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VCE Community Advisory Committee Meeting – Thursday, August 27, 2026

Item 7 – Draft Power Project Selection Criteria Guidelines



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Item 7 – Draft Power Project Selection Criteria Guidelines

Agenda:

- Overview
- Background
- Guidelines
- Recommendation and Next Steps

Item 7 – Draft Power Project Selection Criteria Guidelines

Overview

- VCE is seeking CAC feedback and recommendation to the Board on draft power project selection criteria guidelines.
- VCE seeks to memorialize guidelines for selection criteria for long-term power contracts that reflect:
 - VCE's past procurement practices
 - VCE's strategic plan goals
 - The feedback and interests of VCE's customers, service territory and stakeholders

Item 7 – Draft Power Project Selection Criteria Guidelines

Background

- VCE is not currently holding or planning large-scale solicitations for long-term power contracts. Currently contracted to meet or exceed its strategic plan goals of serving its customers with 90% renewable and 100% carbon free energy
 - VCE achieved approx. 87% renewable and 96% carbon free in 2025
 - Currently portfolio forecast to provide 96% renewable and 107% carbon free in 2030
- May engage in bilateral negotiations or marginal procurement to meet regulatory requirements or strategic plan goals

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
CF %	12%	17%	38%	80%	96%	102%	96%	103%	108%	107%
VCE RPS %	13%	18%	56%	84%	87%	88%	84%	92%	96%	96%

Item 7 – Draft Power Project Selection Criteria Guidelines

Background

Other recent CCA actions:

- **January 17, 2024** - Ava Community Energy's Board adopted Workforce and Environmental Justice Project Selection Criteria.
- **April 3, 2025** - Sonoma Clean Power's Board adopted Energy Project Selection Criteria.
- **April 9, 2025** - Silicon Valley Clean Energy's Board adopted a Power Purchase Agreement Project Selection Policy.
- **April 25, 2025** - San Jose Clean Energy approved its Workforce and Environmental Stewardship Project Selection Criteria.

<https://avaenergy.org/wp-content/uploads/2024/07/P-2024-20-Workforce-and-EJ-Project-Policy.pdf>

<https://sonomacleanpower.org/uploads/documents/SCPA-BOD-2025.04.03-Meeting-Agenda-Packet-with-Teleconference-Instructions.pdf>

<https://www.svcleanenergy.org/wp-content/uploads/2025-0409-SVCE-April-BOD-Agenda-Packet-scrubbed.pdf>

<https://sanjose.legistar.com/View.ashx?M=F&ID=14145212&GUID=5C39D187-D67C-465B-A844-F1FF6ED29BD5>

Item 7 – Draft Power Project Selection Criteria Guidelines

The Guidelines

- Comprehensive enough to consider a wide range of benefits
- Flexible enough to accommodate marginal procurement requirements, managing dynamic regulatory requirements and managing costs
- Apply to selection of unique long-term power contracts while allowing for procurement of standardized short-term products

Item 7 – Draft Power Project Selection Criteria Guidelines

The Guidelines

- Regulatory Requirements
- Cost
- Development Risk
- Greenhouse Gas Emissions Impact
- Location
- Technology Diversity
- Environmental Responsibility
- Community Engagement
- Workforce Development

Item 7 – Draft Power Project Selection Criteria Guidelines

Highlights of Draft Selection Criteria:

Criteria for *Regulatory Requirements*, *Cost*, *Development Risk*, *GHG Emissions Impact*, and *Technology Diversity* ensure that VCE serves its customers with affordable, reliable, clean energy in compliance with its regulatory procurement obligations.

Item 7 – Draft Power Project Selection Criteria Guidelines

Highlights of Draft Selection Criteria:

Location criteria align with VCE's strategic plan goals:

VCE will prioritize projects within the California Independent System Operator (CAISO) control area and/or certified deliverability to the CAISO control area, giving priority to projects in this order:

- *Projects within VCE's service territory.*
- *Projects adjacent to VCE's service territory.*
- *Projects within the CAISO control area.*
- *Projects with the ability to interconnect with the CAISO control area.*
- *All other projects.*

Item 7 – Draft Power Project Selection Criteria Guidelines

Highlights of Draft Selection Criteria:

Workforce development criteria mirror other CCAs' selection criteria:

VCE is committed to stimulating its service area's economy through supporting local projects when feasible, committing to prevailing wage rates as required by law, and supporting a local Skilled and Trained Workforce, including construction efforts performed by appropriate Journeypersons and Apprentices from a state-approved apprenticeship training program.

