



Valley Clean Energy Board Meeting – Thursday, February 13, 2025

Item 15 – CCCFA Prepay



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VALLEY
CLEAN ENERGY

Executing a Valley Clean Energy Prepay Transaction

February 2025

PFM Financial Advisors LLC

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10th Floor
Los Angeles, CA 90015

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Prepayment Transaction Overview

- ◆ **Goal** – Reduce cost of power purchases by 8% or more
- ◆ **How** – Leverage use of tax-exempt bonding capacity to secure long-term supply

Background

- ◆ Codified in the U.S. tax law
- ◆ Used since the 1990s largely for natural gas transactions
- ◆ Over 100 transactions totaling over \$75 billion completed in the U.S. – mostly for gas
- ◆ 18 energy prepayment transactions totaling \$17.8 billion completed last few years for 10 California Community Choice Aggregators:
 - Ava Community Energy (AVA)
 - Silicon Valley Clean Energy (SVCE)
 - Marin Clean Energy (MCE)
 - San Jose Clean Energy (SJCE)
 - Sonoma Clean Power (SCP)
 - Pioneer Community Energy (Pioneer)
 - Clean Power Alliance (CPA)
 - Central Coast Community Energy (3CE)
 - Peninsula Clean Energy (PCE)
 - San Diego Community Power (SDCP)



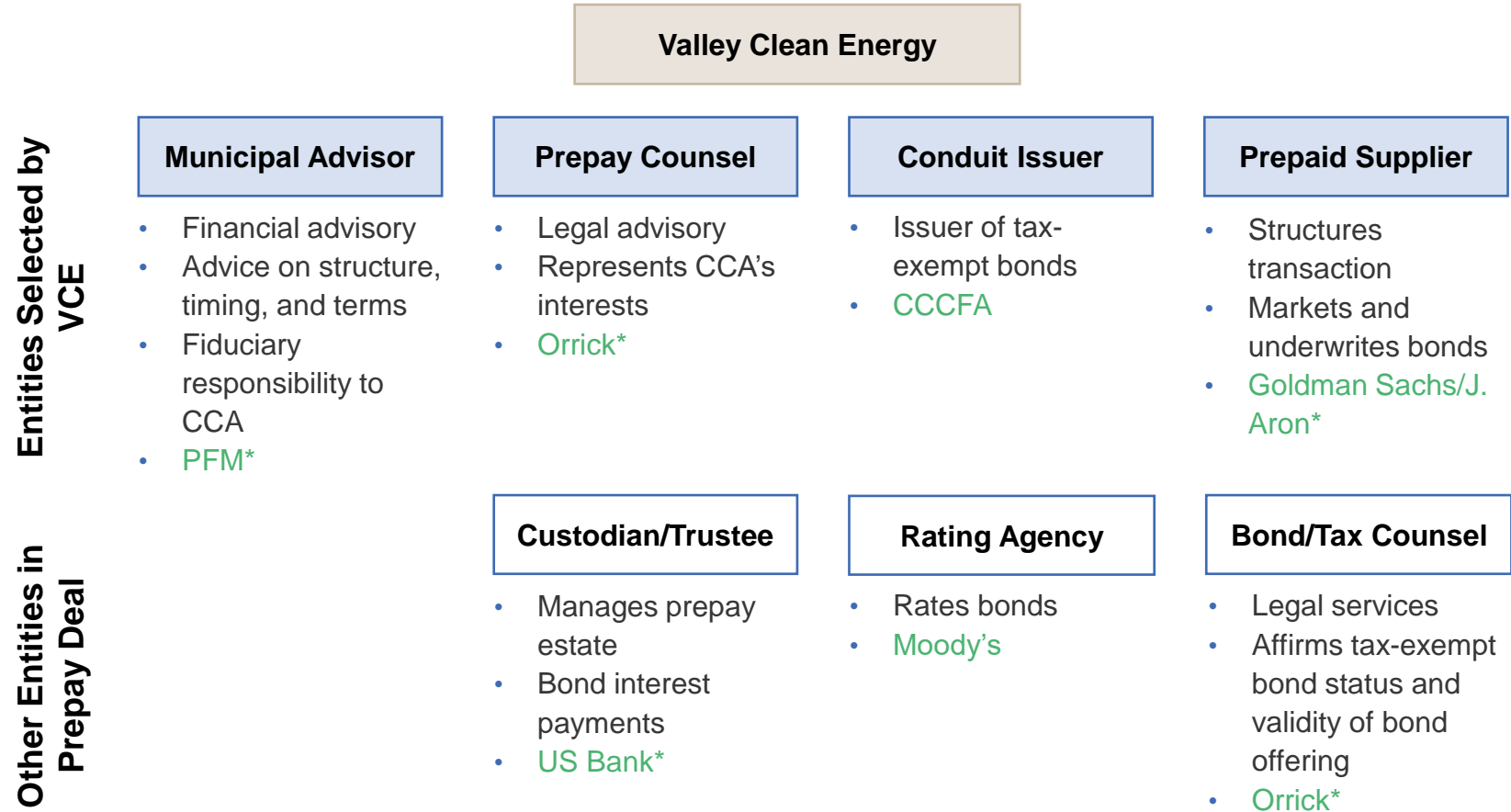
Prepayments That Have Been Completed by CCAs in California

Date	Amt. (\$000)	Issuer	Description	Beneficiary	Prepay Counterparty
09/2021	1,234,720	California Community Choice Financing Authority	Elec (Green)	SVCE, AVA	Morgan Stanley
11/2021	602,655	California Community Choice Financing Authority	Elec (Green)	MCE	Goldman Sachs
07/2022	931,120	California Community Choice Financing Authority	Elec (Green)	AVA	Morgan Stanley
01/2023	459,640	California Community Choice Financing Authority	Elec (Green)	Pioneer	Goldman Sachs
01/2023	841,550	California Community Choice Financing Authority	Elec (Green)	SVCE	Morgan Stanley
02/2023	998,780	California Community Choice Financing Authority	Elec (Green)	CPA	Goldman Sachs
06/2023	958,290	California Community Choice Financing Authority	Elec (Green)	CPA	Goldman Sachs
08/2023	997,895	California Community Choice Financing Authority	Elec (Green)	AVA	Morgan Stanley
10/2023	647,750	California Community Choice Financing Authority	Elec (Green)	3CE	Goldman Sachs
12/2023	1,038,285	California Community Choice Financing Authority	Elec (Green)	MCE	Goldman Sachs
01/2024	1,101,625	California Community Choice Financing Authority	Elec (Green)	SVCE	Morgan Stanley
08/2024	1,524,180	California Community Choice Financing Authority	Elec (Green)	CPA	Goldman Sachs
10/2024	959,825	California Community Choice Financing Authority	Elec (Green)	PCE	Goldman Sachs
11/2024	1,243,210	California Community Choice Financing Authority	Elec (Green)	SJCE	Morgan Stanley
11/2024	1,152,995	California Community Choice Financing Authority	Elec (Green)	CPA	RBC Capital Markets
11/2024	1,000,500	California Community Choice Financing Authority	Elec (Green)	SDCP	Morgan Stanley
11/2024	775,590	California Community Choice Financing Authority	Elec (Green)	SCP	Goldman Sachs
12/2024	1,290,750	California Community Choice Financing Authority	Elec (Green)	CPA	Goldman Sachs
Total	\$17,759,360				

*All transactions to date have achieved @ 9.5% savings or better.
Most recent transactions have been over 12%.*



