



VALLEY

CLEAN ENERGY

Power Project Selection Criteria Guidelines

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1. Overview of Guidelines

Overview

Valley Clean Energy's (VCE) power project selection criteria guidelines (the "Guidelines") establish guidelines that will inform VCE's decision-making process when procuring long-term power resources, to help ensure projects selected best align with the mission, vision, and goals described in VCE's Strategic Plan¹. Projects will be selected based on their contributions toward VCE's mission of providing clean, reliable, and affordable energy. VCE will assess the cost, products, and operational and regulatory characteristics of projects, as well as projects' contribution toward each of these selection criteria. Evaluation and selection of projects will be consistent with and subject to VCE's Wholesale Energy Procurement Risk Management Policy² and other VCE Board approved policies.

Applicability

These guidelines will be used in the selection process for long-term procurement of renewable energy and storage resources that provide bundled products including energy, capacity, renewable and carbon free attributes, and other power-related attributes. The guidelines will apply to the selection of projects considered for long-term contracting as well as VCE ownership. They will apply to front-of-the-meter and behind-the-meter projects, to new build projects and substantial repowering of existing resources, and to projects sourced through solicitations or bilateral negotiations. During solicitations, VCE will request information on participating projects' performance against the selection criteria.

2. Selection Criteria

Projects considered under these Guidelines will be evaluated based on the criteria described below. Aside from regulatory requirements, criteria are not necessarily presented in order of priority, and performance on one criterion does not necessarily take priority over performance on any other criteria.

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

¹ <https://valleycleanenergy.org/wp-content/uploads/VCE-Strategic-Plan-2026-2029-Major-Update-approved-10-14-2025.pdf>

² <https://valleycleanenergy.org/wp-content/uploads/VCE-Wholesale-Energy-Procurement-Risk-Management-Policy-Revised-Sept.-2023.pdf>

2.1 Regulatory Requirements

VCE must comply with all regulatory procurement requirements and orders, including renewable portfolio standards (RPS) targets, greenhouse gas reduction (GHG) targets, CPUC procurement orders, and any other regulatory requirements. VCE will select projects based on their contribution towards its regulatory procurement requirements.

2.2 Cost

VCE's mission includes providing affordable power to its current and future customers. The net cost of a project will be a key selection criterion. Net cost will consist of the contracted cost of the project minus the forecast value of any products received under the contract.

2.3 Development Risk

VCE will select projects based on their development risk, giving preference to projects with the greatest likelihood of a project coming online on schedule. Criteria evaluated for development risk will include interconnection status, deliverability, site control, permitting, construction status, developer experience, financing, and any other criteria relevant to determining a project's ability to deliver the project on or ahead of the anticipated online date.

2.4 Greenhouse Gas Emissions Impact

VCE will evaluate greenhouse gas emissions of project proposals and prioritize projects that reduce/mitigate emissions on the grid and VCE's portfolio.

2.5 Location

VCE will prioritize projects with closer proximity to VCE's service territory and in the CAISO control area. For projects in or adjacent to VCE's service territory, VCE will also consider projects that are connected at the distribution level or behind the meter, and/or are not CAISO resources. VCE will prioritize projects in this order:

- Projects in VCE's service territory.
- Projects adjacent to VCE's service territory.
- Projects that are located in California and that will interconnect with the CAISO.
- Projects outside of California that will interconnect with the CAISO.
- All other projects.

2.6 Technology Diversity

VCE recognizes the importance of diversifying generation technology in its portfolio to help diversify technology-specific risk, and to promote technologies with diverse values and benefits.

All else equal, VCE will prioritize projects that will diversify its current technology portfolio, enhance local reliability, and reduce or control costs for VCE customers, when compared to other available alternative technologies.

VCE's strategic plan goals include developing strategies to identify and pursue cost-effective, local distributed energy resources (DERs). VCE recognizes DERs as an important tool in diversifying its energy portfolio.

2.7 Environmental Responsibility

VCE is committed to providing customers with energy that delivers benefits for air, water, and the natural environment while avoiding, to the extent reasonable, negative impacts on lands, species, and waters. VCE, without diminishing or interfering with permitting, land use or development requirements of jurisdictional authorities including local, state, and federal agencies or Tribes prioritizes projects:

- That are proposed on currently developed or previously disturbed sites; and
- For which the developer(s) and local land use authority(ies) have established an enforceable development agreement or equivalent agreement which includes measures to mitigate impacts to sensitive habitats or environmentally sensitive areas. For projects at an earlier stage of the permitting process, VCE will prioritize projects for which the developer has assessed likely impacts to sensitive habitat or environmentally sensitive areas and has committed to mitigation measures, including compliance with any applicable Habitat Conservation Plan.

2.8 Community Engagement

VCE will prioritize projects that demonstrate contact and collaboration with local community organizations and stakeholder groups representing a broad diversity of demographic and local interests, particularly low income and environmental justice communities, to identify and address benefits and impacts of projects and ensure project benefits are communicated and accessible to local citizens and businesses.

VCE will prioritize projects as follows:

- Projects that have committed to defined financial investments to ensure these benefits are realized.
- Projects that commit to meaningful engagement with local communities throughout the planning, evaluation, development, and construction processes.

2.9 Workforce Development

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.

3. Joint Procurement

3.1 Joint and Third-Party Procurement Efforts

VCE may seek and consider information on performance against the selection criteria when evaluating projects sourced through joint procurement activities with California Community Power (CC Power), other Community Choice Aggregation (CCA) entities, other opportunities to jointly procure power, or when procuring long-term power contracts through its wholesale energy services provider or other third parties.

4. Definitions

The following are definitions of terms utilized in this document:

- **Journey person:**
A worker who either:
 - Graduated from a California state-approved apprenticeship program for the applicable occupation or, when located outside California, approved for federal purposes pursuant to apprenticeship regulations adopted by the U.S. Secretary of Labor, or
 - Has at least as many hours of on-the-job experience in an applicable occupation as would be required to graduate from an apprenticeship program for the applicable occupation that is approved by the California Division of Apprenticeship Standards.
- **Local Hire:**
A qualified worker that meets one of the following criteria in descending priority:
 - A resident within the nearest communities in proximity to the project, by a radius as reasonably determined on a project-by-project basis. Such radius will target a distance that is within reasonable daily commuting distance.
 - A resident within the county where the project is constructed.
- **Priority Worker**
An individual who is designated as a targeted hire or priority worker through a state-certified career training and placement program.
- **Skilled and Trained Workforce**
A workforce in which all workers performing work in apprentice-able occupations in the building and construction trades are either skilled Journey persons or apprentices registered in an apprentice program approved by the Chief of the Division of Apprenticeship Standards, as defined in Chapter 2.9 of Part 1 of Division 2 of the California Public Contracts Code.
- **Workforce Pipeline**
A workforce pipeline program which:
 - Partners with a Multi-Craft Core Curriculum (MC3) pre apprenticeship program or programs, or equivalent industry and state-recognized certificated career training and placement program that recruits, supports and places Priority Workers in skilled construction trades; and
 - Creates opportunities for a Priority Worker to enter registered apprenticeship programs and/or obtain work hours needed to successfully complete their apprenticeship; or
 - Recruits and places income-qualified Journey persons.