- *VCE will prioritize projects as follows:*
- *High-priority projects will commit to a multi-trade project labor agreement with additional preference given to projects committing to target 30% Local Hire and a target of 5% Workforce Pipeline participation, using prevailing hourly wage and benefit rates as determined by: (1) the California Department of Industrial Relations for California projects or (2) respective state or federal prevailing wage and benefit rates, whichever is higher, for out-of-state projects;*
- *Medium-priority projects will commit to:*
 - *Using prevailing hourly wage and benefit rates as determined by: (1) the California Department of Industrial Relations for California projects or (2) respective state or federal prevailing wage and benefit rates, whichever is higher, for out-of-state projects.*
 - *Additional preference will be given to projects that use apprentices at the same ratio of apprentice hours to Journeyperson hours as required for public works projects under Section 1777.5 of the California Labor Code; and*
- *Low-priority projects may demonstrate other commitments to local workforce development.*

Item 7 – Draft Power Project Selection Criteria Guidelines

Staff Recommendation:

- Provide feedback on draft Power Project Selection Criteria Guidelines and recommend that the Board approve the draft guidelines

Next Steps:

- **October 8, 2026** – The draft guidelines will be presented to the Board for approval.



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Item 8 – VCE Intern Updates on Distributed Energy Resources Management Systems



Public Comment

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Item 8 - Introduction

Intro:

I'm Finn, VCE's summer intern!

Background:

Originally from San Francisco.

Now a rising Junior at Pitzer College, double-majoring in Environmental Science and Economics.

This Summer:

This summer, I've been evaluating a DERMS for Valley Clean Energy, running a cost-benefit analysis, researching peer CCAs with similar programs, and identifying next steps.



Item 8 - Acronyms

Term	Definition
DER	Distributed Energy Resource
DERMS	Distributed Energy Resource Management System
IERP	Integrated Energy Policy Report
JPA	Joint Procurement Agreement
OEM	Original Equipment Manufacturer
BDR	Behavioral Demand Response
SaaS	Software as a Service
VPP	Virtual Power Plant

Item 8 - What are DERMS?

THE TECHNOLOGY

A **Distributed Energy Resource Management System** (DERMS) is software that aggregates and ultimately coordinates thousands of small, behind-the-meter devices so they act together like one flexible resource.

THE RESOURCES

A DERMS in this sense coordinates behind-the-meter (BTM) distributed energy resources (DERs) like **EV chargers, smart thermostats, grid-connected hot water heaters, and residential batteries.**

THE BENEFITS

DER: A customer device that can shift load (Battery, Smart Thermostat)

DERMS: The software that aggregates and coordinates DERs

VCE: Lower procurement obligation, load-mod credit

Customer: Bill credit for participation

IN A NUTSHELL

A DERMS aggregates thousands of devices to alter their usage patterns, resulting in decreased energy usage. This has the potential for lowered RA costs, reduced grid strain, and increased energy resilience.

Item 8 - Guiding Research Questions

QUESTION ONE

What value streams could a CCA capture from a DERMS?

QUESTION TWO

What DERs inventory exists in VCE's service territory?