Pre-Pay Deal Team



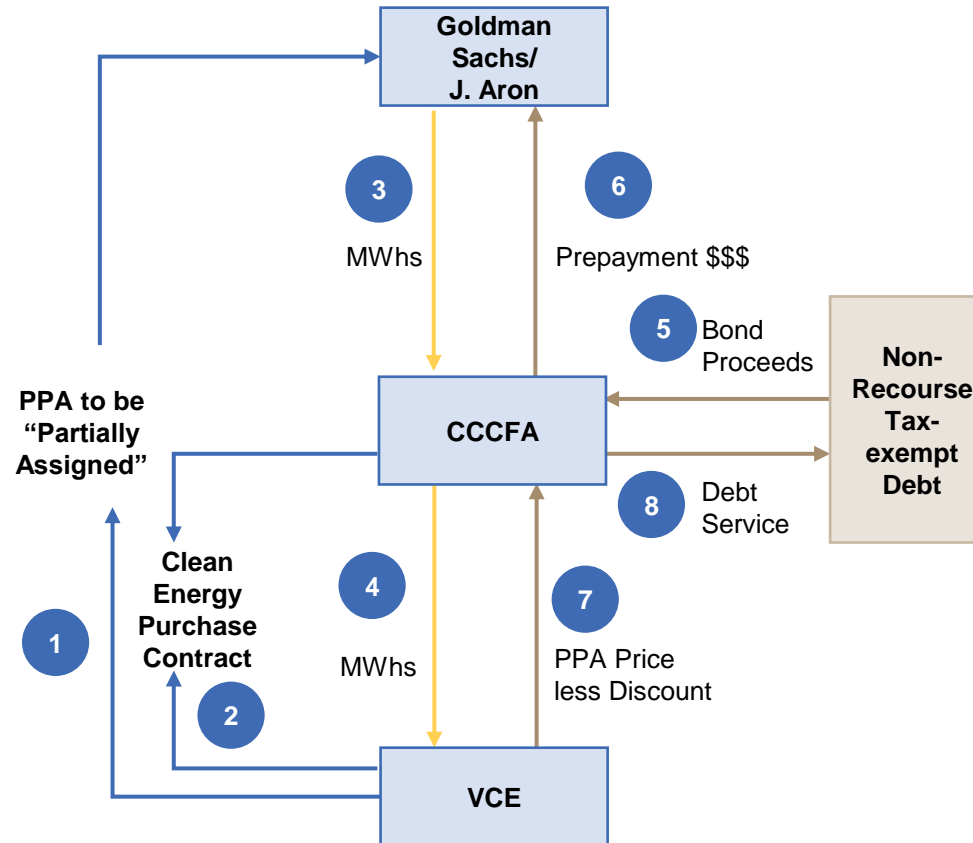
Green Font = firms hired for the prepay transaction

*Fees paid on contingency from bond proceeds



Summary of Energy Prepayment Structure Mechanics

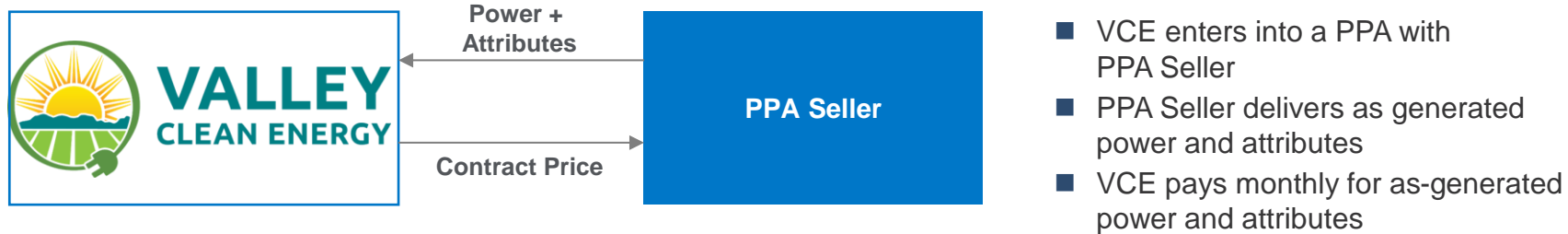
- 1) VCE partially assigns PPAs to Goldman Sachs/J. Aron
- 2) VCE and CCCFA execute a Clean Energy Purchase Contract
- 3) Goldman Sachs/J. Aron delivers power to CCCFA via a Master Power Supply Agreement
- 4) CCCFA delivers power to VCE
- 5) CCCFA issues non-recourse tax-exempt bonds
- 6) CCCFA makes a prepayment to Goldman Sachs/J. Aron for a 30-year power supply
- 7) VCE makes payments to the CCCFA net of savings
- 8) CCCFA makes debt payments with payments from VCE



