff presented these updates at the Community Advisory Committee May 23, 2024 meeting and received a unanimous recommendation from the CAC supporting the proposed financial and dividend policy updates.

Staff introduced these policy updates at the November 14, 2024 Board meeting as part of the Budget update. Staff is recommending the following policy modifications:

1. Increasing the Operational Financial Reserve minimum from 30 days to 120 days cash on hand.
2. Increasing the Operational Financial Reserve Target from 90 days to 180 days cash reserves (this increase aligns with current minimums typically seen for CCA qualification for investment grade credit ratings).
3. Addition of a Rate Stabilization Reserve with a minimum target of 60 days cash reserves.
4. Until Operational and Rate Stabilization reserve targets are met, increase the minimum net margin allocation from 50% to 75% that is directed to financials reserves when annual net margins are above 5%.
5. Administrative updates and references to VCE cost recovery rate policy and rate adjustment policy.
6. Definitions of uses for Operational Financial Reserves and Rate Stabilization Reserves.

CONCLUSION

If adopted, the proposed updates are expected to have a positive fiscal impact improving VCE's financial stability while building customer trust and loyalty.

Attachments

1. VCE Financial Reserve Policy
2. VCE Dividend Program Guidelines

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL RESERVE POLICY

The VCE Board recognizes the importance of developing cash reserves to:

- Ensure financial stability
- Ensure access to credit at competitive rates
- Ensure rate stability
- Fund local programs

To achieve these objectives, VCE targets an operating cash reserves account minimum balance of 120 days of operating expenses, with a goal of building and maintaining a reserve of 180 days of operating expenses. Additionally, VCE targets a Rate Stabilization Reserve account with a minimum balance of 60 days of operating expenses. VCE Local Programs and Dividends are designated by the Board of Directors during the annual budget process and dividend program allocation process.

VCE Rates, Power Portfolio Resource mix, and Operating Budget will be adjusted as needed to meet and maintain VCE's target reserves and an investment grade credit rating. If the Reserves are projected to fall below the minimum balance, VCE will implement plans, such as increasing rates/lowering VCE's discount by use of the rate adjustment policy, to return Operating Reserves to the target of 180 days within two years. Such plans will be provided in subsequent budget and rate discussions with the Board of Directors.

Definitions

Operational Reserve – As described above, operational reserve funds are used to meet VCE's strategic objectives, secure favorable commercial terms, secure future stand-alone VCE credit rating(s), and provide a source of funds for unanticipated expenditures.

Rate Stabilization Reserve – Rate stabilization funds provide a contingency to provide rate stability for VCE customers given factors such as, but not limited to, new or changed regulations, increased power costs, and Power Charge Indifference Adjustment (PCIA) charges from the investor-owned utility (PG&E).

Valley Clean Energy Alliance

Dividend Program Guidelines

Purpose: VCE's customer dividend program allows VCE to provide rate relief to customers, maintain financial stability and focus on its primary goals: a cleaner environment, meeting the members' climate action goals, building agency reserves, offering custom tailored programs, and awarding customers for their loyalty and trust.

Program Guidelines:

- VCE, at a minimum, reviews and sets customer rates on an annual basis as outlined in VCE's cost recovery rate policy. VCE's rate adjustment policy is used for within-year rate adjustments for significant cost impacts.
- VCE requires a minimum 5% net margin (less principal debt payments) before consideration of providing dividends to VCE customers. Customer dividends are provided in the form of bill credits.
- Annually based on the audited financial statements:
 - Calculate the Net margin less principal debt payments.
 - If Net margin < 5% - no customer dividends and Board determines allocation of net margin to Cash reserves and & Local Program reserves.
 - If Net margin > 5% - Board determine allocation of any surplus (over 5%) to Cash reserves, Local Program reserves and Customer Dividends.
- Guidelines of Allocation of Net Margin
 - Net Margin <= 5%
 - Up to 95% to Cash Reserves (Until 180-days of operational cash reserves met).
 - At least 5% to Local Program Reserves.
 - Net Margin > 5%
 - Follow guidelines for Net Margin up to 5%.
 - Net margin in excess of 5%:
 - At least 50% to Operational Cash Reserves until 180 days cash reserve target is met (Rating agency minimum requirements).
 - At least 25% to Rate Stabilization Reserves until 60 days cash reserve target is met.
 - Discretionary Board Allocations (above 75% until the minimum cash reserve targets are met). Remaining excess allocated between

additional cash reserves, customer dividends, and Local Programs Reserve at the discretion of the Board annually.

- Board approves allocation of Net Margin on or around the April Board meeting
- Any surplus allocation to customer dividends will appear as bill credits. Any customer dividends will appear as bill credits in the form of a future rate discount. The prospective bill credit provides for additional financial stability as VCE achieves the primary goals set in the strategic plan.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

TO: Board of Directors

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

SUBJECT: Agreements for Hourly Flex Pricing Pilot Programs

DATE: December 12, 2024

RECOMMENDATION

Approve resolution authorizing the Executive Officer and/or his designee to execute and take all actions necessary to implement the agreements with Pacific Gas & Electric for the Hourly Flex Pricing Pilot Programs.

BACKGROUND AND ANALYSIS

In November 2024, the VCE Board of Directors approved participation in the Hourly Flex Pricing (HFP) pilot programs, otherwise known as the expanded Agricultural Flexible Irrigation Technology (AgFIT) Pilots. The Pilot allows for up to \$750,000 of California Public Utilities Commission funds to reimburse VCE’s administrative expenses (through PG&E) for the HFP pilots #1 and #2. In order to recoup expenses from PG&E, VCE must sign two agreements.