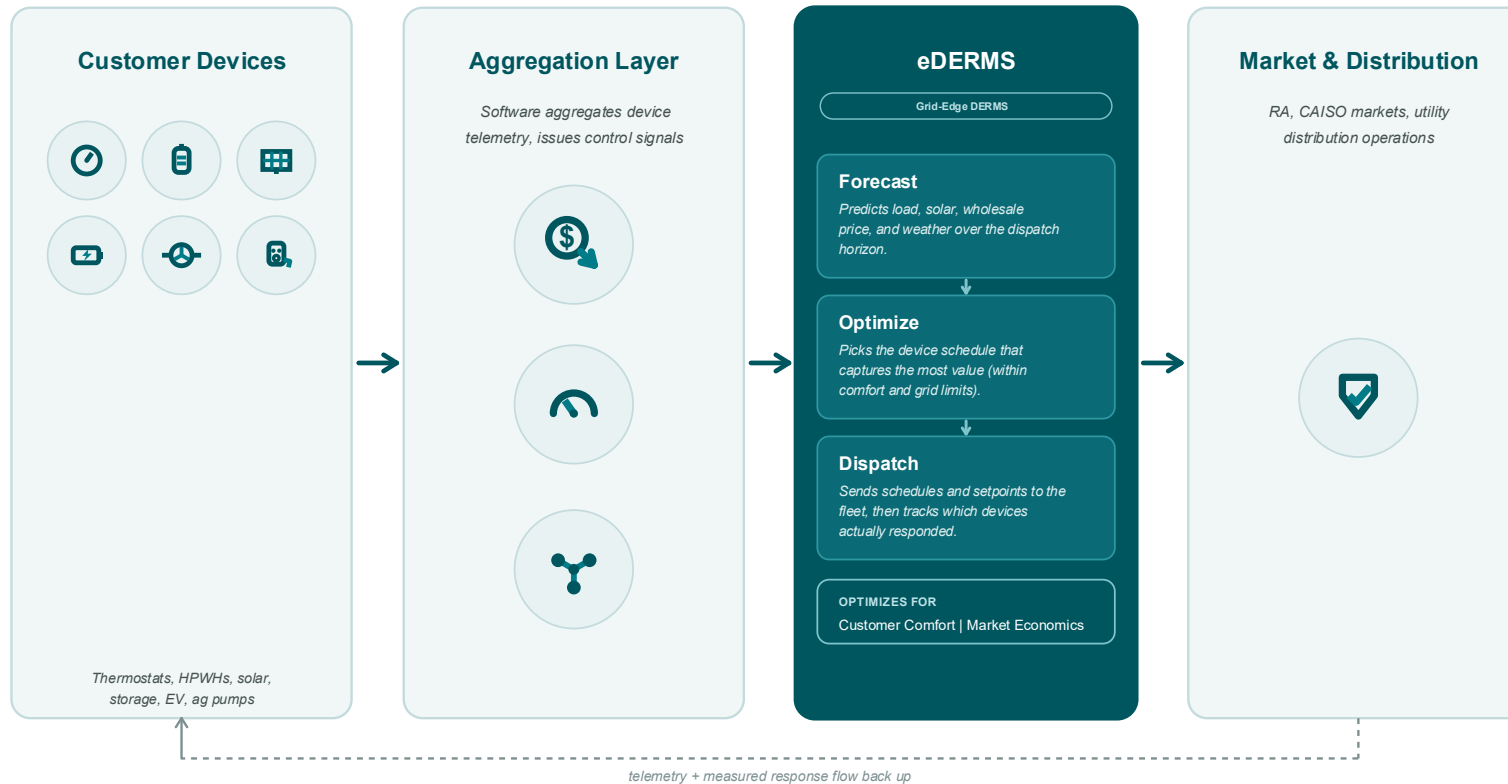
QUESTION THREE

What successes or lessons learned have other CCAs found?

QUESTION FOUR

What are the cost considerations for DERMS programs?

Item 8 - Types of DERMS



Grid DERMS (Front-of-Meter)

Operator: Utilities

Goal: Grid reliability, energy management, and preventing equipment overload

How it works: Leverages software to control energy flow

Grid-Edge DERMS (Behind-the-Meter)