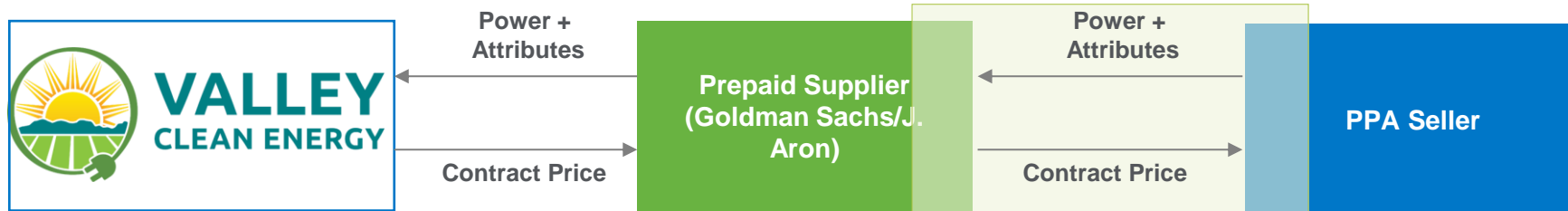


PPA Assignment

Status Quo



Post-Transaction

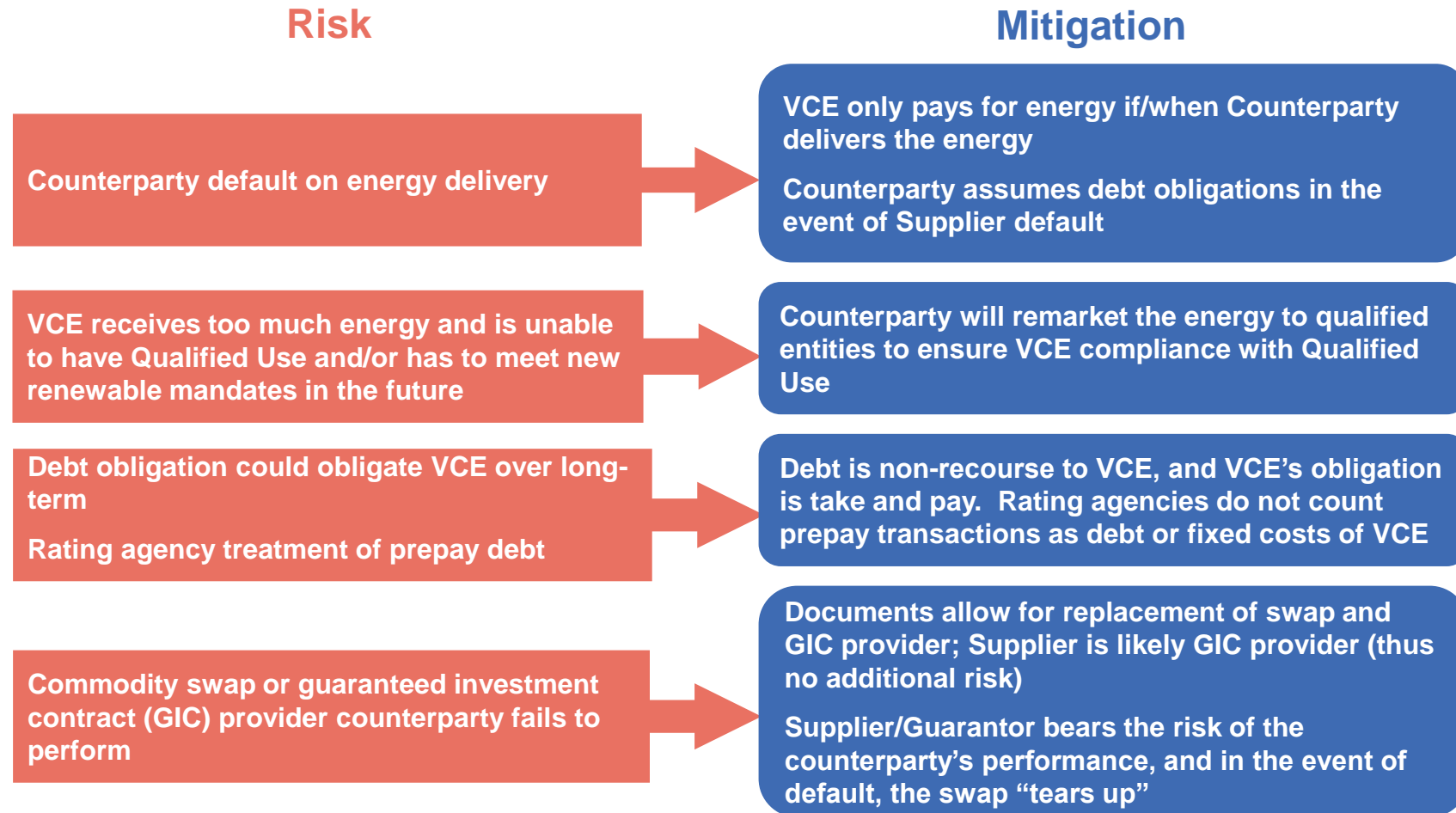


- Structures remains the same, but instead of facing VCE, the PPA Seller faces the Prepaid Supplier
- If the Prepaid Supplier fails to pay, VCE guarantees payments (which it is able to recoup from the Prepay Trust Estate)
- Under certain scenarios, assignment can be terminated, and PPA Seller goes back to facing VCE
- The existing Scheduling Coordinator will remain the Scheduling Coordinator; only change is that the Prepaid Supplier is copied on bills



Favorable Risk Allocation – “Take-and-Pay” Structure

Key Risk – Transaction terminates and VCE no longer receives expected savings





Summary of Deal Documents

Document	Description	Parties (incl. VCE)
Clean Energy Purchase Contract	30-year agreement under which VCE will purchase discounted electricity from CCCFA	<ul style="list-style-type: none"> • CCCFA
Form of Limited Assignment Agreement (LAA)	Governs the assignment of electricity and green attributes from selected PPAs; initial set of LAAs to be finalized prior to pricing	<ul style="list-style-type: none"> • PPA Sellers • Goldman Sachs/ J. Aron
Letter Agreement to LAA	Agreement on management of PPA portfolio assigned into Prepay	<ul style="list-style-type: none"> • Goldman Sachs/ J. Aron
PPA Custodial Agreement	Creates a custody account at US Bank for receipt of payments from VCE and Goldman to settle monthly invoices	<ul style="list-style-type: none"> • CCCFA • Goldman Sachs/ J. Aron • US Bank
LLC Agreement	VCE representative to be one of three directors of LLC setup specifically for Prepay	<ul style="list-style-type: none"> • Goldman Sachs/ J. Aron • Independent Director
Operational Services Agreement	Permits VCE to control various actions of CCCFA relating to Prepay project operations	<ul style="list-style-type: none"> • CCCFA
MOU with CCCFA	VCE responsible for rating agency and Green Bonds verification fees (paid from bond proceeds at closing)	<ul style="list-style-type: none"> • CCCFA
Preliminary Official Statement	Public offering document for tax-exempt bonds issued by CCCFA which describes VCE's organization and operations	



Benefits and Rational

1) Source of cost savings that can lower customer rates

- Four PPAs assigned; structure and economics could change depending on the outcome of ongoing Limited Assignment Agreement negotiations
- ~379,752 MWh assigned, representing ~55% of VCE's load in 2025
- Represents ~\$24.9 million of annual prepaid cash flows (i.e., energy procurement costs)
- Annual savings of ~\$2-3 million, depending on market conditions, or ~8-12% of assigned energy procurement costs

2) Service provider fees paid from bond proceeds on a contingency basis

- Only sunk costs are staff time, CCCFA membership fee, and rating agency fee

3) VCE not responsible for bond repayment and debt is non-recourse to VCE



Recommendation

- ◆ Approval to complete a Prepay transaction subject to market conditions and minimum savings
 - Minimum savings threshold of 8%, which represents annual savings of ~\$2 million based on the current deal structure
- ◆ Authorization to execute the following documentation:
 - Clean Energy Purchase Contract with CCCFA
 - Form of Limited Assignment Agreement (LAA)
 - Letter Agreement regarding LAAs
 - PPA Custodial Agreement
 - Operational Services Agreement
 - MOU with CCCFA
 - Approval of Appendix A of the Preliminary Official Statement



pfm



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Valley Clean Energy Board Meeting – Thursday, February 13, 2025

Item 16 – 2024 Year-end Review



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Item 16 – 2024 Year-end Review

2024 Year in Review: Impact



Cleaner Energy. Lower Rates.

Lower Rates, New Tagline



New Programs Launched



A Growing Team



Projected to increase to **\$8.25M** savings by the end of 2025

Item 16 – 2024 Year-end Review

2024 Year-end Review: Power Portfolio

Photo: YvonneHunterPhotography.com

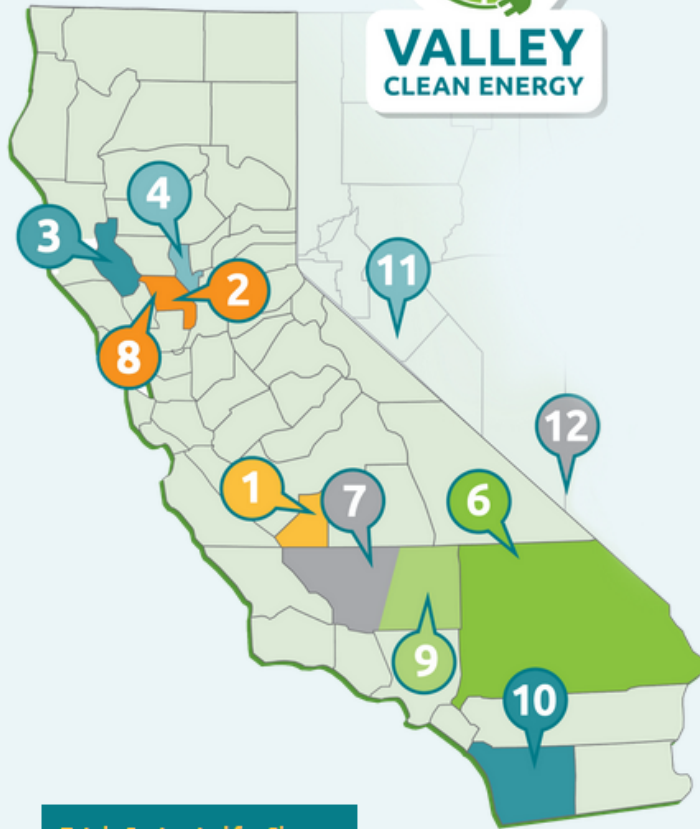
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Item 16 – 2024 Year-end Review



**VALLEY
CLEAN ENERGY**



Totals Contracted For Since 2018:

- 243 MW Renewables
- 128 MW BESS*
- 7 MW Demand Response

Power Resource Contracts

1. Aquamarine Solar Facility

Kings County
50 MW PV-only
(approx. 130,000 MWhs)
online now

2. Putah Creek

Yolo County
Solar PV + Storage Project
3 MW/3 MW BESS*
(approx. 7,600 MWhs)
online now

3. Indian Valley Hydro

Lake County
2.9 MW small hydro
(approx. 6,000 MWhs)
online now

4. Tierra Buena Battery Storage Facility (4 hrs)

Sutter County
VCE Share is 2.5 MW
online now

5. Aggregated Demand Response

Statewide Resources
VCE share is 7 MW
online now

6. Resurgence Solar I

San Bernardino County
Solar PV + Storage Project
90 MW (PV)/75 MW BESS*
(approx. 250,000+ MWhs)
online now