FISCAL IMPACT

The HFP Pilot Programs should have a net-neutral effect on VCE’s budget, as VCE’s submitted and approved budget totals \$750,000.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-___

A RESOLUTION OF VALLEY CLEAN ENERGY ALLIANCE APPROVING TWO AGREEMENTS WITH PACIFIC GAS AND ELECTRIC FOR REIMBURSEMENT OF ADMINISTRATIVE EXPENSES ASSOCIATED WITH THE HOURLY FLEX PRICING PILOT PROGRAMS AND AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE THE AGREEMENTS

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, the Public Utilities Commission approved the Hourly Flex Pricing Pilots in Decision 24-01-032 (the “Expanded AgFIT Pilots Decision”) in January 2024; and

WHEREAS, The Expanded Pilots Decision continued the process from the original AgFIT Pilot of CPUC approval of invoices covering VCE’s authorized administrative expenses and Energy Division direction of PG&E to disburse such authorized expenses to VCE; and

WHEREAS, PG&E requires two agreements between the parties in order for VCE to seek reimbursement for administrative expenses;

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

1. The VCE Executive Officer, in consultation with VCE Legal General Counsel, is authorized to finalize, approve, execute, and extend on behalf of VCE the Agreements with PG&E through December 31, 2027, for the Hourly Flex Pricing Pilots, for a not to exceed amount of \$750,000.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____ 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lucas Frerichs, VCE Board Chair

ATTEST: _____
Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 17

TO: Board of Directors

FROM: Edward Burnham, Director of Finance & Internal Operations
Rebecca Kuczynski, Director of Customer Care & Marketing
Mitch Sears, Executive Officer

SUBJECT: Approve Budget Amendment for AgFIT Final Budget and non-reimbursable costs.

DATE: December 14, 2024

RECOMMENDATION

1. Approve a Budget Amendment to allocate \$650,000 in program funds for the final costs associated with the development and launch of VCE’s Agricultural Flexible Irrigation Technology (AgFIT) pilot program.

BACKGROUND AND ANALYSIS

The AgFIT pilot program is designed to provide VCE agricultural customers with hourly price signals and incentives for irrigation automation and scheduling software to better manage energy costs. More than 85% of VCE’s service territory footprint is designated for agricultural use. Due to this high concentration, the agricultural sector represents approximately 18% of VCE’s total annual load and 16% of its peak demand.

In support of VCE’s significant agricultural sector, the Board adopted a 3-year programs plan on June 10, 2021, that included an agricultural demand side program which evolved into the AgFIT dynamic rate pilot program.

At its December 2, 2021 meeting the CPUC issued decision 21-12-015 authorizing VCE’s proposed dynamic rate pilot to be made available to customers taking electric service on irrigation pumping tariffs, including program funding of \$3,250,000 (inclusive of PG&E pilot related costs for \$750,000). VCE’s portion of the initial CPUC funding was \$2,500,000. The Pilot includes the automation of agricultural pumping loads to respond to dynamic prices set by VCE and the implementation of an experimental rate that incorporates energy and delivery costs in hourly prices. Customers who successfully respond to the prices and shift load out of expensive hours—typically the ramp hours—are projected to enjoy bill savings while contributing to grid reliability when it is most needed. A significant amount of the State’s agricultural irrigation pumping load is shiftable, presenting an important opportunity for California’s grid and environment.

Pilot Program Consultant Support

The AgFIT pilot is a unique undertaking that requires a combination of technical knowledge and electricity rate structuring that is matched with practical expertise in the agricultural sector,

which is exceedingly uncommon. Polaris was awarded a grant by the California Energy Commission that is the precursor study for the AgFIT Pilot and provides them with the requisite skills and knowledge to support the VCE AgFIT pilot. Additionally, Polaris and TeMix sought out VCE based on our proposal submitted to the CPUC in late 2020 to implement a dynamic pricing structure to achieve load shift in the agricultural sector and formed an aligned effort to build the case for the Pilot awarded in the initial CPUC approval described above.

In addition to the industry-specific experience, VCE has relied on our general counsel and Regulatory counsel to facilitate the supplemental funding requests for the AgFit pilot program. The CPUC awarded additional funding of \$690,000 for other third-party and VCE administrative expenses. The total pilot program funding awarded by the CPUC is \$3,940,000 including \$750,000 for PG&E and 3,190,000 administered by VCE. VCE's allocation was reallocated to PG&E proportionally by \$225,000 to \$2,965,000 related to increased third-party contractor expenses.

FISCAL IMPACT

As approved by the Board in January 2022, VCE provided short-term budget support until the CPUC budget process was completed in the 2nd quarter of 2022. Following CPUC action and funding, VCE reimbursed short-term budget support expenditures incurred under pilot support services contracts to TeMix and Polaris. On January 27, 2022, the VCE Board approved a temporary budget of up to \$200,000 of the program reserve fund covered by reimbursable revenues as described above. On September 8, 2022, the Board approved the overall scope and budget of the AgFIT pilot program as a fully reimbursable program. Due to the reduced reimbursable funding and increased costs from third-party contractors, VCE's final costs are estimated to exceed reimbursable funding from \$450,000 (best case) to \$650,000 (worst case). Staff will continue to work with PG&E, the energy division, and contractors to reduce the non-reimbursable costs through early 2025.

Staff has evaluated the costs of the AgFIT program and forecasts the current-year requirement of \$650,000 will have a net zero impact on VCE financials. Although the AgFIT program has resulted in non-reimbursable expenses that require the use of program funds, VCE will offset these costs through \$450,000 in annual cost savings starting in 2025. The savings are generated by reducing VCE's RA requirement annually by 3 MW. Future year savings will depend on the market value of RA and the levels of continued participation by VCE customers. Staff anticipates that the \$650,000 budget adjustment will be fully "repaid" within two years.

The success of AgFIT has resulted in the expansion of dynamic rate pilots with the potential to provide additional RA cost savings for VCE in support of our Strategic goals and address affordability challenges. These future savings increase VCE's net margins and potential allocations to additional program funding.

CONCLUSION

Staff recommends that the Board adopt the attached resolution for the budget amendment.

Attachment

1. Resolution 2024-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE AMENDING THE OPERATING BUDGET FOR YEAR 2024

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019;

WHEREAS, On December 2, 2021, the California Public Utilities Commission issued decision 21-12-015 authorizing VCE’s proposed “Agricultural Flexible Irrigation Technology (AgFIT)” three-year dynamic rate pilot program, to be made available to customers taking electric service on irrigation pumping tariffs, including program funding for a total of \$3,190,000;

WHEREAS, On September 8, 2022, the Board of Directors of the Valley Clean Energy Alliance adopted an Amendment to the 2022 Budget to increase program revenues for AgFIT by \$1,200,000 and program expenditures for AgFIT by \$1,200,000 for the costs associated with implementation of the AgFIT program in 2022.

WHEREAS, the Board of Directors of Valley Clean Energy Alliance adopted 2023 and 2024 AgFIT program revenues and program expenditures as part of the annual budget adoption process.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts an Amendment to the 2024 Budget to increase program expenditures for AgFIT by \$650,000 for the final costs associated with implementation of the AgFIT program.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____, 2024, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 18

To: Board of Directors

From: Inder Khalsa, General Counsel

Subject: Amended Employment Agreement for Executive Officer between Valley Clean Energy Alliance and Mitch Sears

Date: December 12, 2024

RECOMMENDATIONS

Approve Resolution approving the Second Amendment to the Employment Agreement with Executive Officer Mitch Sears.

