



Valley Clean Energy Community Advisory
Committee Meeting - December 5, 2019, Davis
Item 6 - Program Update



Item 6 - Agenda

- Electric Transportation program update
- Near & mid term concepts
- 5-year program plan
- Next steps

Item 6 - ET Program Update

- VCE will have a new **programs tab** featuring **Choose EV by Dec 25**
- Customers will have access to...

Free	Ad ons
EV Benefits	Gas/Electric Savings Calculator
EV FAQs	EV Model Review Tool
Public Charger Finder	Incentive Stacker
	CO2 Reduction Calculator (?)

Item 6 - ET Program Update



Helping drivers make smart transportation decisions.

<https://vce.chooseev.com/home/>

Username: vce

Password: vce123

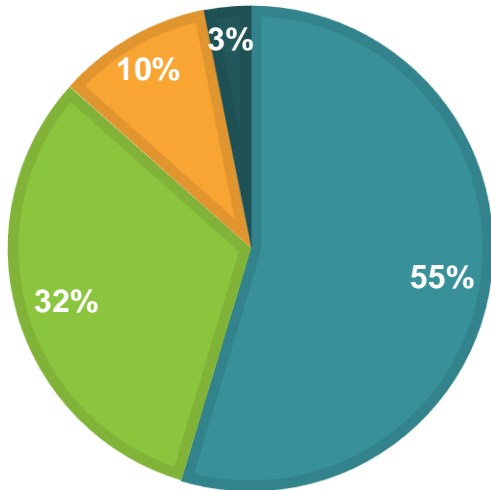
Item 6 - ET Program Update - Next Steps

- Enhance Electric Transportation Program—
 - Develop initiatives to drive traffic to the webpage
 - Coordination with other entities, e.g. Cool Davis, local car dealerships
 - Social media/ digital outreach
 - Signage at tabling events
 - Website banner
 - Brochures/pamphlets/fliers/postcards
 - Develop incentives
 - Income qualified incentives
 - Vehicle incentives
 - Home charging infrastructure incentives

Item 6 - Near & Mid Term Concepts

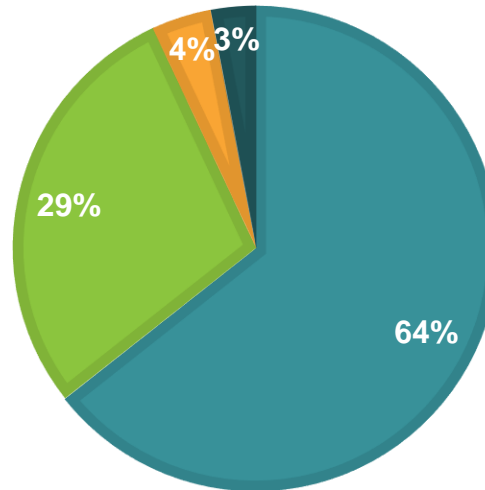
DAVIS

- Transportation
- Residential
- Commerical
- Government operations



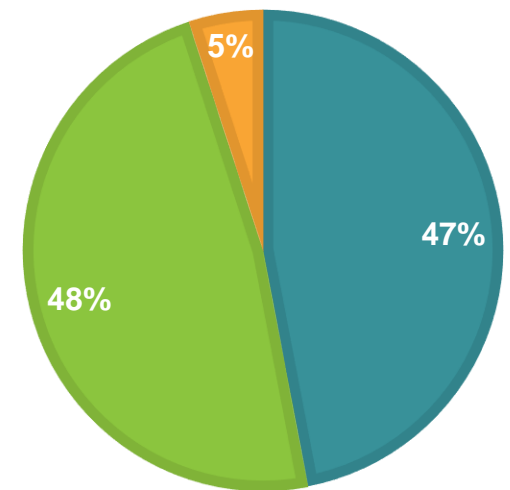
WOODLAND

- Transportation
- Energy
- Solid Waste
- Water and Muni operation



UNINCORPORATED YOLO

- Transportation
- Agriculture
- Waste, construction, mining



Develop programs based on estimates of emission reduction potential and community co-benefits

Item 6 - Near & Mid Term Concepts

Incorporate additional electrification measures

- Heat pump water heaters
 - Leverage the program in Sacramento—trained contractors who understand the technology and how to install systems
 - PG&E offers \$300/unit—possible opportunity for supplemental incentives
- Heat pumps
 - Similar to HPWH, supplemental incentives, leverage experienced contractors

Item 6 - Near & Mid Term Concepts

Example—induction cook tops

- Low cost
- Sonoma Clean Power's Induction stove top program

**Borrow an Induction
Stove Cooktop & Cookware
With Valley Clean Energy**



Item 6 - Near & Mid Term Concepts

Agriculture:

- Convert gas powered irrigation return pumps to solar electric energy
- Sustainability certification or “green” business
- Advertise an online “sticker” for Ultra Green
- Electrification of farm/ drying equipment
- Supplemented incentives
- Host public outreach meetings to receive feedback

Item 6 - 5-Year Plan

- Develop 5-year program plan
 - Agriculture
 - Building electrification
 - Electric transportation
 - Energy storage
 - Energy efficiency
 - Education
- Include budgets, high-level goals and targets, etc.
- Sets the basis for consistent/ongoing program budgets

