



**Silicon Valley Clean Energy Authority  
Board of Directors Meeting**

Wednesday, November 29, 2017  
7:00 pm

Rob Rennie, Chair  
Town of Los Gatos

Daniel Harney, Vice Chair  
City of Gilroy

Liz Gibbons  
City of Campbell

Rod Sinks  
City of Cupertino

Jeannie Bruins  
City of Los Altos

Courtenay C. Corrigan  
Town of Los Altos Hills

Burton Craig  
City of Monte Sereno

Steve Tate  
City of Morgan Hill

Margaret Abe-Koga  
City of Mountain View

Dave Cortese  
County of Santa Clara

Howard Miller  
City of Saratoga

Jim Griffith  
City of Sunnyvale

City of Mountain View  
Council Chambers  
500 Castro Street  
Mountain View, CA

**AGENDA**

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

*The public may provide comments on any item not on the Agenda. Speakers are limited to 3 minutes each.*

Consent Calendar (Action)

- 1a) Approve Minutes of the October 9, 2017 Board of Directors Special Meeting
- 1b) Approve Minutes of the October 11, 2017 Board of Directors Meeting
- 1c) Approve Minutes of the October 24, 2017 Board of Directors Special Meeting
- 1d) Approve SVCE Social Media Policy
- 1e) Approve Revisions to SVCE Information Technology Policies
- 1f) Authorize CEO to Approve Agreement with DNV GL Energy Services USA, Inc. for GHG Emissions Accounting and Clean Energy Metrics Services
- 1g) Authorize CEO to Approve Agreement with Richards, Watson, and Gershon for Legal Services
- 1h) Authorize CEO to Approve Agreement with Pimenti & Brinker, LLP for Financial Audit Services
- 1i) Authorize CEO to Approve Agreement with Pacific Printing for Printing Services
- 1j) Adopt Resolution Amending the Adopted Organization Chart to Delete the Regulatory/Legislative Analyst Position and Add the New Positions of

[svcleanenergy.org](http://svcleanenergy.org)

333 W El Camino Real  
Suite 290  
Sunnyvale, CA 94087



Rob Rennie, Chair  
Town of Los Gatos

Manager of Regulatory & Legislative Affairs and Associate  
Regulatory/Legislative Analyst and Add an Additional Administrative  
Analyst to Support Human Resources

Daniel Harney, Vice Chair  
City of Gilroy

1k) Adopt Resolution Authorizing the Chair to Select an Alternative Meeting  
Place When the Meeting Place for Regular Meetings is Unavailable

Liz Gibbons  
City of Campbell

Regular Calendar

Rod Sinks  
City of Cupertino

2) Adopt Resolution to Approve Rate Schedules effective January 1, 2018  
(Action)

Jeannie Bruins  
City of Los Altos

3) Adopt Resolution Authorizing the City of Milpitas to be a Member of the  
Authority, Determining the Initial Voting Shares for this New Member,  
and Revising Exhibit D to the Joint Powers Agreement to Add These New  
Voting Shares (Action)

Courtenay C. Corrigan  
Town of Los Altos Hills

4) Authorize CEO to Retire Member Agency Loan and Revolving Line of  
Credit (Action)

Burton Craig  
City of Monte Sereno

5) Approve Customer Programs Advisory Group Charter (Action)

Steve Tate  
City of Morgan Hill

6) Results of Joint Request for Offers with Monterey Bay Community Power  
for Long-Term Power Supply (Discussion)

Margaret Abe-Koga  
City of Mountain View

7) Long-term Community Advisory or Oversight Committee (Discussion)

Dave Cortese  
County of Santa Clara

8) Executive Committee Report (Discussion)

9) CEO Report (Discussion)

10) September 2017 Treasurer Report (Discussion)

Howard Miller  
City of Saratoga

Public Comment on Closed Session

Jim Griffith  
City of Sunnyvale

*The public may provide comments regarding the Closed Session item(s) just  
prior to the Board beginning the Closed Session. Closed Sessions are not open  
to the public.*

Convene to Closed Session (Committee Room)

Public Employee Appointment  
Title: Chief Executive Officer

Report from Closed Session

[svcleanenergy.org](http://svcleanenergy.org)

Board Member Announcements and Direction on Future Agenda Items

333 W El Camino Real  
Suite 290  
Sunnyvale, CA 94087

Adjourn



**Silicon Valley Clean Energy  
Board of Directors Special Meeting**

Monday, October 9, 2017  
6:00 p.m.