7. Willy 9 Chap 2

(Formerly Willow Springs Solar 3)
Kern County
Solar PV + Storage Project
72 MW (PV)/36 MW BESS*
PV online now, BESS anticipated Q1 2025

8. Gibson

Yolo County
Solar PV + Storage Project
13 MW/13 MW BESS**
(approx. 50,000 MWhs)
Anticipated Q2 2026

9. Tumbleweed Long-Duration Battery Storage (8 hrs)

Kern County
VCE Share 2.9 MW
Anticipated Q2 2026

10. Goal Line Long-Duration Battery Storage (8 hrs)

San Diego County
VCE Share 2.25 MW
Anticipated Q2 2028

11. Fish Lake Geothermal

Esmeralda County, NV
VCE Share 0.42 MW
(approx. 3,460 MWhs)
Anticipated Q2 2027

Ormat Geothermal Portfolio

Geothermal, Salton Sea
VCE Share 4.63MW
(approx. 35,380 MWhs)
Anticipated Q4 2027

*Battery Energy Storage System (4 hrs)
**Battery Energy Storage System (5 hrs)



Item 16 – 2024 Year-end Review

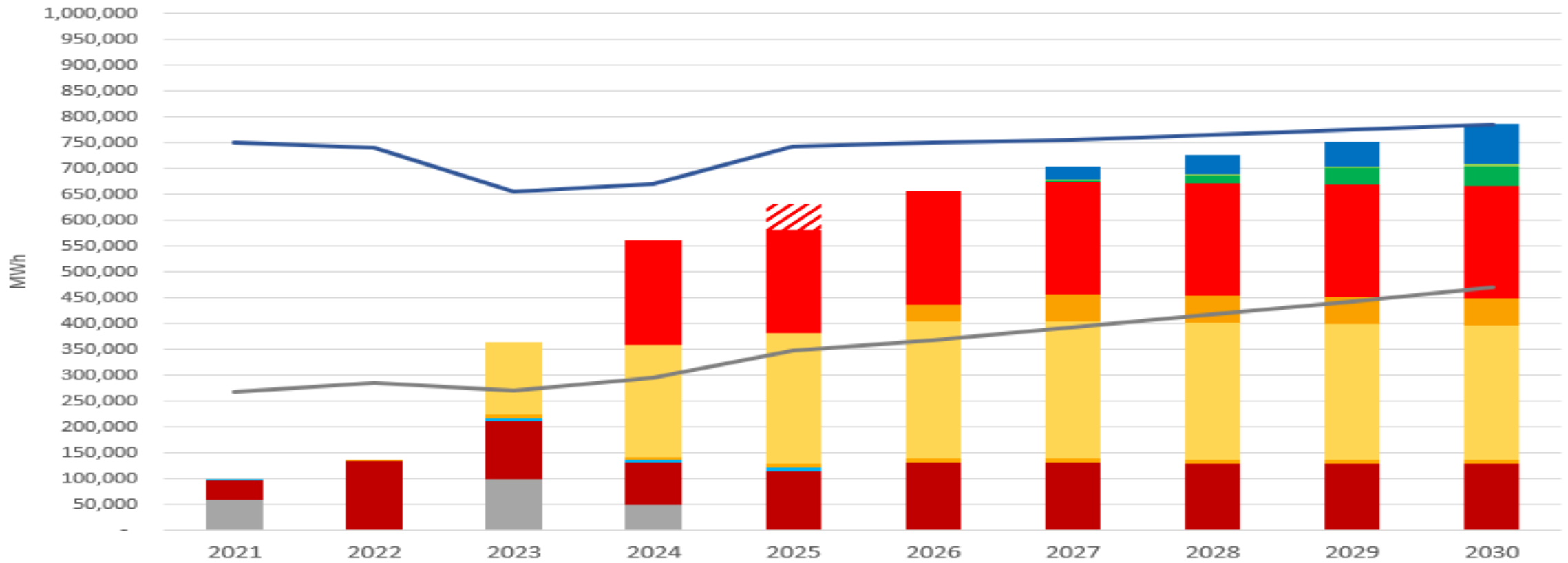


Willy 9 Chap 2. Formerly Willow Springs Solar Project¹. PV portion is complete and is in commercial operation. BESS is awaiting final approvals.

- **Project size: 72MW PV + 36MW BESS**
- **PV delivering energy as of Jan 2024**
- **BESS anticipated online Q1 2025**

1) Note: CAISO requested revised naming convention.

Item 16 – 2024 Year-end Review



Contracted RE	13%	18%	56%	84%	72%	87%	90%	90%	90%	90%
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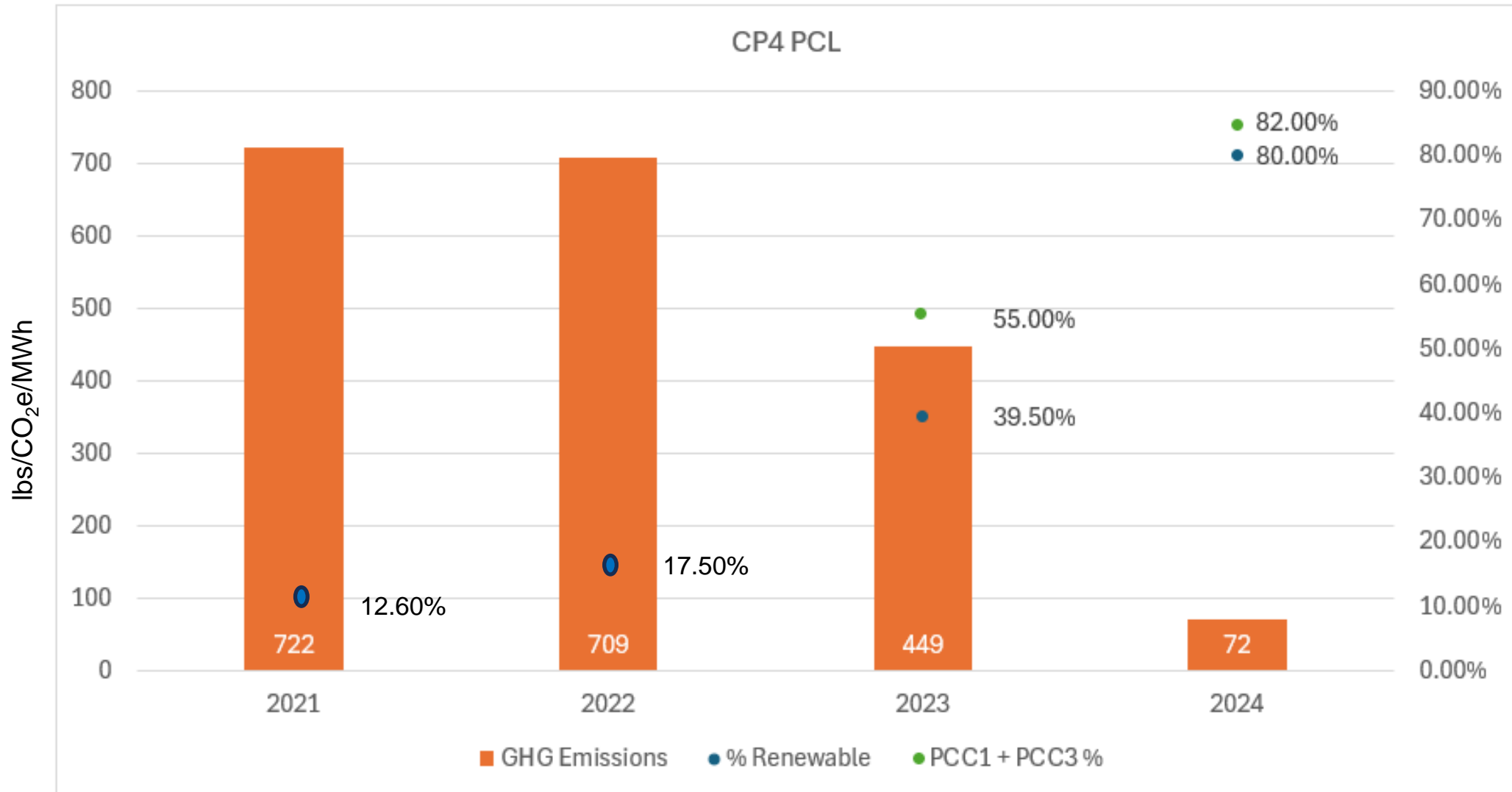
Anticipated RE							93%	95%	97%	100%
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- Short-Term RECs
 Aquamarine Contracted
 Indian Valley Contracted
 Putah Creek Contracted
- Resurgence Contracted
 Gibson Contracted
 Willy 9 Chap 2 Contracted
 Ormat Contracted
- Fish Lake Contracted
 Executed REC Sales
 VCE RE to be Contracted
 VCE Retail Load
- RPS Requirement



