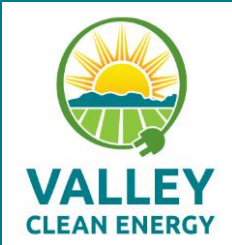




yvonnehunterphotography.com

VCE Community Advisory Committee Meeting – Thursday, October 26, 2023



Item 6 – 2022 Power Content Label Outreach

PUBLIC COMMENTS

To Provide Public Comment on any agenda item please:

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

OR

If in person, complete a COMMENT CARD

OR

Join the Public Comment Queue by

- “Raising Hand” on Zoom Meeting

OR

- Press *9 if joining by phone

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

Emailed comments received **after** the item has concluded but before the end of the meeting will not be read
ill be included in the meeting record.

Item 6 – Power Content Label Outreach: Background

- Applicable California regulations direct load serving entities (LSEs), such as VCE, to provide accurate, reliable, and simple-to-understand information on the sources of energy, and the associated emissions of greenhouse gases annually.
- The format for requisite communications is highly prescriptive, offering little flexibility to retail sellers when presenting such information to customers. This format has been termed the “Power Content Label” (PCL) by the California Energy Commission (CEC).
- Consistent with applicable regulations and CEC guidance, VCE will complete required customer communications in accordance with the October 2, 2023 (posted to VCE website) and January 2, 2024 deadlines (via mail or e-mail).
- California requires LSEs to procure a minimum percentage of their load from eligible renewable resources such as wind, solar, geothermal, small hydro, etc.¹
- LSEs must achieve interim targets referred to as Compliance Periods (CP1, CP2, CP3, etc). CP4 is measured over years 2021-2024 and the average for this period is 40%.
- In May 2020 (CAC) and June 2020 (Board) the concept of ramping into VCE’s long-term contracts versus relying on short-term renewable energy credits (RECs) was adopted and since then Staff has been executing on that strategy.



Note: 1) From a State perspective, LSEs need to procure 60% of the load from renewable energy by 2030 as outlined in SB 100. VCE has adopted a more aggressive target of achieving 100% renewable by 2030.

Item 6 – Power Content Label Outreach: '22 PCL

2022 POWER CONTENT LABEL						
Valley Clean Energy Alliance						
https://valleycleanenergy.org/power-sources/						
Greenhouse Gas Emissions Intensity (lbs CO ₂ e/MWh)			Energy Resources	Standard Green	UltraGreen	2022 CA Power Mix
Standard Green	UltraGreen	2022 CA Utility Average	Eligible Renewable¹	17.5%	0.0%	35.8%
709	0	422	Biomass & Biowaste	0.0%	0.0%	2.1%
			Geothermal	0.0%	0.0%	4.7%
			Eligible Hydroelectric	0.0%	0.0%	1.1%
			Solar	17.5%	100.0%	17.0%
			Wind	0.0%	0.0%	10.8%
			Coal	0.0%	0.0%	2.1%
			Large Hydroelectric	7.4%	0.0%	9.2%
			Natural Gas	0.0%	0.0%	36.4%
			Nuclear	0.0%	0.0%	9.2%
			Other	0.0%	0.0%	0.1%
			Unspecified Power²	75.1%	0.0%	7.1%
			TOTAL	100.0%	100.0%	100.0%
Percentage of Retail Sales Covered by Retired Unbundled RECs³:				0%	0%	
<p>¹The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology.</p> <p>²Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source.</p> <p>³Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.</p>						
For specific information about this electricity portfolio, contact:			Valley Clean Energy Alliance 1-855-699-8232			
For general information about the Power Content Label, visit:			https://www.energy.ca.gov/programs-and-topics/programs/power-source-disclosure-program			