Sunnyvale Community Center | Recreation Center  
Neighborhood Room  
550 E Remington Drive  
Sunnyvale, CA

**DRAFT MINUTES**

**Call to Order**

Chair Rennie called the meeting to order at 6:08 p.m.

**Roll Call**

**Present:**

Chair Rob Rennie, Town of Los Gatos  
Director Courtenay C. Corrigan, Town of Los Altos Hills (Arrived at 6:21 p.m.)  
Alternate Director Anthony Eulo, City of Morgan Hill  
Director Jim Griffith, City of Sunnyvale  
Director Howard Miller, City of Saratoga  
Director Rod Sinks, City of Cupertino  
Director Liz Gibbons, City of Campbell  
Director Jeannie Bruins, City of Los Altos  
Director Burton Craig, City of Monte Sereno

**Absent:**

Vice Chair Daniel Harney, City of Gilroy  
Director Margaret Abe-Koga, City of Mountain View  
Director Dave Cortese, County of Santa Clara

**Regular Calendar**

**1) SVCE Policy Direction Workshop**

Chair Rennie began the meeting with opening comments.

Interim CEO Don Eckert introduced the workshop and described the outline of the workshop to cover foundation materials, a regulatory and legislative update, the customer survey, power supply options, and customer considerations.

Kevin Coffee, ZGlobal Vice President of Operations, introduced energy foundation materials explaining energy and power infrastructure, balancing authorities, the western power grid, and how power flows through the grid.

Dennis Dyc-O'Neal, Power Contracts and Compliance Manager, explained power flow and attribute tracking, Renewable Energy Credits (RECs), how RECs are tracked through the grid through WREGIS, Renewable Portfolio Standard (RPS) compliance periods, and RECs in Categories 1, 2, and 3, and responded to Board questions.

Hilary Staver, Regulatory and Legislative Affairs, presented a regulatory and legislative update on power source disclosure, AB 1110, the annual power content label (PCL), potential changes to the PCL under AB 1110, and other policy variables, and responded to Board questions.

Sarah Jo Manson, Community Outreach Specialist, introduced a brief history of customer surveys by SVCE, explained the results of a residential customer survey recently completed, and responded to Board questions.

Interim CEO Eckert introduced power supply mix options for 2019 and beyond, including energy type, financial forecasts, and a 5-year budget impact, and responded to Board questions.

Chair Rennie opened public comment on matters listed and not listed on the agenda.

Bruce Karney, Mountain View resident, commented on the power supply mix options and the importance of understanding what claims PG&E will be making in the coming years regarding renewable load percentage. Karney suggested potentially selling energy products which SVCE currently has contracts for that may no longer be attractive and analyzing the financial impacts of those sales.

James Tuleya, Sunnyvale resident and Carbon Free Silicon Valley Chair, commented on the customer survey results regarding customer understanding of the word "renewable," and emphasized that decarbonization is the goal of SVCE. Tuleya suggested a conditional policy that PCC2 energy can be used if GHG-free and suggested SVCE maintain higher renewable load than PG&E.

Peter Evans, resident of Los Altos Hills, suggested offering customers more choices, and suggested SVCE conduct internal GHG accounting from actual energy that is being scheduled currently.

Steve Schmidt, resident of Los Altos Hills, complimented the marketing department on the customer survey and expressed support for option 1 of the power supply mix options presented to deliver carbon-free electricity and to allow SVCE to put more money towards community programs to help customers further reduce their carbon footprint.