Item 6 - Next Steps

- Get the ET webpage up and running
- Develop additional ET initiatives
- Start one or more near - mid term electrification initiatives
- Develop the 5-year plan



Valley Clean Energy PCIA & ERRRA Update

December 5, 2019

City of Davis Community Chambers

Background

- Due to the recent PG&E ERRA update, PCIA rates may increase substantially in 2020 and beyond due to a variety of ongoing and one-time circumstances
- Our current rates are 2.7 cents and will likely increase, in an estimated range of 3.2 (18%) to 4.25 cents (58%) for 2020; this could lead to significant financial impacts
- PG&E generation rates, which VCE currently matches, are forecast to decrease slightly in 2020 and rebound in 2021
- Currently, this information is not final. We are likely to know much more in the coming months due to the CPUC ERRA decision scheduled for January 2020
- Staff analyzed a variety of PCIA scenarios as shown on the following pages

Preliminary Analysis

- **PRELIMINARY ANALYSIS:**
- VCE staff analyzed several likely PCIA scenarios:
 - Scenario 1: “As Is” scenario assuming no changes to PCIA (for comparison purposes to show impacts of changes)
 - Scenario 2: “PCIA to Cap” scenario assuming the PCIA rises to the cap of 3.17 cents per kWh in 2020 and stays there
 - Scenario 3: “PCIA Exceeds Cap” scenario assuming the PCIA rises high enough to trigger a cap exception and goes to 4.25 cents per kWh for 2020 and down to 3.50 cents in 2021 and beyond

2020 Fiscal Year

		Fiscal Year Ended June 30, 2020		
		Scenario 1	Scenario 2	Scenario 3
		"As Is"	"PCIA to Cap"	"PCIA Exceed Cap"
Assumptions				
PCIA - 2019		2.7 cents	2.7 cents	2.7 cents
PCIA - 2020		2.7 cents	3.2 cents	4.25 cents
2020 PG&E Generation Rate		-3%	-3%	-3%
Key Financial Measures	Debt Covenants			
Change in Net Position*	At least \$1.00	\$8,157	\$7,406	\$3,734
Debt Service Coverage Ratio	1.25 or greater	29	26	13
Net Position	At least \$11.0 million	\$13,877	\$13,129	\$9,473
Liabilities to Net Position	2.0 or less	0.69	0.73	1.01
Cash (Unrestricted)		\$12,505	\$12,009	\$9,583
Days Cash		54	52	41
Revenue		\$55,708	\$54,957	\$51,289
Gross Margin		\$13,003	\$12,252	\$8,584

2021 Fiscal Year

		Fiscal Year Ended June 30, 2021		
		Scenario 1	Scenario 2	Scenario 3
		"As Is"	"PCIA to Cap"	"PCIA Exceed Cap"
Assumptions				
PCIA - 2020		2.7 cents	3.2 cents	4.25 cents
PCIA - 2021		2.7 cents	3.2 cents	3.5 cents
2020 PG&E Generation Rate		-3%	-3%	-3%
2021 PG&E Generation Rate		+3%	+3%	+3%
Key Financial Measures	Debt Covenants			
Change in Net Position*	At least \$1.00	\$5,368	\$2,817	(\$2,956)
Debt Service Coverage Ratio	1.25 or greater	11	6	-6
Net Position	At least \$11.0 million	\$18,419	\$15,136	\$5,726
Liabilities to Net Position	2.0 or less	0.48	0.58	1.53
Cash (Unrestricted)		\$14,564	\$11,845	\$2,947
Days Cash		59	48	12
Revenue		\$57,727	\$55,189	\$49,480
Gross Margin		\$10,156	\$7,618	\$1,909

2022 Fiscal Year

		Fiscal Year Ended June 30, 2022		
		Scenario 1	Scenario 2	Scenario 3
		"As Is"	"PCIA to Cap"	"PCIA Exceed Cap"
Assumptions				
PCIA - 2021		2.7 cents	3.2 cents	3.5 cents
PCIA - 2022		2.7 cents	3.2 cents	3.5 cents
2021 PG&E Generation Rate		+3%	+3%	+3%
2022 PG&E Generation Rate		0%	0%	0%
Key Financial Measures	Debt Covenants			
Change in Net Position*	At least \$1.00	\$8,297	\$4,625	\$1,661
Debt Service Coverage Ratio	1.25 or greater	18	10	4
Net Position	At least \$11.0 million	\$25,845	\$18,918	\$6,557
Liabilities to Net Position	2.0 or less	0.33	0.45	1.30
Cash (Unrestricted)		\$21,057	\$14,734	\$2,917
Days Cash		83	58	12
Revenue		\$62,391	\$58,765	\$55,904
Gross Margin		\$13,180	\$9,554	\$6,693

Conclusions

- **CONCLUSION:**

- Based on Staff's preliminary assessment, the impact of the potential PCIA rate increases could be substantial.

Following are the key takeaways:

- VCE is able to absorb the PCIA impacts of Scenario 2 without incurring additional debt or missing key covenants
- In Scenario 3, VCE will need to raise generation rates to maintain its financial standing. Without doing so, VCE will lose its cash reserves over time
- In both the moderate and worst case scenarios, both VCE's 90-day cash reserve policy and Dividend policy will be impacted