BACKGROUND AND ANALYSIS

On March 11, 2022, VCE entered into an Employment Agreement with Mitch Sears, appointing him as Executive Officer of VCE. On September 14, 2023, the Board approved by resolution the First Amendment to the Employment Agreement. The First Amendment increased the Executive Officer's base salary to \$262,500.00 (effective July 1, 2023), and there were no modifications to the other aspects of the Agreement.

At the July 11, 2024 Board Meeting, the Board began its annual review of Executive Officer compensation and reached the proposed resolution approving the Second Amendment to the Employment Agreement as follows, which increases the Executive Officer's base salary from \$275,630.00 to \$300,000.00 per year effective July 11, 2024, and changes other aspects of the Agreement.

Other aspects of the Employment Agreement's key benefits are updated as follows:

- **Contract Duration:** Extend the employment agreement for three years and three months to March 30, 2028 with two 1-year extensions through March 30, 2030. The original Agreement was executed for three years beginning on March 11, 2022.
- **Expenses:** Provide the CEO with up to \$10,000 per year for professional development/executive development and professional dues.
- **Severance:** If VCE terminates the Executive Officer without cause, the severance payment would be increased from three months salary to six months based on longevity and length of contract.

- **Annual VCE Employee Benefits:** Remain eligible for Board approved annual COLA's, longevity pay, and health benefits. Any calculation for longevity pay to credit for full tenure with VCE, including interim status.
- **Professional Organizations:** Addition of \$10,000/year in professional/executive development and professional dues.
- **Position Title Update:** The Executive Officer title will be updated to Chief Executive Officer or "CEO."

The Board Subcommittee reviewed salaries and benefits for other CCA program CEOs and executive officers and determined that the proposed salary and benefits are generally at or below market average compensation of other CCA CEOs or executive officers.

CONCLUSION

Upon Board approval of the resolution regarding the Second Amendment to the Employment Agreement with Mitch Sears, Mitch Sears' salary increase would be retroactive to July 11, 2024.

Attachments:

1. Resolution 2024-XXX - Second Amendment to the Employment Agreement with Mitch Sears
2. Employment Agreement Amendment 2 for Chief Executive Officer

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-___

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE APPROVING THE SECOND AMENDMENT TO THE EMPLOYMENT AGREEMENT WITH MITCH SEARS

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019;

WHEREAS, the City of Winters, located in Yolo County, was added as a member of VCE and a party to the VCE in December of 2019;

WHEREAS, On March 11, 2022, VCE entered into an Employment Agreement with Mitch Sears, appointing him as Executive Officer of VCE

WHEREAS, on September 14, 2023 the Board of Directors approved the First Amendment to the Employment Agreement for Executive Officer,

WHEREAS, VCE wishes to extend the contract with Mitch Sears and amend his title from “Executive Officer” to “Chief Executive Officer.”

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

Section 1. The Board of Directors hereby approves the Second Amendment to the Employment Agreement for the retitled Chief Executive Officer, attached hereto and incorporated herein, with any minor clerical changes requested by the Board or Mr. Sears and approved by General Counsel.

Section 2. This Resolution shall take effect immediately upon its adoption.

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PASSED, APPROVED AND ADOPTED, at a special meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment:

1. Employment Agreement Amendment 2 for Chief Executive Officer

SECOND AMENDMENT
EMPLOYMENT AGREEMENT FOR EXECUTIVE OFFICER

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (“Agreement”) is entered into by and between the Valley Clean Energy Alliance, a Joint Powers Agency also known as “Valley Clean Energy” (“VCE”) and Mitch Sears, an individual (“EMPLOYEE”). VCE and EMPLOYEE are sometimes collectively referred to herein as the “Parties.” For identification purposes, this Agreement is dated December 12, 2024.

RECITALS

This Employment Agreement is entered into on the basis of the following facts, understandings and intentions of the Parties:

- A. VCE and EMPLOYEE entered into the Agreement, dated March 11, 2022, providing for employment of EMPLOYEE as Executive Officer.
- B. VCE and EMPLOYEE previously amended the Agreement on September 14, 2023.
- C. To achieve operational efficiency and to recognize outstanding job performance, VCE now wishes to amend the Agreement by updating the compensation and certain benefits of the Agreement and amending his title from “Executive Officer” to “Chief Executive Officer.”

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, VCE and EMPLOYEE agree as follows:

AGREEMENT

- 1. The title and all sections within the Agreement referencing “Executive Officer” shall be amended to reflect EMPLOYEE’s job title as “Chief Executive Officer” or “CEO.”
- 2. Section 4 of the Agreement is amended to read as follows:

Term. The term of this Agreement shall commence upon the final execution of the Agreement (“Effective Date”), and shall expire on March 30, 2028, unless earlier terminated as provided in this Agreement. The Agreement may be extended for two one-year extensions up to March 30, 2030, upon a satisfactory annual performance evaluation by VCE. Upon expiration of the term, the Agreement will extend on a month-to-month basis on the terms provided herein until a new employment agreement is entered between the Parties.

- 3. Section 5 of the Agreement is amended to read as follows:

Salary. Effective July 11, 2024, VCE shall pay EMPLOYEE an annual salary of \$300,000.00, prorated and paid on VCE’s normal paydays, subject to legally permissible or required deductions. EMPLOYEE’s salary is compensation for all

hours worked and for all services under this Agreement. EMPLOYEE shall be exempt from overtime pay provisions of California law (if any) and federal law. EMPLOYEE's salary may be adjusted annually to reflect cost of living increases, longevity, and merit increases tied to EMPLOYEE'S annual performance evaluation. The calculation for longevity pay will credit EMPLOYEE for the full tenure with VCE, including interim status.

4. Section 9 of the Agreement is amended to read as follows:

Expenses. During the employment term, and subject to the availability of funds. VCE shall reimburse EMPLOYEE for budgeted and reasonable out-of-pocket expenses incurred in connection with VCE's business, including reasonable expenses for travel, food, and lodging while away from home, subject to such policies as VCE may from time-to-time reasonably establish for its employees. Additionally, EMPLOYEE shall be entitled to Board-approved or budgeted and reasonable reimbursement for continuing education expenses, and for attendance at conventions, and conferences. EMPLOYEE shall be entitled to up to \$10,000.00 per year for professional development/executive development and professional dues.