Note: 2025 Contracted RE pre REC sale: 78%; 2025 Contracted RE post REC sale: 72%

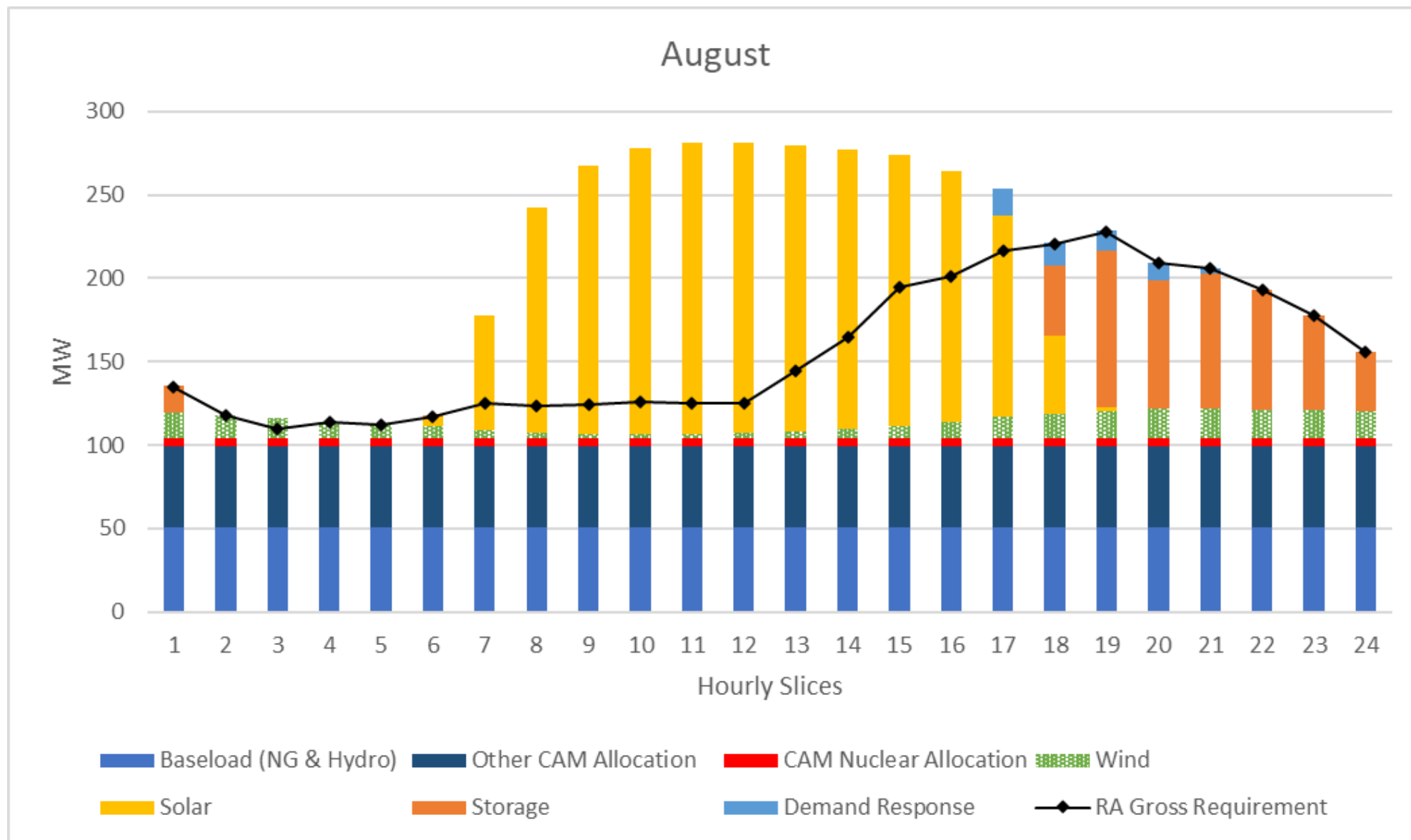
Item 16 – 2024 Year-end Review



Note: 2021-2023 are the actual power content label (“PCL”) values. 2024 is a projection.



Item 16 – 2024 Year-end Review: Slice of Day (SOD)



Item 16 – 2024 Year-end Review

2024 Year-end Review: Marketing & Outreach

Photo: YvonneHunterPhotography.com

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Item 16 – 2024 Year-end Review

Outreach: Meeting Our Customers Where They Are



Photos:
YvonneHunterPhotography.com



Events: 9 events; 40,000+ people reached (including media, in-person)



Media: 4 press releases, 7 press placements, 1 media event, 200 + media contacts



Customer inquiries: rapid, tailored responses with emphasis on authenticity and engagement

2024 Year- end Review: Customer Care

Photo: YvonneHunterPhotography.com

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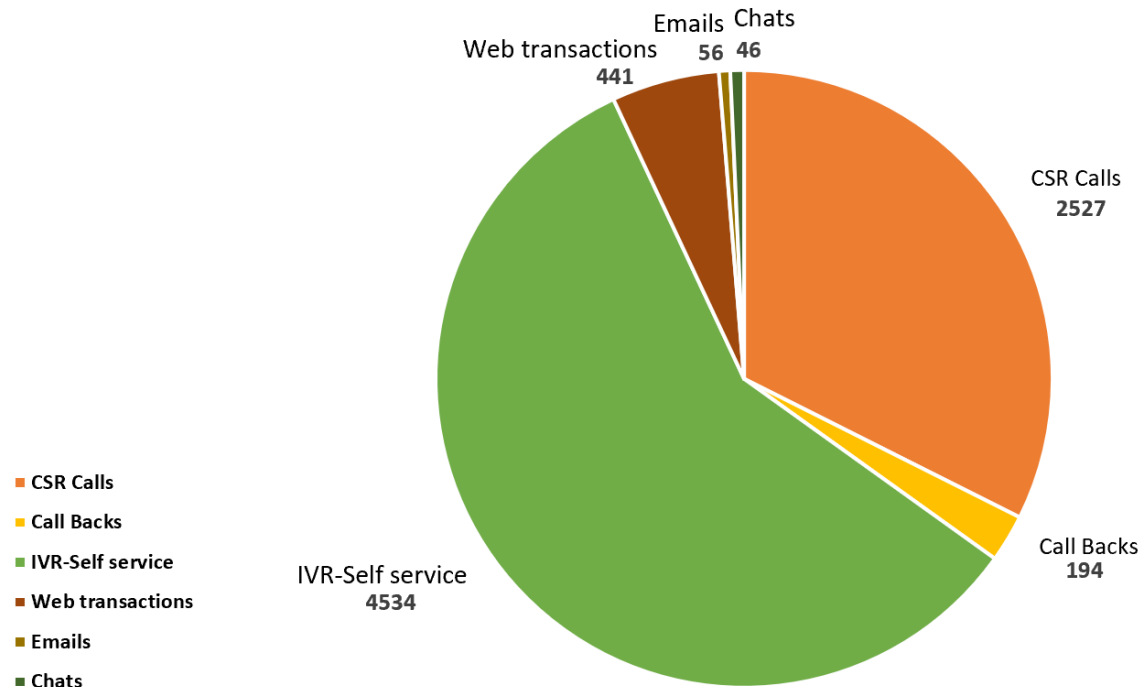