Operator: Utilities, CCAs, and other LSE's

Goal: Grid reliability, cost savings to both consumers and utilities

How it works: Gives LSE's access to DERs via software

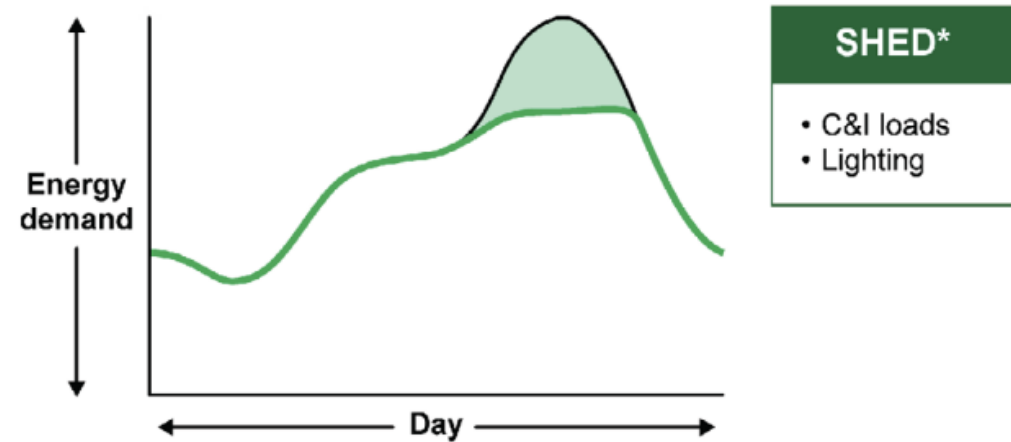
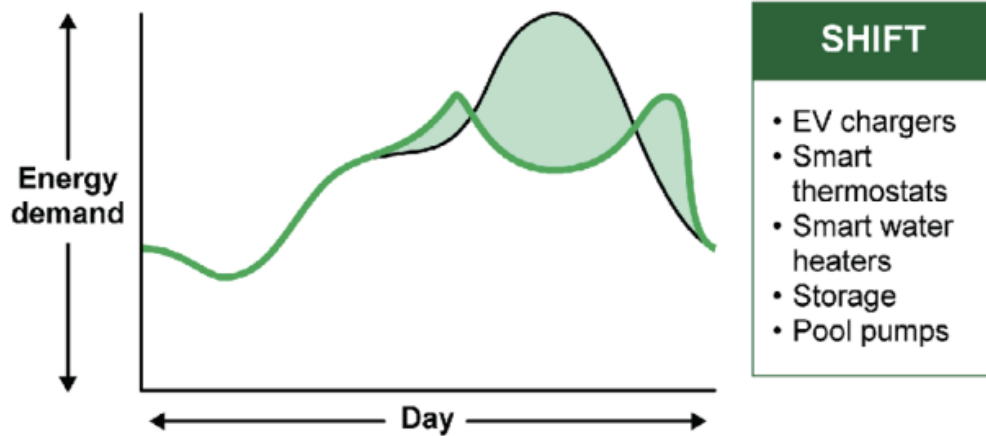
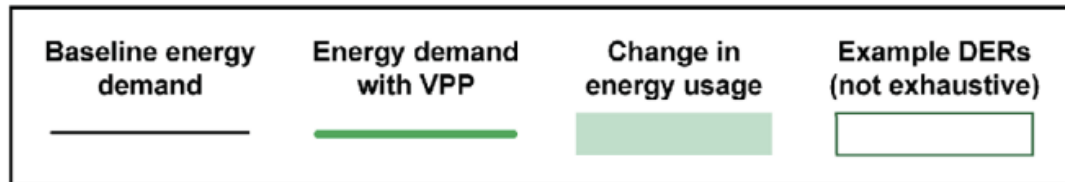
VPPs (Virtual Power Plants)