5. Section 11 (a) of the Agreement is amended to read as follows:

Severance. VCE shall pay EMPLOYEE for all services through the effective date of termination. EMPLOYEE shall have no right to any additional compensation or payment, except as provided below and except for any accrued and vested benefits.

a. If VCE terminates this Agreement (thereby terminating EMPLOYEE's Employment) without cause VCE shall pay EMPLOYEE a lump sum severance benefit equal to six months of the applicable base salary at time of termination.

6. All other provisions of the Agreement shall remain in effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

[SIGNATURE PAGE TO FOLLOW]

Lucas Frerichs, Chair
Valley Clean Energy Alliance

DATE:

Mitch Sears
CEO

DATE:

APPROVED AS TO FORM:

Inder Khalsa, General Counsel

ATTEST:

Alisa Lembke, VCE Board Clerk

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 19

TO: Board of Directors

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

SUBJECT: 2025 Operating Budget & Customer Rates

DATE: December 12, 2024

RECOMMENDATIONS

1. Approve 2025 VCE Customer Rates:
 1. Standard Green Rates with a 5% discount to PG&E's 2025 generation rates
 - i. Additional 5% discount (10% combined) to PG&E 2025 Rates for CARE/FERA and Medical Baseline customers
 2. Base Green Rate discount of 2.5% to PG&E 2025 generation rates
2. Approve 2025 Budget with \$102.1 M of operating revenues and \$72.7 M of operating expenses for a net income of \$29.4 M.

OVERVIEW

The purpose of this staff report is to: (1) Update 2024 actuals (10-Months) ending December 31, 2024, (2) present analysis of 2025 customer rates, and (3) the recommended 2025 Budget for Board consideration.

As detailed in the body of this report, the 2024 Budget is estimated to have a net positive income of \$22.9M, which is \$1.1M above the adopted Budget for reasons outlined in the analysis section below. The 2025 budget forecasts a positive net income of \$29.4 M, allowing VCE to reach its primary financial objectives of building cash reserves while maintaining competitive rates and executing local programs.

VCE's longer-term outlook (2026+) indicates increased stability and cost certainty with VCE's long-term PPA's on-line combined with continued growth in cash reserves positioning VCE to receive an initial investment grade credit rating.

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 to move toward a target of ~180+ days cash on hand by the end of 2024. Based on VCE financial performance, 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 a 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.

As discussed in the budget monitoring process in 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 to help maintain long-term positive financial outlooks and more affordable customer rates. This power cost management approach is similar to other CCA's strategies for the above compliance portfolio RA, RECs, Energy, etc. attributes.

ANALYSIS

This report updates the financial information provided to the Board on November 14, 2024 and provides the basis for the budget Analysis in Section 3 below. The sections below provide updates on: (1) the 2024 Operating Budget, (2) an overview of key factors influencing the operating budgets, and (3) analysis of the recommended 2025 budget.

1. 2024 Operating Budget Update

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 to move toward a target of ~180+ days cash on hand by the end of 2024. Based on VCE's financial performance the Board also implemented discounts for all customers starting in January 2024 by 1% and 2% in July 2024.

Key assumptions 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 more affordable rates.
- 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).

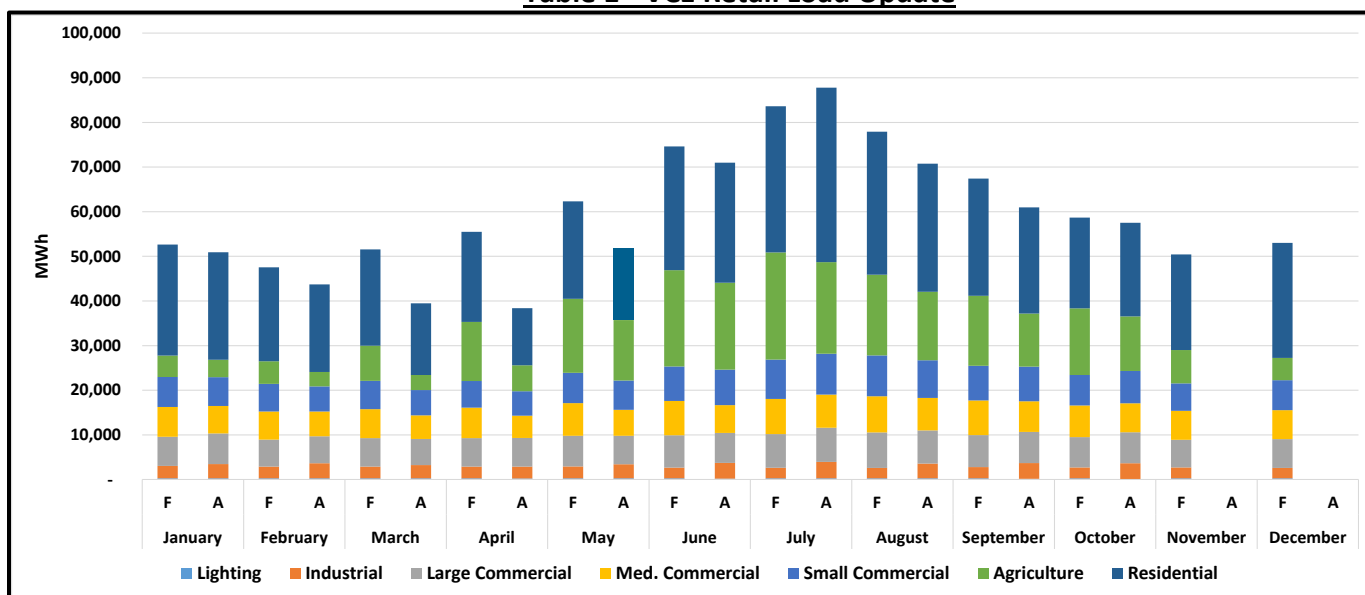
Staff provided a mid-year financials update in June 2024 to track/report actual 2024 Operating Budget results. As shown in Table 1 below, customer load demand has remained lower than forecasted resulting in reduced revenues throughout 2024.