Item 16 – 2024 Year-end Review

Customer Service Representative (CSR) Interactions

Total Contacts

01/01/2024-12/31/2024

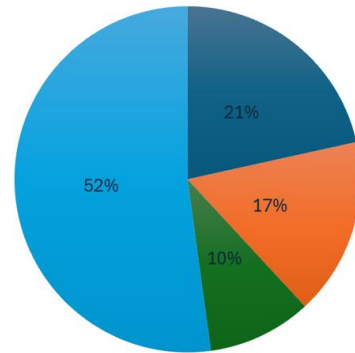


CSR Calls	32%
Call Backs	2%
IVR-Self service	58%
Web transactions	6%
Emails	1%
Chats	1%

Item 16 – 2024 Year-end Review

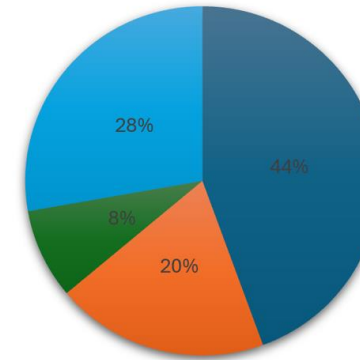
Opt-outs & Opt-ups, 2024

947 Opt Outs



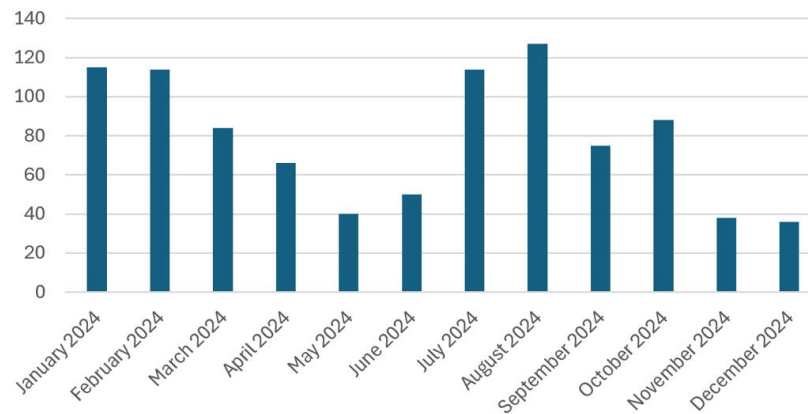
■ DAVIS INC ■ UNINC YOLO CO ■ WINTERS INC ■ WOODLAND INC

36 Opt Ups

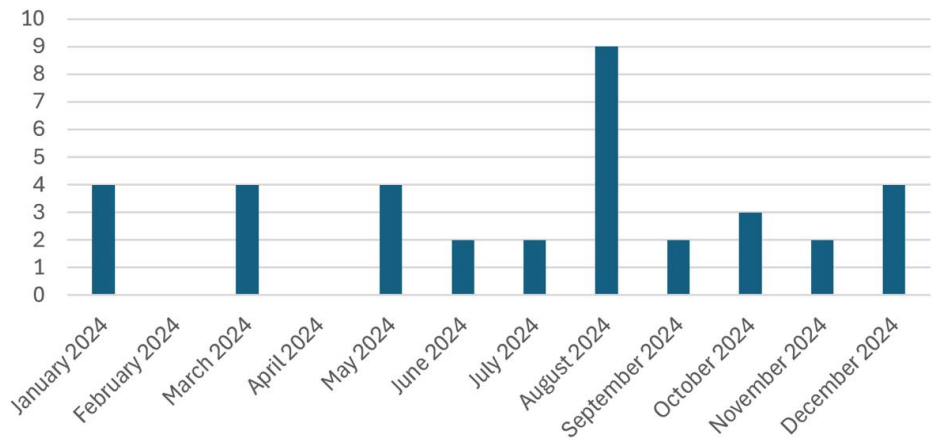


■ DAVIS INC ■ UNINC YOLO CO ■ WINTERS INC ■ WOODLAND INC

Monthly Opt Outs

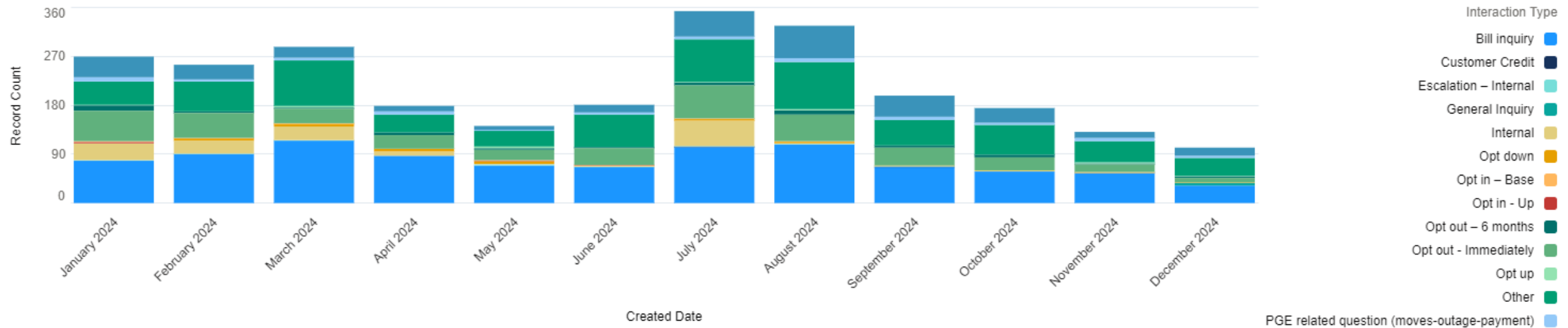


Monthly Opt Ups



Item 16 – 2024 Year-end Review

Monthly Interaction Type



Item 16 – 2024 Year-end Review

Website Analytics: Page Views & Engagement

Page title and screen class	↓ Views	Active users	Views per active user	Average engagement time per active user
Total	89,209 100% of total	22,339 100% of total	3.99 Avg 0%	1m 23s Avg 0%
1 (not set) VCE Home	32,286	824	39.18	11m 29s
2 Home - Valley Clean Energy	12,317	7,749	1.59	27s
3 Credits & Rebates - Valley Clean Energy	3,757	2,623	1.43	32s
4 2024 Almond Festival - Valley Clean Energy	2,293	1,912	1.20	11s
5 Residential - Valley Clean Energy	2,114	1,355	1.56	32s
6 Board Meetings and Agendas - Valley Clean Energy	1,357	512	2.65	1m 38s
7 Opt out - Valley Clean Energy	1,306	969	1.35	34s
8 A Flexible Irrigation Pilot Program for Agriculture - Valley Clean Energy	1,197	703	1.70	23s
9 Solar Customers / Net Energy Metering (NEM) - Valley Clean Energy	1,188	889	1.34	1m 35s
10 Staff - Valley Clean Energy	1,156	836	1.38	48s

Average Time Spent on Websites

Across Industries: 53 seconds
(VCE: 1 minute 23 seconds)

E-Commerce Pages:
31 seconds-1
minute 43 seconds

Blogs/Press
Releases: 2 minutes

Item 16 – 2024 Year-end Review

2024 Year-end Review: Programs

Photo: YvonneHunterPhotography.com

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Item 16 – 2024 Year-end Review