Operator: 3rd party aggregators and energy retailers

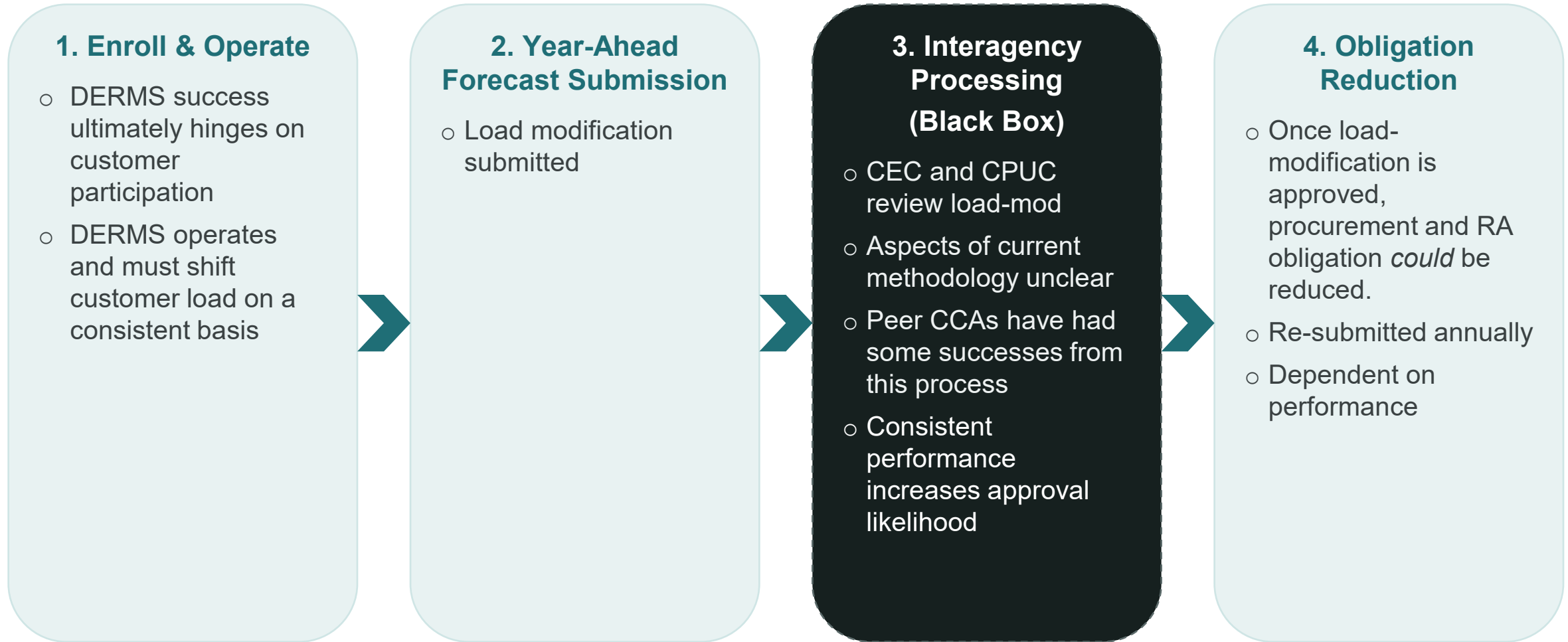
Goal: Energy trading and selling capacity into energy markets

How it works: Leverages **DERMS** to act as one resource

Item 8 - What can a DERMS do?



Item 8 - Load Shape Adjustment Flowchart



Item 8 - Financial and Non-Financial Value From DERMS

1 Resource adequacy

By using DERMS as a peak shaving resource, VCE could theoretically reduce its RA obligation. Less Load = Less RA

2 Avoided energy procurement

By using DERMS as a load management resource, VCE could avoid costly energy procurement during times of high demand like heat waves, etc.

3 Increased reliability

DERMS can reduce strain on constrained circuits by dispatching DERs connected to them, deferring upgrades and increasing reliability..

4 Emissions Reduction

DERMS can reduce emissions by shifting or curtailing demand during peak periods when gas peaker resources are dispatched. However, net benefit depends on dispatch timing.

5 Customer-side value

Customers who enroll their DERs can receive a credit for their participation in the DERMS programs.

Item 8 - VCE's Potential DER Inventory

62,195

Total accounts
All VCE customers

87%

Residential
Share of total

9.8%

Commercial / industrial
Share of total

2.6%

Agricultural
Share of total

DERs Within VCE's Service Area Today [Only Residential DERs]

Device Type	Count
Battery Electric Vehicles	1,439
<i>Solar Only (Not Eligible w/o Battery)</i>	<i>13,257</i>
Solar + Battery	1,743
Battery Only (No Solar)	4
Smart Thermostats	10,391
Grid Connected Hot Water Heaters	100
Eligible DERs	13,677
Total DERs	26,934

~172 MWh of capacity could
be unlocked w/ BESS
colocation

Item 8 - Residential DER Opportunities

~89%

of residential solar customers don't have paired storage

WHAT DOES THIS MEAN

Paired storage is relatively rare across VCEs service area.

Growing residential BESS is the easiest way to increase dispatchable capacity.

