VCEA COMMUNITY ADVISORY COMMITTEE
Public Workshop and Meeting
Thursday, August 22, 2019, Woodland, CA
Public Power Options Briefing

Valley Clean Energy
Community Advisory Committee Meeting
August 22, 2019
Overview

• PG&E Bankruptcy Offers Unique Opportunity
  • Current activities related to due diligence in preparation for an offer
  • Multiple decision points ("off-ramps")

• Potential key benefits:
  • Savings to customers v. PG&E (1-3 cents/kWh); hedge against future T&D cost increases
  • Greater Local Control (customer & community Input on delivery related decisions)
  • Enhanced Safety Standards/Enterprise Risk Management
  • Improved Reliability
  • VCE Mission Alignment

• Potential key challenges/risks:
  • Bankruptcy Court may not approve sale
  • Large Investment of Resources and Implementation of Distribution System Operations
  • Develop / Acquire Necessary Skills
  • Additional Business Risk
  • Natural Disaster Risks
Our mission is to **deliver clean electricity, product choice, and greenhouse gas emission reductions**—all with **local control** at **competitive prices**.
Deliver Clean Energy:

Power is now *delivered* by PG&E which “earns” over 12% on its poles and wires. Going forward, VCE will either continue to “rent” from PG&E or “own” on behalf of customers. About 60% of an average VCE customer’s bill currently goes to PG&E – the number is anticipated to grow. Over 50 public power utilities in California own their power delivery systems and most have more reliable and safer delivery at rates 25-30% below investor owned utilities.
Product Choice:

Increasingly, electricity product choice entails selection of both energy products (renewable, carbon-free, rooftop solar, etc.) as well as how products are delivered (poles, underground, safety, operations, reliability, and the like). Efficiency is enhanced when planning incorporates both power and transport aspects.

Example: Non-wire solutions – Aging electrical infrastructure limits solar, EV, and adoption of other modern distributed energy solutions. Limiting factor: The IOU has little incentive to develop/deploy non-wire solutions that may also have co-benefits (e.g. not having to dig up streets and/or install costly infrastructure).
Emissions Reductions:

More effective *emissions* lowering by encouraging micro-grids, integration of renewables with delivery (DE), battery storage, and other strategic delivery practices. All of which can been done more effectively under one public power organization serving customer needs and interest.

- Example: EV Charging Infrastructure – Land use + control of electric infrastructure = better planning for EV Charging Infrastructure.
Local Control:

Municipalization allows *local* community input and decision-making with regard to pole locations, equipment quality, safety, system reliability, encouraging community and rooftop solar, using revenues to provide efficiency incentives, and supporting community values.

Example: Local decisions on priorities and improved responsiveness/accountability to local needs.
Competitive Prices

Currently 60% of the price Yolo County electric customers pay is for “poles and wires” owned by PG&E. Full control of the local distribution system should allow close to a 10% rate reduction for all VCE customers (and/or higher quality service). Local communities will have significantly less control over retail energy price as long as PG&E controls 60% or more of total power charges under rates approved by the CPUC, versus rates approved by locally elected decision makers.

Example: Publically Owned Utilities consistently offer lower rates than IOUs.
Municipalization is Consistent with California’s Constitution

ARTICLE 11  LOCAL GOVERNMENT

SEC. 9.

(a) A municipal corporation may establish, purchase, and operate public works to furnish its inhabitants with light, water, power, heat, transportation, or means of communication.
## Summary Benefits and Challenges

<table>
<thead>
<tr>
<th>Benefits / Opportunities</th>
<th>Roadblocks/Challenges/Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Builds on VCE’s Success</td>
<td>• Bankruptcy Court may not approve sale</td>
</tr>
<tr>
<td>• Bankruptcy Offers Unique Opportunity</td>
<td>• Large Investment of Resources and Implementation of Distribution System Operations</td>
</tr>
<tr>
<td>• Savings to customers v. PG&amp;E (1-3 cents/kWh)</td>
<td>• Develop / Acquire Necessary Skills</td>
</tr>
<tr>
<td>• Local Control (Customer &amp; Community Input)</td>
<td>• Additional Business Risk</td>
</tr>
<tr>
<td>• Enhanced Safety Standards/Enterprise Risk Management</td>
<td>• Natural Disaster Risks</td>
</tr>
<tr>
<td>• Improved Reliability</td>
<td>• No “going-back”</td>
</tr>
</tbody>
</table>