Program Highlights



AgFIT - CONCLUDED

Electric Advisor - LAUNCHED



Hourly Flex Pricing - LAUNCHED



REACT - LAUNCHED



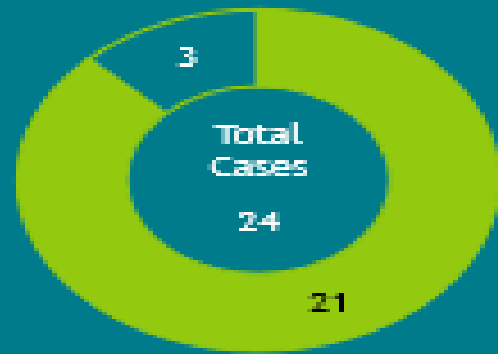
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Item 16 – 2024 Year-end Review

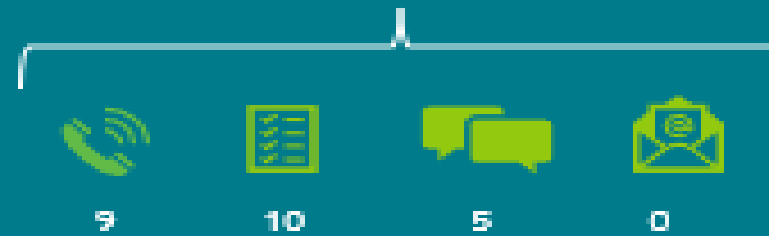
Program Spotlight: Electric Advisor

Cases

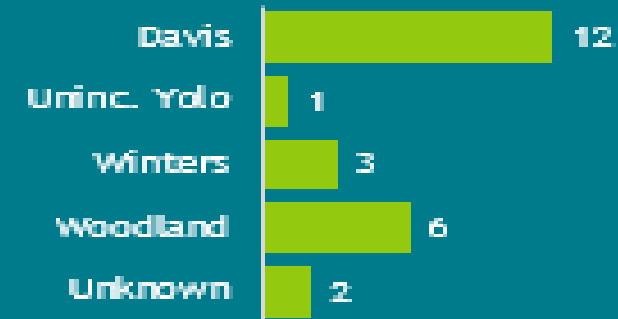


■ Closed ■ In Progress

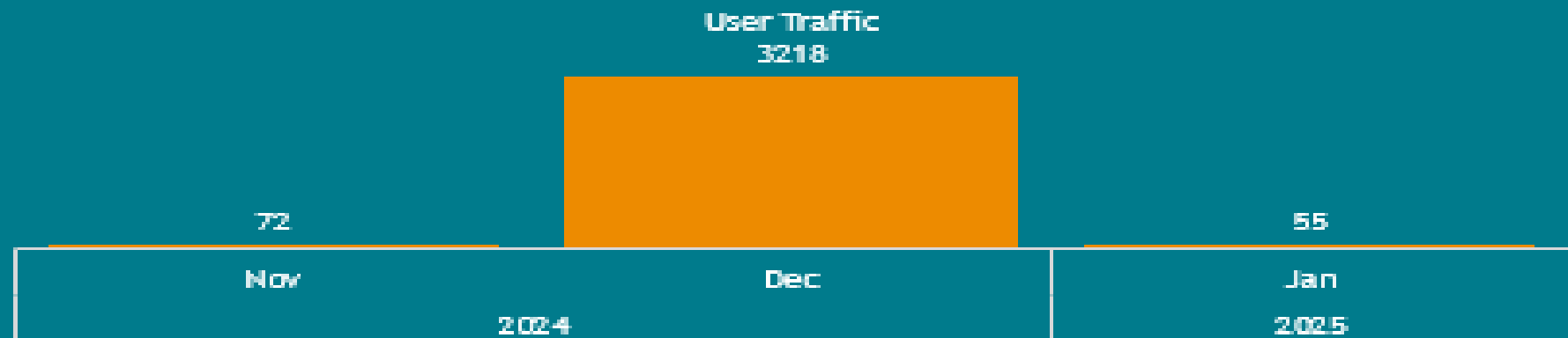
Channel of Initial Contact



City



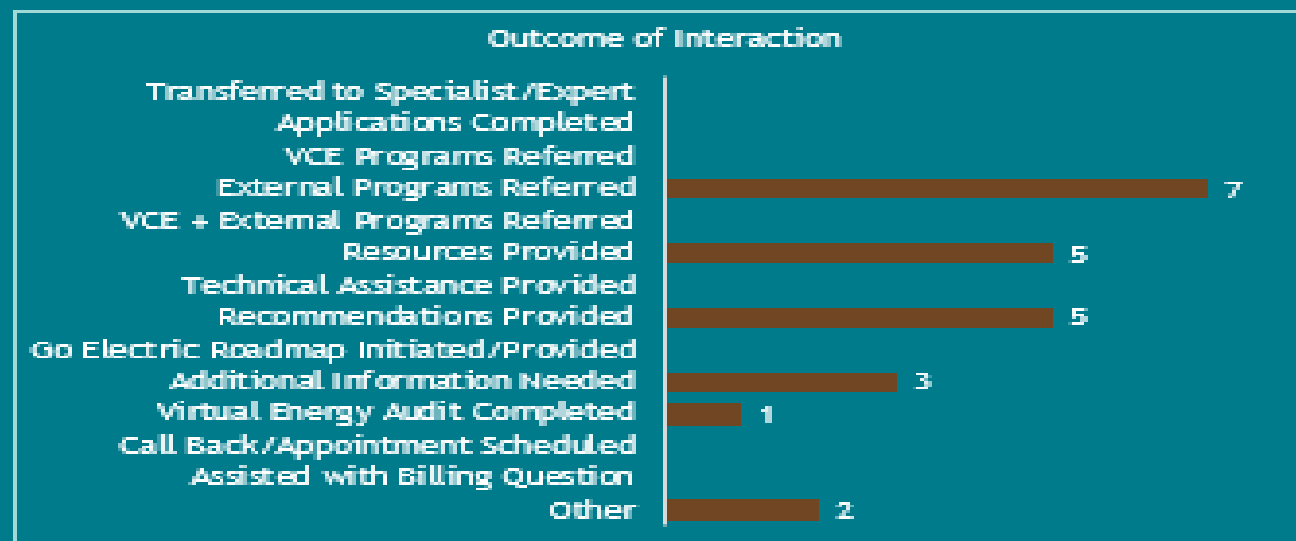
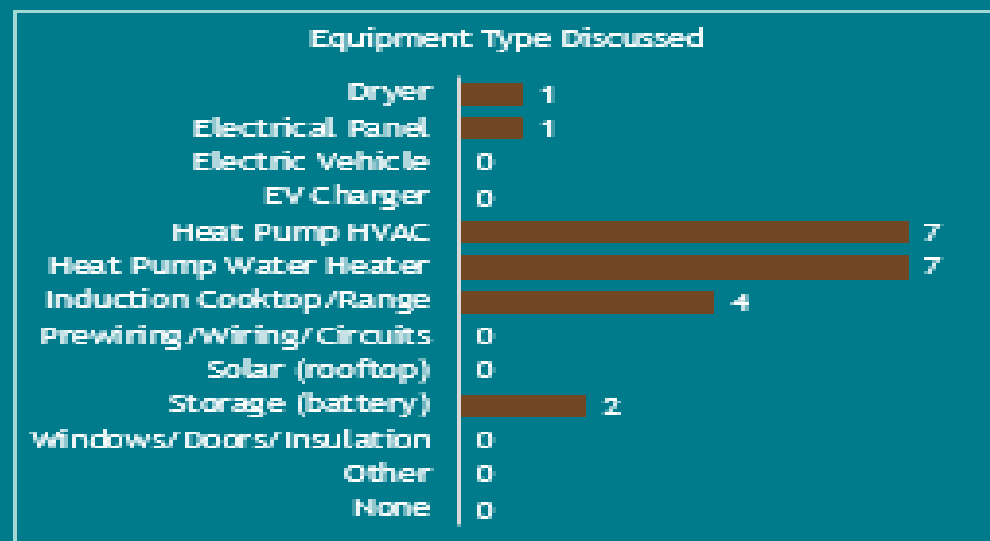
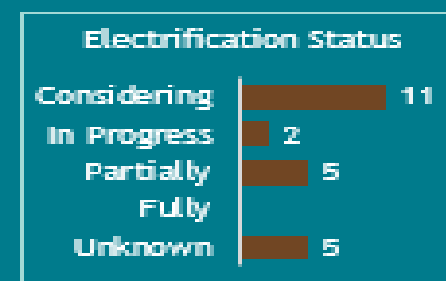
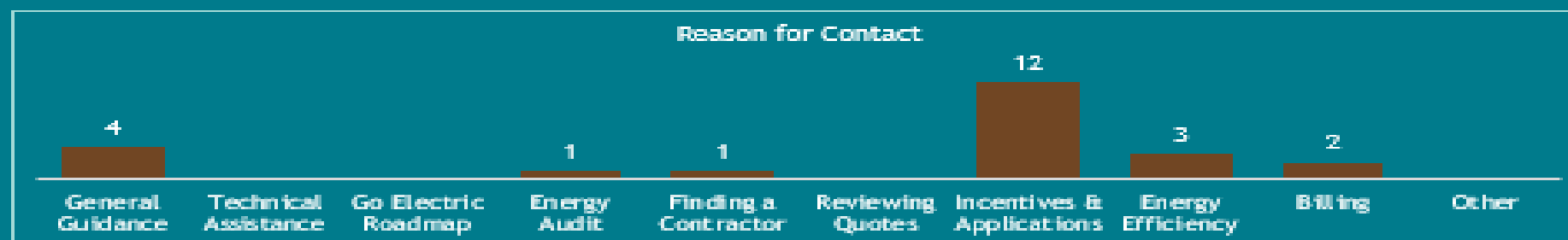
Website User Analytics