VCE's 2024 Budget is estimated to have a net positive income of \$22.9M, which is \$1M above the adopted Budget inclusive of budget adjustments for rate discounts mainly driven by lower retail load in Agriculture and Residential sectors resulting from lower average temperatures, reduced and shorter heat events, and an above average precipitation year. Key factors influencing the 2024 Operating Budget results include:

- Load Forecast. As shown in Table 2, 2024 energy use in most sectors have been lower than forecasted in first half of 2024. Retail load normalized in the second half of 2024.

For example, two large sectors showed lower than forecast energy use: (1) residential and (2) commercial use related to agriculture due to wet and long winter, lower overall summer temperatures, and reduced heat events.

Table 1 - VCE Retail Load Update



- 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 in the first half of 2024.
- Power Costs. Average forward market power prices have decreased from the Winter highs in 2022/2023. 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 approximately 4%.

The following Table 2 summarizes the 2024 Operating Budget results to date.

Table 2 – 2024 Actuals vs. Budget

Description	APPROVED 2024 BUDGET	2024 Proforma (10 Month Actuals + 2 Month Budget)	Variance
Revenue	\$ 103,881	\$ 100,800	\$ (3,081)
Power Cost	\$ 75,200	\$ 71,500	\$ 3,700
Other Expenses	\$ 6,800	\$ 6,305	\$ 495
Net Income	\$ 21,881	\$ 22,995	\$ 1,114

Note: The 2024 interim audit will begin in December 2024 and will be completed in Q2 2025. Adjustments, if any, will be included in the annual report.

2. Proposed 2025 Customer Rates

As discussed at previous Board and Community Advisory Committee meetings, the CPUC is scheduled to adopt 2025 PG&E bundled rates at their December 2024 meeting. The updated analysis shown below is based on the best available information as of the writing of this report, with an effective rate change date of January 1, 2025, and following our current rate policy and financial objectives.

VCE Rate Policy (Update Approved November 10, 2021)

Cost-Based Rate Policy: VCE will set customer rates to collect sufficient revenue from participating customers to fully fund VCE's Budget and establish sufficient operating reserve funds. VCE's 2024 Target was set to fully fund 180 days of operating cash reserves and incorporated into 2024 rate setting.

2025 Customer Rates Drivers

Based on information from VCE and CalCCA's analysts on the proposed PG&E rates decision outlined above, VCE has incorporated the following assumptions in its updated financial forecasts for 2025 (assuming PG&E rates/PCIA are implemented on January 1, 2025):

- PCIA: 75% decrease over 2024 PCIA (net zero charge)- Results in approximately \$4M increase in revenue for 2025
- PG&E Bundled rates (PCIA & Generation): 5-7% increase – Results in approximately \$6M revenue for 2025

Staff continues to evaluate the balancing of rate affordability, rate equity, and environmental impacts through the cost recovery rate setting process.

Rate Discounts/Revenue Investment

- Revenues can be “invested” in rate discounts, programs, increased procurement of clean energy resources (e.g. short-term RECs), or a combination of these and other elements.
- Every 1% discount results in approximately \$1.50/month reduction in the average residential customer bill and approximately \$3.75/month reduction in the average small commercial customer bill.
- Every 1% discount would be approximately \$1M in reduced net income available for cash reserves, rate stabilization, programs, and procurement of additional clean energy resources. Net Income allocations for reserves and programs are normally evaluated in May as part of VCE's audited financial results.
- If selected, rate discounts are best implemented during PG&E rate changes (e.g. January), to minimize billing efforts, risk of errors, and customer messaging.

VCE Rates Recommendation

1. Standard Green Rates (default rate): 5% Discount to PG&E's 2025 generation Rates (increase VCE's 2024 rate discount by 3%)
 - i. 10% Discount to PG&E 2025 Rates for CARE/FERA and Medical Baseline customers (increase VCE's 2024 rate discount by 5.5%)
2. Base Green Rate (Opt-down rate option): discount of 2.5% to PG&E 2024 generation rates

Fiscal Effects

The rates (and budget) approach outlined in this report allows VCE to offer more affordable customer rates and higher renewable content than PG&E while positioning itself to obtain an initial investment grade credit rating, build additional rate stabilization funds, execute VCE programs, and prepare for future PCIA increases and power market volatility to achieve long-term rate stability. Note: The VCE generation charges plus PCIA and franchise fees are approximately 40% of the total average residential electricity bill. PG&E's Transmission, Distribution, and other charges account for the remainder 60% of the total electricity bill.

Staff will continue evaluate sustainable customer rate discounts as part of the 2024 net margin allocation and financial results for the second quarter of 2025 as part of the Customer Program and Dividend Policy. As part of this process, Staff will incorporate any budget amendment for the power purchase agreement prepayment discounts and impacts to the VCE's initial investment grade credit rating. If approved by the Board, these customer rates would help meet VCE's strategic financial objectives. The longer-term outlook (2026+) shows increased stability and cost certainty.

3. Proposed 2025 Operating Budget

As noted in the November budget update, slightly reduced forward power market prices have been partially offset by significant increases in resource adequacy (RA) and renewable portfolio standard (RPS) eligible resources which contribute to a reduced 2025 PCIA. Based on analysis by CalCCA, Staff anticipates lower PCIA and an increase in PG&E Customer rates. The net result is \$29.4 M in net income initially forecast for 2025 (Table 3 below).

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 provided updates in July and September on power cost strategies for optimizing the sale of renewable energy credits (RECs) above compliance requirements 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.

Most recently, Staff has updated the forecasts to incorporate additional PG&E actuals reflecting an under-collection of 2024 revenues and the updated power cost forwards that include the increasing RA and RPS market price benchmarks. These factors are primary drivers leading to a revised forecast resulting in the 2025 PCIA stabilizing and a PG&E rate change going from a ~3% reduction to a ~5-7% increase for 2025. Additionally, VCE's long-term renewable contracts continue to have cost/rate stabilization effects while significantly increasing VCE's renewable content.

Key Assumptions included in the 2025 Budget Summary (Table 3) and Multi-year forecast (Table 4):

- 2025 Customer Rates (VCE & PG&E Comparison) VCE will 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.
- 2025 PCIA Forecast –The updated PCIA increased from ~.002 KW/\$2M to .004 KW/\$4M

- 2025 Customer Rates Forecast – The updated forecast for PG&E rates results in a projected 5-7% generation rate increase (higher increases currently being considered by the CPUC are associated with non-VCE portions of the bill such as transmission and distribution charges).