Each paired system yields ~4.75 kW per event, versus 0.85 kW for a smart thermostat.

SMART THERMOSTATS

~10,400 eligible units in VCE's service area

~0.85
kW/event¹

HEAT PUMP WATER HEATERS

90-100 grid-connected units in VCE's service area

~0.3
kW/event²

SOLAR + BESS COLOCATION

~1,743 paired systems in VCE's service area

~4.75
kW/event³

Item 8 - Residential DER Challenges

RA Load-Modification

Load modifications can be challenging to obtain and require filing an IEPR (Integrated Energy Policy Report) request. The CEC approval process has been called a “black box” by many. Load modification takes 2+ years from filing date.

Customer Participation

Many CCAs have found customer participation to be the most challenging facet of DERMS rollout. Benefits rely on strong participation, and recruitment can be challenging.

Program Cost

Both SaaS and In-House options can be expensive and have recurring costs. Joint procurement through other CCAs could be a solution but that solution presents other challenges.

Limited DER Inventory

Only 11% of solar within VCE’s territory is backed up with batteries. Due to VCE’s small service area, res DERs may be more challenging to implement, but could be combined with other CCAs to reach scale.

Item 8 - DERMs at Other CCAs

Sonoma Clean Power

SCP's GridSavvy BDR Program has achieved peak curtailment of ~**4MW** with roughly **13,000** participants. Meaningful load shift *can* occur with BDR, however these results were only achieved through scale.

SVCE + WestLight & CalChoice

All pursued JPAs with Lunar Energy. This allowed them to spread out the risk and cost associated with a SaaS solution.

Lancaster Energy

Lancaster Energy's Power Choice program allows residents to install solar and battery storage at no cost. This increases DERs within their territory, thus more capacity for their VPP.

MCE

MCE built their own in-house DERMS platform. Much like Lancaster, they also operate a residential battery program which enabled them easily add capacity to their VPP.

Item 8 - Existing CCA DERMS Offerings

	MCE	CalChoice	Sonoma Clean Power
Model	In-House eDERMS	Lunar Energy SaaS Platform	Uplight SaaS Platform
Up-front cost	~\$5,600,000	+/- \$110,000**	+/- \$110,000**
Ongoing cost	~\$1,000,000	+/- \$120,000**	+/- \$120,000**
Control retained	Complete	Moderate to None	Moderate to None
Time to stand up	Many Years	Months to Years	Months to Years
Staff burden	High	Med/Low	Med/Low

Item 8 - Possibilities of DERMS

1

Behavioral Demand Response (BDR) Pilots

2

VCE's CHARGE Pilot

3

Peer CCAs may consider sharing DERMS (Joint Procurement Agreement)

4

Potential Grant Opportunities

5

Battery Adoption is a key step for DERMS

Item 8 - Questions?



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Item 9 – VCE Customer Engagement Focus Groups



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Item 9 – Informational Overview of Planned Focus Groups

Objective 3.1 Develop and implement engagement strategies to increase awareness of, and participation in, local control of VCE's energy supply and programs with a particular focus on engaging disadvantaged and historically marginalized communities

- Qualitative research tool
 - Insight into customer perceptions, motivations, decision making
 - Brand recognition, perceptions of trust and value
 - Basic branding as well as desired customer benefits (programs, etc.)
- External Firm
 - Staff will issue RFP
 - Will evaluate proposals based on:
 - Experience and expertise
 - Approach to working with VCE and in Yolo County
 - Cost/value

Item 9 – Informational Overview of Planned Focus Groups

Focus on Equity

- Representative Sample of VCE Customers
 - Residential, non-residential, ag, small business, CARE/FERA, Med Baseline, etc.
 - Geographic diversity
 - In-language Support
 - Spanish/English
 - In-person and online
- Removing Barriers to Participation
 - Stipends could include:
 - Transportation, childcare, meals



Item 9 – Informational Overview of Planned Focus Groups

Next Steps

- Issue RFP
- Evaluate Proposals
 - Interviews
 - Select successful firm
- Plan and launch focus groups
 - Late 2026/early 2027
- Insights will inform Programs Plan and Marketing/Outreach Plans