<https://valleycleanenergy.org/power-sources/pcl2020/>



Item 6 – Power Content Label Outreach: Contracted Renewable Projects

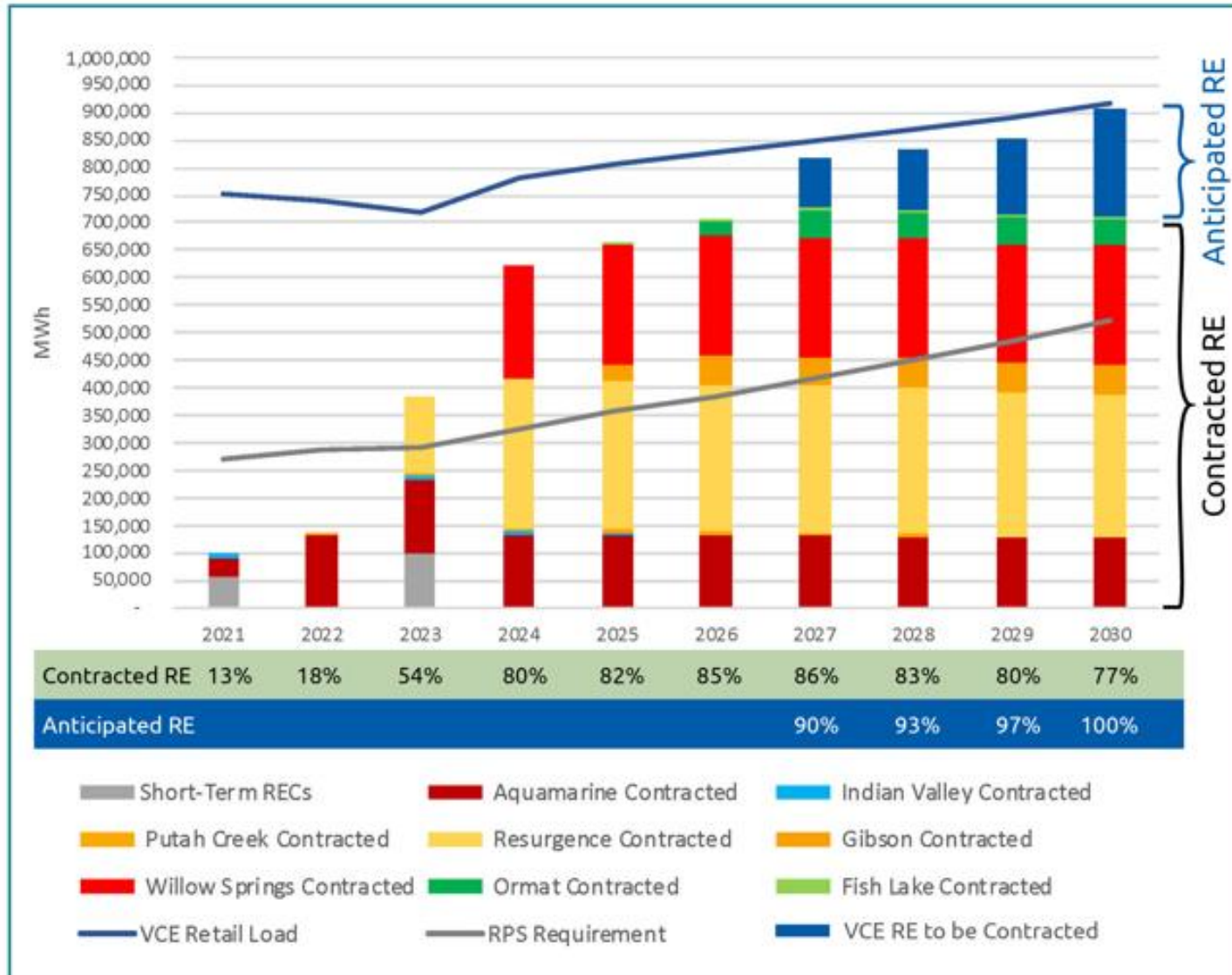
POWER RESOURCE CONTRACTS



<https://valleycleanenergy.org/power-sources/>

Item 6 – Power Content Label Outreach: Outlook

ANNUAL RPS POSITION



Item 6 – Power Content Label Outreach: Conclusion

- By design, similar to the 2021 PCL, the 2022 PCL reflects a low renewable percentage.
- VCE is executing on a plan that incorporates VCE’s commitment to building new renewable resources (versus buying RECs from existing assets that would operate regardless of VCE’s purchase of RECs).
 - The plan helps keep customers rates lower while VCE ramps into long-term renewable contracts at competitive prices.
- VCE’s plan is to have a lower renewable percentage in the early years of CP4 and significantly higher in the later years.
 - If necessary, small shortfalls will be met with short-term RECs.
- VCE has established a 100% renewable target by 2030 (significantly higher than the State requirement).



yvonnehunterphotography.com

VCE Community Advisory Committee Meeting – October 26, 2023



Item 9 – Net Energy Metering (NEM) Policy Update Draft

PUBLIC COMMENTS

To Provide Public Comment on any agenda item please:

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

OR

If in person, complete a COMMENT CARD

OR

Join the Public Comment Queue by

- “Raising Hand” on Zoom Meeting

OR

- Press *9 if joining by phone

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

Emailed comments received **after** the item has concluded but before the end of the meeting will not be read
ill be included in the meeting record.