Table 3 – 2025 Budget Summary

VALLEY CLEAN ENERGY 2025 DRAFT BUDGET SUMMARY			
	APPROVED 2024 BUDGET	ACTUAL (YTD) Oct. 31 2024 2024 Proforma	PROPOSED 2025 BUDGET
OPERATING REVENUE	\$ 106,500	\$ 96,250	\$ 101,200
OPERATING EXPENSES:			
Cost of Electricity	75,200	72,500	64,000
Contract Services	2,261	2,196	2,640
Outreach & Marketing Programs	300	235	370
Staffing	2,018	1,102	2,170
General, Administration and other	1,632	1,632	2,100
	1,139		1,560
TOTAL OPERATING EXPENSES	82,550	77,665	72,840
TOTAL OPERATING INCOME	23,950	18,585	28,360
NONOPERATING REVENUES (EXPENSES)			
Interest income	550	826	990
Interest expense		-	-
TOTAL NONOPERATING REV/(EXPENSES)	550	826	990
NET MARGIN	\$ 24,500	\$ 19,411	\$ 29,350
NET MARGIN %	23.0%	20.2%	29.0%

Multi-Year Forecast

As shown in Table 4 below – Multi-Year Forecast, the changes to PCIA and VCE's long-term renewable PPA contracts are forecasted 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 ability to offer competitive customer rates, local programs, and move toward long-term financial goals (e.g. rate stability and investment grade credit rating - estimated by 2028).

Table 4 – Multi-Year Forecast

Description	Actuals		Actual YTD August 31 (10 MO) + Forecast (2 MO)	2025 Proposed Budget	*Preliminary Forecast		
	2022	2023	2024	2025	2026	2027	2028
Customer Revenue	85,323	95,430	100,800	101,200	97,300	100,500	101,700
Power Cost	75,130	68,528	71,500	64,100	72,100	69,700	68,400
Other Expenses	4,469	6,030	6,305	7,750	8,138	8,544	8,972
Net Income	5,724	20,872	22,995	29,350	17,063	22,256	24,328

* The preliminary forecast is based on analysis by CalCCA, MRW, and TEA and power cost forwards.

Note: Forecasted financials are based on the most current available data and assumptions, as displayed in Table 4. These scenarios may rely on future rate adjustments, reserves, or both to maintain VCE's financial strength.

Additional Considerations

Other Operating Expenses – Budget Other operating expenses (not including power costs) are nearly flat compared to the 2024 budget, reflecting a 4% increase in line with CPI at ~4%. The majority of the cost increases are related to programs, increased staffing, and special projects to support the execution of VCE's long-term Strategic Goals. The primary factors of increased costs in this category of expenses include:

- \$2.2M in customer programs related to AgFIT expansion, ERRO, EV Phase II, Member Agency Energy Advisory, and other programs to be allocated to specific programs throughout the year.
- Staffing includes the addition of one full-time Sr. Financial Analyst (Power Costs and Revenues) and increase a currently budgeted part-time position allocation to a full-time Regulatory & Legislative Analyst
- Allowance for Staffing market adjustments based on recent salary survey results; between 5-9% dependent on position and potential promotions.
- Additional costs related to the scheduled strategic plan "Major Update" and customer focus groups
- Additional costs for the initial investment grade credit rating
- Increased interest income with increased cash reserves
- 4% annual salary and contractor inflation rate based on the 2024 4% inflation rate.
- 5% administrative contingency rate for unanticipated expenses.
- Additional cost for Office leasehold improvements.

Based on the updated information, Staff recommends continuing to build programs and reserves for VCE's target of 180+ days of cash reserves to position itself to achieve an investment grade credit rating.

CONCLUSION

Consistent with the adopted Reserves, Rates, and Budget policy, Staff is recommending that VCE set rates and adopt a budget for 2025 at a level that will fully fund the 2025 budget, offer more affordable rates to VCE customers with additional financial relief to CARE/FERA and Medical Baseline customers while positioning VCE to achieve and maintain an investment grade credit rating in 2025. Staff will continue to review and report operating results and propose adjustments upwards or downwards as needed. Staff's next scheduled review of financial results is in Q2 of 2025 with the audited financial results for 2024.