Item 16 – 2024 Year-end Review

Program Spotlight: Electric Advisor

Interactions



Item 16 – 2024 Year-end Review

2024 Year-end Review: Finance

Photo: YvonneHunterPhotography.com

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Item 16 – 2024 Year-end Review

Finance Highlights



- 2024 Customer Savings
 - 2.5% “Stackable” CARE/FERA Discount - \$350K to (low-income)
 - 1%/2% Standard Green and UltraGreen Discount - \$1.4M in Savings (Includes CARE/FERA)
 - \$50K in Percentage of Income Payment Plan (PIPP)
 - NEM \$0.01/kWh adder - \$600K in incentives
- 2025 Customer Savings
 - 10% “Stackable” CARE/FERA Discount - \$750K to (low-income)
 - 5% Standard and UltraGreen Discount - \$5M in Savings (Includes CARE/FERA)
 - PIPP & NEM discounts incentives unchanged

Item 16 – 2024 Year-end Review

Finance Highlights



- Adoption of Updated Reserve Policy (2025)
 - Minimum 120+ Days Cash for Operating Reserve
 - Minimum 60+ Days Cash for Rate Stabilization Reserve
- PPA Prepay Transaction – Q1 2025 ~2-3M in Annual Savings
- Investment Grade Credit Rating – Q2 2025 \$250K in annual savings
- 2023 Clean Financial Audited Financials
- Reached \$4M for Programs Contribution - \$1M allocated in 2024.
- Compliance with All Debt (Line of Credit) and Power Purchase covenants
- Implemented 3rd Customer Rate Option – Base Green



Valley Clean Energy Board Meeting – Thursday, February 13, 2025

Item 17 – VCE Strategic Major Update Process



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Item 17 – VCE Strategic Major Update Process

Overview

Introduce VCE's Strategic Plan Major Update process and 2025 schedule.

This presentation will provide:

- Strategic Plan (Recap)
- Strategic Plan Guidelines Overview
- Major Update Timeline

Item 17 – VCE Strategic Major Update Process: Background

FINANCIAL STRENGTH



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

PROCUREMENT & POWER SUPPLY



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

CUSTOMERS & COMMUNITY



Goal: Prioritize VCE's community benefits and increase customer satisfaction and retention.

DECARBONIZATION & GRID INNOVATION



Goal: Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.

STATEWIDE ISSUES: REGULATORY & LEGISLATIVE AFFAIRS



Goal: Strongly advocate for public policies that support VCE's Vision/Mission.

ORGANIZATION, WORKPLACE & TECHNOLOGY



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

Item 17 – VCE Strategic Major Update Process: Guidelines

Strategic Plan Guidelines

Initial strategic plan “Rolling” update in 2023 (completed)

- One-year extension in 2024
- Maintain a three-year outlook starting in 2023.

Strategic Plan Schedule for Regular Updates (Major and Minor) beginning in 2025

- Major updates every four years that do not align with Integrated Resource Plan (IRP) updates
- Minor Updates by Staff every other intervening year

Extension of 2021-2023 Plan			Strategic Plan				Strategic Plan			
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minor Update		Major Update		Minor Update		Major Update		Minor Update		Major Update
	IRP WORK		IRP WORK		IRP WORK		IRP WORK		IRP WORK	

The Strategic Plan incorporates the following schedule for status reporting:

- Quarterly Report to VCE Management – Staff reports quarterly to the Executive Officer on the status of goals, objectives and metrics under their responsibility.
- Annual Report to Board and CAC - Staff reports annually to the Board and CAC on the status of goals, objectives and metrics, and recommends any mitigations or amendments as may be necessary for Board approval.

Item 17 – VCE Strategic Major Update Process: Major Update

Key Objectives of Strategic Plan Major Updates

Major Update – The purpose is a more detailed review/update of the Strategic Plan, including a review of VCE’s Vision/Mission and existing goals and objectives. Major Plan updates may include more comprehensive reviews incorporating workshops at various levels of the organization, including community stakeholder engagement. The baseline activities would incorporate those enumerated in the Minor Update.

Key activities in a Major Update include:

- Identify changes in the overall CCA environment (economics, policy, technology, etc.) and describe their relevance for VCE
- Review key organizational fundamentals (Mission, Vision, and Strategic Plan Goals)
- Long-term adjustments based on strategic and customer requirements

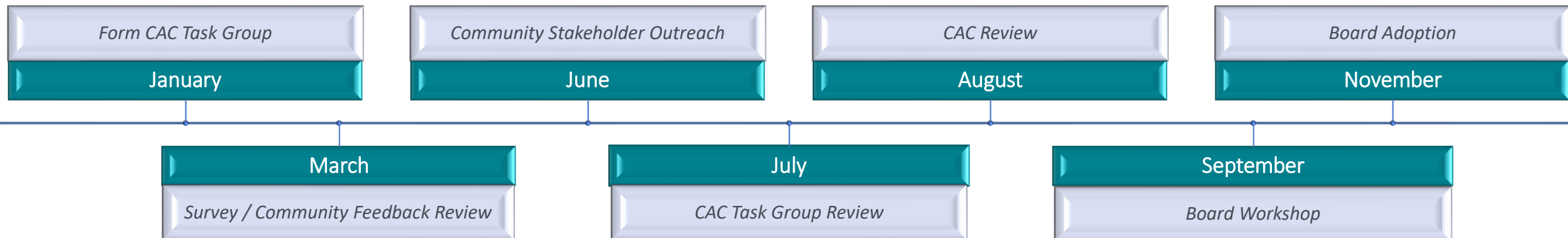
Item 17 – VCE Strategic Major Update Process: Timeline

Proposed Plan Development Process and Timeline

The Major Plan update is organized into four components that will occur over the course of 2025.

- Q1 – Review of existing Plan and development of Initial Draft Plan Update
- Q2 – Gather community and stakeholder feedback on Draft Plan Update
- Q3 – Develop Draft Plan Update; present Draft Plan Update to Board
- Q4 – Develop final Draft Plan Update; present to Board for adoption

Timeline: 2025 Strategic Plan Major Update



Item 17 – VCE Strategic Major Update Process: Discussion

Discussion