Item 9 – Net Energy Metering (NEM) Policy Update Draft

Summary

VCE's current Net Energy Metering (NEM) Policy adopted by the Board in October 2019 needs to be updated in consideration of upcoming Net Billing Tariff or Solar Billing Plan (SBP) changes adopted by the California Public Utilities Commission. The purpose of this presentation is to provide background information and seek CAC feedback/recommendation on VCE's approach to an updated NEM Policy.

Overview

- Background
- Policy Analysis - Net Billing Tariff (NBT)/Solar Billing Plan (SBP)
- Recommendation / Discussion

Item 9 – Net Energy Metering (NEM) Policy Update Draft - Background

Background

NEM is a billing system where customers with eligible renewable projects, whether homes or businesses, get credit for the excess electricity they generate and send back to the grid.

- Net amount of electricity = Electricity generated - electricity consumed
- Excess Generation generally receive a credit towards future bills.

NEM has undergone several changes in its policy and tariff structures, largely driven by the growth of solar adoption, changing grid needs, and the desire to reflect the value of solar energy more accurately on the grid.

Item 9 – Net Energy Metering (NEM) Policy Update Draft - Analysis

Net Energy Metering Update – Solar Billing Plan (SBP)

In December 2022, the California Public Utilities Commission (CPUC) initiated a pivotal transition from the conventional NEM program to a successor program known as NBT or SBP.

SBP designed to realign compensation (Customer Retail Rates vs Cost Avoidance Calculation)

- Based on the overall value of that electricity, rather than prevailing retail electric rates
- Designed to enhance the value created by solar with battery storage

Legacy NEM Customers (Pre-April 14, 2023) – No Change

- Customers with a PG&E interconnection agreement accepted by the April 14, 2023
- Remain on PG&E's NEM program for up to 20 years from their permission-to-operate date
- This legacy period is granted even if the system is transferred to a new homeowner/operator
- Only forfeit at the customer's discretion or if the system is significantly modified from its original capacity
- No action is required to extend these same protections

VCE's NEM Policy remains in effect for legacy accounts.

Item 9 – Net Energy Metering (NEM) Policy Update Draft - Analysis

Solar Billing Plan (SBP) - Opportunities for Battery Storage

The proposed SBP underscores the critical necessity of energy storage.

- Prior NEM programs incentivize roof top solar without battery storage
- Value of load shifting through energy storage and discharge has been somewhat constrained
- SBP seeks to increase the value of battery storage with hourly export rates that incentivize evening peak discharge

Solar Billing Plan (SBP) – Export Rates

PG&E Export Rates be valued based on the hourly avoided cost of energy

- Current avoided cost values average \$0.04/kWh during typical solar export hours
- Customers export rates lock-in for 9 years (Payback/Financing Requirements)

Item 9 – Net Energy Metering (NEM) Policy Update Draft - Analysis

VCE Alignment with Proposed Export Rates

Export Rates are highly influenced by supply and demand

- Off –Peak Hours - High Solar \ Low Demand Exports Hours = Low value export rates
- Peak Hours – Low Solar \ High Demand = High Export rates
- Adds value proposition for battery storage moving daytime exports into peak evening hours.

When energy is consumed as it is generated, the Generation value of solar production under SBP is equivalent to NEM. Only when electricity is exported to the grid during low-value hours is the value reduced. Battery storage systems can be utilized to significantly increase this value.

Additional Considerations

Staff has been working with our billing and customer support partner, SMUD, on improving our current NEM processes and the distribution of net billing credits to customers.

- Recommend transitioning to electronic “on bill credit”
- Discontinue the manual distribution of checks to customers starting January 1, 2024.
 - more seamless and timely application/distribution of net billing credits to VCE customers.
- Discontinue roll over balances until the next true-up cycle.
- Discontinue the donations program due to limited participation - VCE has received ~15 customer donations to date.

Item 9 – Net Energy Metering (NEM) Policy Update Draft

Summary

Based on actions taken by the CPUC to structurally modify California's existing NEM program, VCE is in a position to consider modification of its NEM program. VCE's approach would provide additional incentives when compared to PG&E.

Maintaining general consistency with CPUC / PG&E's NEM modifications

- Shift in focus to considering the value of energy storage
- Helps to avoid customer confusion

Additional Steps after Policy Update

- Monitor the activity related to our existing and new NEM customers
- Evaluate potential program approaches (solar shares or virtual power plants) that may partially address access to this type of resource for lower-income customers and renters
- Study application of dynamic pricing valuation for excess generation export

Recommendation and Discussion

1. Maintain existing NEM rates for VCE Legacy NEM Customers (Pre-April 14, 2023)
2. Adopt NBT/SBP for new VCE solar customers with an adder of \$0.01/kWh for excess generation
3. Modify existing policy for distribution of net billing credits to customers