ATTACHMENTS

1. 2025 Operational Budget
2. Resolution 2024-XXX

VALLEY CLEAN ENERGY - 2025 OPERATING BUDGET

Description	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	TOTAL
Total Revenues	\$ 6,725,000	\$ 5,895,000	\$ 5,907,000	\$ 6,002,000	\$ 7,131,000	\$ 12,748,000	\$ 13,667,000	\$ 12,659,000	\$ 10,714,000	\$ 7,337,000	\$ 6,363,000	\$ 6,997,000	\$ 102,145,000
Electric Revenue	\$ 6,586,000	\$ 5,755,000	\$ 5,767,000	\$ 5,857,000	\$ 6,986,000	\$ 12,603,000	\$ 13,527,000	\$ 12,519,000	\$ 10,574,000	\$ 7,192,000	\$ 6,218,000	\$ 6,852,000	\$ 100,436,000
Interest Revenues	\$ 80,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 990,000
Reimbursable Revenues	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 720,000
Purchased Power	\$ 4,056,000	\$ 3,461,000	\$ 3,831,000	\$ 3,885,000	\$ 4,450,000	\$ 5,466,000	\$ 9,014,000	\$ 9,035,000	\$ 8,532,000	\$ 4,097,000	\$ 3,669,000	\$ 4,496,000	\$ 63,992,000
Purchased Power Base	\$ 3,863,000	\$ 3,296,000	\$ 3,649,000	\$ 3,700,000	\$ 4,238,000	\$ 5,206,000	\$ 8,585,000	\$ 8,605,000	\$ 8,126,000	\$ 3,902,000	\$ 3,494,000	\$ 4,282,000	\$ 60,946,000
Purchased Power Contingency 5%	\$ 193,000	\$ 165,000	\$ 182,000	\$ 185,000	\$ 212,000	\$ 260,000	\$ 429,000	\$ 430,000	\$ 406,000	\$ 195,000	\$ 175,000	\$ 214,000	\$ 3,046,000
Labor & Benefits	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 2,100,000
Salaries & Wages	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 1,728,000
Benefits	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 192,000
Human Resources & Payroll	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 180,000
Office Supplies & Other Expenses	\$ 39,700	\$ 39,700	\$ 39,700	\$ 66,000	\$ 39,700	\$ 39,700	\$ 39,700	\$ 39,700	\$ 46,500	\$ 39,700	\$ 39,700	\$ 39,700	\$ 509,500
Technology Costs	\$ 3,200	\$ 3,200	\$ 3,200	\$ 10,000	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 10,000	\$ 3,200	\$ 3,200	\$ 3,200	\$ 52,000
Office Supplies	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Travel	\$ 500	\$ 500	\$ 500	\$ 20,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 25,500
CalCCA Dues	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 192,000
CC Power	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 216,000
Memberships	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Contractual Services	\$ 208,400	\$ 208,400	\$ 336,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 208,400	\$ 223,400	\$ 208,400	\$ 2,643,800
Other Contract Services (e.g. IRP)	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 72,000
Don Dame	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 21,600
Wholesale Energy Services (TEA)	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 864,000
2030 100% Renewable & Storage	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 30,000
Customer Support Call Center	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 80,500	\$ 966,000
Operating Services	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
Commercial Legal Support	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Legal General Counsel	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 84,000
Regulatory Counsel	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 204,000
Joint CCA Regulatory counsel	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 19,200
Legislative - (Lobbyist)	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 5,750	\$ 69,000
Accounting Services	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Financial Consultant	\$ 2,000	\$ 2,000	\$ 75,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 97,000
Audit Fees	\$ -	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ 70,000
Marketing	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ 372,000
Marketing Collateral	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 324,000
Community Engagement Activities & Sponsorships	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 48,000
Programs	\$ 374,500	\$ 374,500	\$ 114,500	\$ 114,500	\$ 114,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 2,174,000
Program Costs (Rebates, Incentives, etc.)	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,000,000
Member Agency Advisory Services	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 156,000
AG Fit	\$ 300,000	\$ 300,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 1,000,000
PIP Program	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Rents & Leases	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 49,200
Hunt Boyer Mansion	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 25,200
Lease Improvement	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Other A&G	\$ 51,700	\$ 51,700	\$ 176,500	\$ 51,700	\$ 58,500	\$ 51,700	\$ 51,700	\$ 51,700	\$ 51,700	\$ 51,700	\$ 51,700	\$ 51,700	\$ 752,000
Development - New Members	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 25,200
Strategic Plan Implementation	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400	\$ 76,800
Strategic Plan Update & Community Focus Group	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
PG&E Data Fees	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 300,000
Insurance	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 96,000
Banking Fees	\$ 200	\$ 200	\$ 125,000	\$ 200	\$ 7,000	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 134,000
Miscellaneous Operating Expenses	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,100
Contingency	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 240,000
TOTAL OPERATING EXPENSES	\$ 4,961,400	\$ 4,366,400	\$ 4,729,200	\$ 4,556,700	\$ 5,102,200	\$ 6,151,400	\$ 9,699,400	\$ 9,720,400	\$ 9,224,200	\$ 4,782,400	\$ 4,369,400	\$ 5,181,500	\$ 72,844,600
Interest on RCB Term loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense - Bridge Loan \ Line of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME	\$ 1,764,600	\$ 1,528,600	\$ 1,177,800	\$ 1,445,300	\$ 2,028,800	\$ 6,596,600	\$ 3,967,600	\$ 2,938,600	\$ 1,489,800	\$ 2,554,600	\$ 1,993,600	\$ 1,815,500	\$ 29,301,400

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024 - ____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
ADOPTING THE CUSTOMER RATES AND OPERATING BUDGET FOR YEAR 2025**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, beginning in 2020, VCE faced financial constraints associated with power market and regulatory volatility driven by forces outside VCE's direct control; and

WHEREAS, on November 10, 2021, the Board adopted a cost-based rate policy via Resolution 2021-023; and,

WHEREAS, to address volatility driven by forces outside of VCE’s direct control there is a need to adopt rates and operational budgets to cover actual cost and reserve requirements; and

WHEREAS, the VCE 2025 proposed Budget for the calendar year 2025 includes Operating Revenues totaling \$102.1M and purchased power and other operating expenses totaling \$72.7M for a net income of \$29.4M;

WHEREAS, proposed VCE 2025 customer rates include Standard Green Rates with a 5% discount to PG&E’s 2025 generation rates and an additional 5% discount (10% combined) to PG&E 2025 Rates for CARE/FERA and Medical Baseline customers, and VCE Base Green Rate 2.5% lower than PG&E 2025 generation rates.

NOW, THEREFORE, the Board of Directors of Valley Clean Energy Alliance hereby adopts the 2025 proposed Budget and Customer Rates for 2025.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____ 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment: 2025 Operating Budget

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 20**

TO: Valley Clean Energy Alliance Board

FROM: Gordon Samuel, Chief Operating Officer

SUBJECT: Valley Clean Energy’s Policy regarding PG&E allocation of Greenhouse Gas (GHG)-free (Large Hydro and Nuclear) resources to Community Choice Aggregators

DATE: December 12, 2024

RECOMMENDATION

1. Accept the 2025 allocation of large hydro GHG-free attributes;
2. Accept the 2025 allocation of nuclear power GHG-free attributes;
3. Authorize the Executive Officer to enter into an agreement(s) with PG&E to accept the 2025 Large Hydro and Nuclear GHG-free allocations

BACKGROUND and ANALYSIS

PG&E owns or contracts for a number of GHG-free resources (including large hydro and nuclear from Diablo Canyon Power Plant). PG&E has been able to count these resources on its power content label (PCL) to meet its GHG-free targets. Other load serving entities (LSEs), on the other hand, have been paying for those same assets through the Power Charge Indifference Adjustment (PCIA), yet do not receive any of the GHG-free benefits – this includes VCE.

In mid-2019, CCAs approached PG&E to discuss whether PG&E would be agreeable to selling energy from their large hydro facilities. PG&E ultimately refused to make sales in 2019, but subsequently approached CCAs and offered to allocate GHG-free resources (nuclear and large hydro) to CCAs and other eligible LSEs.

Eventually the allocations became available in 2020, and the VCE Board elected to receive only the large hydro attributes. This became effective in the third quarter of 2020 and VCE received approximately 24,000 MWHs in 2020; 37,382 MWHs for 2021 (Feb -Dec); and 53,886 MWHs for 2022; and 83,073 MWHs for 2023 (note: VCE will not know the final 2024 numbers until April 2025; through mid 2024 the amounts have been tracking very similar to 2023 amounts).

