Valley Clean Energy Alliance
A locally controlled energy provider

Board of Directors Meeting

September 20, 2017
5:30 pm
Item 7: Administrative and Organizational Update

a) SMUD Contract Update
b) Banking Services Update
c) VCEA Master Calendar Through Q1 2018
## Item 7: Administrative and Organizational Update

<table>
<thead>
<tr>
<th>Month/Meeting</th>
<th>Topic</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 20 - BOD</td>
<td>• Implementation Plan&lt;br&gt;• VCEA Logo/Marketing plan</td>
<td>Discussion/Direction</td>
</tr>
<tr>
<td>September 27 - CAC</td>
<td>• Implementation Plan/Resource Targets</td>
<td>Discussion/Feedback</td>
</tr>
<tr>
<td>October 12 - BOD</td>
<td>• Implementation Plan/Power supply Targets&lt;br&gt;• SMUD Services Contract&lt;br&gt;• Review Staffing Plan&lt;br&gt;• VCEA Logo and Outreach Plan</td>
<td>Discussion/Action Approval&lt;br&gt;Discussion Approval</td>
</tr>
<tr>
<td>October 16</td>
<td>• Submit Implementation Plan to CPUC</td>
<td>Staff Action Item</td>
</tr>
<tr>
<td>November 4 - CAC</td>
<td>• Review Load Forecasts&lt;br&gt;• Outreach Materials (e.g. web site)</td>
<td>Discussion/Feedback</td>
</tr>
<tr>
<td>November 9 - BOD</td>
<td>• Review/Approve Load Forecasts/Procurement Approach&lt;br&gt;• Presentation on Energy Trading and Risk Policies&lt;br&gt;• Presentation on Customer and Data Services Pre-Launch Activity&lt;br&gt;• Outreach Materials (e.g. web site)</td>
<td>Action&lt;br&gt;Discussion&lt;br&gt;Discussion&lt;br&gt;Discussion/Direction</td>
</tr>
</tbody>
</table>
## Item 7: Administrative and Organizational Update

<table>
<thead>
<tr>
<th>Month/Meeting</th>
<th>Topic</th>
<th>Actions</th>
</tr>
</thead>
</table>
| December 4 - CAC | • Review Preliminary Financials  
• Review Initial Rate Structures                                   | Discussion  
Discussion |
| December 14 - BOD | • Discuss Power Mix Targets  
• Review Financials/Adopt Reserve Policy  
• Approve Target Rates for FY 2018-2019  
• Approve Energy Trading and Risk Mgmt Policies | Discussion/Feedback  
Action  
Action  
Action |
| January 1       | • Begin power procurements                                           | SMUD Action           |
| January 11 - BOD | • Review remaining Agency policies                                   | Discussion            |
| February 5 - CAC | • TBD                                                                 |                       |
| February 8 – BOD | • Approve final power mix  
• Approve remaining policies                                          | Action  
Action |
| March 5 - CAC   | • Preview Fiscal Year Budget                                         | Discussion/Feedback    |
| March 8 - BOD   | • Approve FY 2018-2019 Budget  
• Final Rate Approval                                                  | Action  
Action |
Recommendation: Receive presentation and provide initial feedback regarding key policy items and next steps.

The Implementation Plan IS:

• Statutorily required by Public Utilities Code, section 366.2(c)(3)
• A compliance document that provides information regarding “the process and consequences of aggregation”
• Must be adopted at a public hearing
• CPUC has 90 days to certify

The Implementation Plan is NOT:

• A detailed business plan for VCEA
• A detailed inventory of all programs or future projects developed by VCEA
Item 8: Implementation Plan Discussion

Key Policy Areas:

1. Governance
2. Administration and Finance
3. Tariff Structure and Rate Design
4. Customer Enrollment Strategy
5. Power Product Offerings/Clean Power Targets
6. Complementary Energy Programs
7. Risk Management
Item 8: Implementation Plan Discussion

**Governance Matters**

- Mission, service territory, termination of the JPA, Statement of Intent

**Recommendations:**

a) Use JPA Agreement as basis for above-referenced information

b) Review and include the legally required affirmations related to universal access, reliability, equitable treatment of all customer classes, and any requirements established by State law or regulation concerning aggregated service.
Admin & Finance Matters

- Proposed staffing structure, administrative exit fees, VCEA start-up capital and financing plan