In prior years, staff recommended VCE not accept the nuclear GHG-free allocation due to the inability to remarket the attributes, the short life of the Diablo Canyon power plant and potential reputational risk. However, in the current cycle regulatory changes have prompted staff to reassess this recommendation. CPUC Decision 23-12-036 extended the operation of Diablo Canyon Nuclear Power

Plant, which was previously set to retire in two phases in late 2024 and early 2025. First, under this new regulatory structure the cost of operation for Diablo Canyon will now be paid for by all CPUC-jurisdictional LSE customers across the entire state as a separate charge on their bills (i.e. regardless of whether VCE elects to accept or reject the attributes, VCE customers will still be paying for it). Secondly, as part of this regulatory change VCE has already been allocated resource adequacy (RA) capacity from Diablo Canyon for the 2025 RA compliance year, with an average of 6 MW of nuclear capacity per month (ranges from approximately 4MW up to 10 MW). Third, if VCE does not accept the nuclear allocation then PG&E will be able to count VCE’s share of the GHG-free energy attributes on its PCL. Finally, as a result of the above changes, many CCAs – including MCE, SCP, PCE, Ava, DCE, Pioneer, RCEA, and SVCE – have elected to accept the nuclear attributes for 2025 which reduces the potential reputational risk associated with accepting the resource.

There is no obligation to accept this allocation of GHG-free attributes. An LSE can choose to accept neither resource pool, one or the other, or both. The volume that each LSE receives will ultimately depend on the volume of electricity generated by each resource pool and the proportion of PG&E’s load served by the LSE.

TENTATIVE SCHEDULE

2025 Carbon Free Sales Tentative Timeline	
November 1, 2024	<ul style="list-style-type: none"> • Notice Issued with 2025 Sales Agreement for review by Eligible LSEs
Up to Week of November 15, 2024 (ACTION REQUIRED)	<ul style="list-style-type: none"> • Feedback on form Sales Agreement due to PG&E
Up to Week of December 12, 2024 (ACTION REQUIRED)	<ul style="list-style-type: none"> • PG&E will provide Eligible LSEs Offers and a final version of 2025 Sales Agreement
January 1, 2025 (<i>pending execution of Sales Agreement</i>)	<ul style="list-style-type: none"> • Expected start of Delivery Period under 2025 Sales Agreement
Week of June 19, 2025 (<i>approximation</i>)	<ul style="list-style-type: none"> • First Quarterly Report with estimated Allocation Amount will be distributed
On or about April 15, 2026	<ul style="list-style-type: none"> • Final Report will be distributed to participating LSEs

In addition, please see below the upcoming key dates for 2024 Carbon Free Sales:

Reminders for 2024 Carbon Free Sales	
Week of December 16, 2024 (<i>approximation</i>)	Third Quarterly Report for 2024 with estimated Allocation Amount will be distributed
On or about April 15, 2025	Final Report for 2024 will be distributed to participating LSEs

COMMUNITY ADVISORY COMMITTEE

Staff presented this topic to the Community Advisory Committee (CAC) at their November 2024 meeting. The CAC had a robust discussion on the nuclear topic and supported the staff’s recommendation (6-2 vote). Those that opposed the recommendation indicated that they prefer not

to see nuclear reflected on VCE's power content label (PCL), and those in favor recognized that nuclear is a clean resource widely used throughout the world, and others agreed to receiving the allocations since VCE's customers are paying for it. The CAC was unanimously in support of taking the large hydro attributes.

RECOMMENDATION

As discussed with the CAC and Board in the past on the topic of allocations, staff's position on large hydro has not changed, but staff has reassessed the nuclear position. Key factors in this reassessment include:

- The CPUC Decision extending Diablo Canyon operations and having all LSE's customers pay for it; VCE is using 6 MW of Diablo for RA; many of VCE's peers have elected to receive the nuclear attributes; large hydro and nuclear improve the VCE emission rate shown on the PCL.
- The monetary value has improved over prior years. The large hydro allocations can be resold, but per the CPUC decision the nuclear attributes cannot be resold. Staff is assessing whether to sell a portion of the large hydro attributes.
- More CCA's have opted to take the nuclear attributes this year.

Based on these factors that "force" VCE to take the resource for RA purposes and the reduction in potential reputational risk, on balance, staff believes that VCE is better served by accepting both the hydro and nuclear allocations for 2025.

In summary, staff is recommending:

1. Accept the 2025 allocation of large hydro GHG-free attributes;
2. Accept the 2025 allocation of nuclear power GHG-free attributes;
3. Recommend the Executive Officer enter into an agreement(s) with PG&E to accept the 2025 Large Hydro and Nuclear GHG-free allocations.

Attachment: Resolution 2024-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-___

A RESOLUTION OF VALLEY CLEAN ENERGY ALLIANCE ACCEPTING THE 2025 ALLOCATION OF LARGE HYDRO POWER AND NUCLEAR GHG-FREE ATTRIBUTES FROM PACIFIC GAS & ELECTRIC AND AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE RELATED AGREEMENTS

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, large hydro and nuclear do not directly emit any GHG emissions, but do not qualify under the state’s RPS program;

WHEREAS, Pacific Gas and Electric (PG&E) owns and contracts for a number of GHG-free resources (including large hydro and nuclear) and count these resources on its power content label to meet its GHG-free targets;

WHEREAS, Load serving entities (LSEs), including Community Choice Aggregators (CCAs) such as VCE, have been paying for those same assets through Power Charge Indifference Adjustment (PCIA), but do not receive any of the GHG-free benefits;

WHEREAS, in 2020 PG&E approached CCAs and offered to allocate GHG-free resources to CCAs and other eligible LSEs requiring no payment, and limited in the resources to which it applies (in-state, large hydroelectric, and nuclear);

WHEREAS, since 2020 the VCE Board elected to accept the large hydroelectric GHG-free attributes;

WHEREAS, CPUC Decision 23-12-036 extended the operation of Diablo Canyon Nuclear Power Plant and all CPUC jurisdictional load serving entities (LSE) are paying for the extension and in return the allocations are offered to the LSEs as well as resource adequacy allocations;

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WHEREAS, for calendar year 2025 PG&E is again offering LSEs large hydro and nuclear GHG-free attributes.

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

1. Accept the 2025 allocation of large hydro GHG-free attributes;
2. Accept the 2025 allocation of nuclear power GHG-free attributes;
3. Authorize the Executive Officer's approval to enter into agreement(s) with PG&E to accept the 2025 Large Hydro and Nuclear GHG free allocations.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCEA Board Secretary