Recommendations:

a) Staffing: Borrow from language in VCEA/SMUD comparative analysis

b) Admin Exit Fees: Review practices of other CCAs; consider waiving per account admin fees for 6-months to 1 year post enrollment period; impose a modest fee thereafter

c) Include $1.5M joint funding information and brief explanation re: SMUD wholesale power credit support and working capital provided by a TBD third-party lender.
**Tariff Structure & Rate Design**

- Match (or not) PG&E’s rate structure; targeted generation rate savings; rate setting process

**Recommendations:**

a) **Match PG&E rate structure to ensure easy customer comparison and include option to create specialized tariffs for certain customer classes such as Ag and C&I**.

b) **Consider rate reductions in light of updated load analysis, economic projections and desired environmental targets (TBD)**

c) **SMUD team to describe proposed ratesetting process including NEM customers**
Item 8: Implementation Plan Discussion

Customer Enrollment Strategy

• Number of accounts and projected load forecast
• Proposed number of phases and timing of each

Recommendations:

a) Information will be provided by SMUD once updated load data is analyzed; approximately 64,500 accounts in VCEA service territory

b) Recommending a single enrollment phase starting in June 2018 with language that provides for 2 phases if needed.
Power Product Offerings and Clean Power Targets

- Number of product options, order of priority (carbon free or renewable), use of unbundled RECs, outline procurement approach; local power preference

Recommendations:

a) Product Options: Start with two products including a default product (power attributes TBD) and optional 100% renewable offering

b) Order of priority is TBD with recommendation to explore higher carbon free content, subject to market conditions and Board direction

c) Recommend that VCEA state its intention not use PCC-3 unbundled RECs

d) SMUD to outline procurement approach including separate VCEA portfolio

e) Recommend referencing intention to pursue local power preference subject to resource availability and market conditions
Item 8: Implementation Plan Discussion

Complementary Energy Programs

• Include a brief list of programs that VCEA plans to research and possibly implement over time. These include things like Net Energy Metering (NEM), Feed in Tariff (FiT), Energy Efficiency (EE), Electric Vehicles (EVs), Distributed Energy Resources (DER), Energy Storage, etc.

Recommendations:

a) See language from other Imp Plans; Recommend including a range of programs that could be implemented over time without committing to a specific set of programs or timeline.

b) At outset, focus on NEM, FiT and EE offerings as customer demand and resources allow
Risk Management

• Include discussion of VCEA’s plans for managing both energy commodity and other enterprise risks.

• Details not required for Implementation Plan but worth including a reference to risk management policy development.

Recommendations:

a) Three areas of risk management policy will be co-developed with SMUD:
   1. Power Supply/Energy Commodity
   2. Financial
   3. Enterprise
## Timing and Next Steps:

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 25</td>
<td>Initial Board Briefing and Approach (complete)</td>
</tr>
<tr>
<td>September 11</td>
<td>CAC Briefing and Discussion (complete)</td>
</tr>
<tr>
<td>September 20</td>
<td>Board Policy Discussion #1</td>
</tr>
<tr>
<td>September 27</td>
<td>CAC Discussion #2 (with updated load analysis)</td>
</tr>
<tr>
<td>October 12</td>
<td>Board Policy Discussion #3; Plan Adoption w/ direction re: any final amendments</td>
</tr>
<tr>
<td>October 16</td>
<td>Submit Approved Plan to CPUC review (up to 90 days)</td>
</tr>
</tbody>
</table>
Recommendation:

Receive presentation and provide feedback and direction on draft banding images and communications plan.
Item 9: Branding and Communications

**SEPTEMBER**
Strategic Marketing and Communications Plan

**DECEMBER**
Early Adopter Enrollment

**FEBRUARY**
Advertising Campaign Launch

**JUNE**
Program Launch

**OCTOBER**
Brand Identity Program Design

**NOVEMBER**
- Public Engagement
- New Website Launch
- Program Collateral Establish Social Media
- Animated Video

**JANUARY**
Customer Notifications

**MARCH**
Customer Notifications

**MAY**
Customer Notifications

**JULY**
Customer Notifications
Valley Clean Energy Branding Options
Valley Clean Energy Branding Options
Valley Clean Energy Branding Options
Valley Clean Energy Branding Options

1

2

3
VCEA Communications Plan

- Define Goals
- Identify Audiences & Issues
- Develop Messaging
- Utilize Effective Channels
- Evaluate & Respond to Input
- Measure Results & Refine Strategy
Goals of the Marketing Program

- **Trustworthy brand**
- **Name recognition**
- **Accessible information**

- **Opt-out rate**
- **Residential opt-up rate**
- **Business opt-up rate**
Key Issues

Trust
Cost
Reliability
Value
Audiences

• General Audience
• Commercial/Industrial, particularly Agricultural
• Multicultural Audiences
• Seniors
• Low income residents

• Champions & early adopters
• Solar customers
• Special districts
• Elected officials
• Environmental advocates
# Messaging Framework (excerpt)

<table>
<thead>
<tr>
<th>AUDIENCE</th>
<th>MOTIVATIONS</th>
<th>MESSAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Audience</td>
<td>Environmental health, Reliability, Cost, Choice, Local control</td>
<td>• VCEA offers you the power to choose your energy source.</td>
</tr>
<tr>
<td>Customers at large</td>
<td>• VCEA offers clean, affordable energy you can count on.</td>
<td>• Our community, our power, our choice.</td>
</tr>
<tr>
<td>PG&amp;E customers</td>
<td>• Choosing VCEA means cleaner energy, lower rates, and local job growth.</td>
<td>• The choices we make now impact future generations. Choose clean, renewable energy for a healthier Yolo County.</td>
</tr>
<tr>
<td>Agricultural and rural customers/ unincorporated areas and neighborhood groups</td>
<td>• Cost, Reliability, Environmental health, Choice, Local control</td>
<td>• VCEA offers clean, affordable energy you can count on.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• VCEA is good for our community and the economy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Community energy means stable rates and cost savings.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• You don't have to pay more for clean energy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• VCEA is the local choice for your clean power.</td>
</tr>
</tbody>
</table>
Communications Channels

- Advertising
- Noticing
- Social & Interactive
- Earned Media & Op-Eds
- Outreach & Events
- Partnerships
## Advertising Mix (draft)

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Channels</th>
</tr>
</thead>
</table>
| Digital    | • Facebook/Instagram  
|            | • YouTube  
|            | • Spanish-language sites (Impre network)  
|            | • CA Farm Bureau |
| Cable      | • Cable TV |
| Outdoor    | • Yolo County Fair  
|            | • Yolo Bus  
|            | • Davis Community Transit |
| Print      | • Davis Vanguard  
|            | • Sac Bee  
|            | • Davis Enterprise  
|            | • The News Ledger  
|            | • Winters Express  
|            | • Daily Democrat  |
| Other      | • Davis Chamber of Commerce  
|            | • Farm Bureau Sponsor |
Evaluation

Opt-out & Enrollment Data
Digital Ad Optimization
Paid & Earned Media ROI
Social Engagement
Web Analytics
Email Metrics
Key Regulatory Proceedings

• Integrated Resources Planning (R.16-02-007)

• Power Charge Indifference Adjustment (R.17-06-026)

• Bond Methodology (R.03-10-003)

• Renewables Portfolio Standard (R.15-02-020)
Item 10: Regulatory & Legislative Report

2017 Legislative Session Recap

Tier 1

1. **AB 726/813 (Holden – Accelerate procurement and regionalization)** – Opposed and lobbied for key amendments related to timing of ITC and procurement autonomy. Now a 2-Year bill.

2. **SB 618 (Bradford – CPUC approval of Integrated Resource Plans)** – Received amendments to address CCA concerns and took a neutral position. Bill is headed to Governor.

3. **SB 100 (De Leon – 100% RPS by 2045)** – Got our amendments. Went from support in concept to support position. Now a 2-Year bill.

Tier 2

1. **AB 79 (Levine – Electrical generation: coal-fired generation resources)** – Got amendments to address our concerns in June. Took neutral position. Passed both houses.


3. **SB 338 (Skinner – Net-load peak energy)** – We got our amendments and took a neutral position. Bill is headed to Governor.

Consistent with the policy adopted by the Valley Clean Energy (VCEA) Board of Directors, the VCEA Advisory Committee adopts the Charge to:

• Advise the VCEA Board of Directors on VCEA’s general policy and operational objectives, including portfolio mix and objectives, as well as technical, market, program and policy areas;

• Collaborate with VCEA staff and consultants with community outreach to and liaison with member communities;

• Provide a public forum to inform, advise and consult through community discussions on energy related issues and a wide variety of strategies to reduce carbon emissions;

• Collaborate with VCEA staff with monitoring legislative and regulatory activities related to Community Choice Energy issues.