Chair Rennie closed public comment.

Directors and staff discussed power supply mix options as they relate to being carbon-free, customer communication, the regulatory and legislative impacts, and the financial impacts. ZGlobal VP of Operations Coffee provided additional information and responded to Board questions regarding SVCE's power supply mix being carbon-free.

Director Miller suggested a future agenda item on reviewing SVCE's power supply mix for 2017 and 2018.

Alternate Director Eulo suggested a third product option which would offer clean renewables slightly above renewable portfolio standards, with the remainder of the power supply mix being large hydropower.

Director Bruins left the meeting at 8:02 p.m.

Director of Marketing and Public Affairs presented on customer considerations regarding SVCE's differentiators as having a carbon free message and a goal of decarbonization, commercial and industrial customer leadership, and other implications for SVCE, and responded to Board questions.

### **Board Member Announcements and Direction on Future Agenda Items**

Chair Rennie presented a summary of potential future agenda items to include discussion on a third product option as suggested by Alternate Director Eulo, and a discussion regarding costs associated with cleaning SVCE's power supply mix for 2017-18.

Director Corrigan suggested a discussion on a third product option that has more cost savings than current product options.

Alternate Director Eulo expressed support of a third product option as previously suggested and responded to questions by Directors. Director Sinks expressed concern over product differentiation and messaging.

Chair Rennie opened public comment.

Bruce Karney commented on the constraint of being less expensive than PG&E and the possibility of being more expensive than PG&E to be more greenhouse-gas free.

Gary Latshaw, Cupertino resident, commented on the value of biomass and responded to Board questions.

Chair Rennie closed public comment.

Director Corrigan expressed the importance of staying cost-competitive.

Director Miller provided a summary of future agenda items to include a discussion on 2017-18 plan for power supply mix, and a 2019 plan for power supply mix with the option of a third product alternative.

### **Adjourn**

Chair Rennie adjourned the meeting at 8:29 p.m.



**Silicon Valley Clean Energy  
Board of Directors Meeting**  
Wednesday, October 11, 2017  
7:00 pm

Cupertino Community Hall  
10350 Torre Avenue  
Cupertino, CA

**DRAFT MINUTES**

**Call to Order**

Chair Rennie called the meeting to order at 7:03 p.m.

**Roll Call**

**Present:**

Chair Rob Rennie, Town of Los Gatos  
Alternate Director Steve Schmidt, Town of Los Altos Hills  
Alternate Director Anthony Eulo, City of Morgan Hill  
Director Jim Griffith, City of Sunnyvale  
Director Margaret Abe-Koga, City of Mountain View  
Director Howard Miller, City of Saratoga  
Director Rod Sinks, City of Cupertino  
Director Liz Gibbons, City of Campbell  
Director Dave Cortese, County of Santa Clara (arrived at 7:05 p.m.)

**Absent:**

Vice Chair Daniel Harney, City of Gilroy  
Director Jeannie Bruins, City of Los Altos  
Director Burton Craig, City of Monte Sereno

**Public Comment on Matters Not Listed on the Agenda**

Chair Rennie opened public comment.  
No speakers.  
Chair Rennie closed public comment.

**Consent Calendar**

Director Griffith requested to pull Item 1b.

Chair Rennie opened public comment.  
No speakers.  
Chair Rennie closed public comment.

MOTION: Director Abe-Koga moved and Director Gibbons seconded the motion to approve the Consent Calendar with the exception of Item 1b.

The motion carried unanimously with Vice Chair Harney, and Directors Cortese, Bruins, and Craig absent.

**1a) Approve Minutes of the September 13, 2017, Board of Directors Meeting**

**1c) August 2017 Treasurer Report**

**1d) Confirm Interim SVCE Standby (S) Rate**

Director Cortese arrived at 7:05 p.m.

**1b) Approve Invitation Letter to the City of Milpitas**

Interim CEO Don Eckert provided information and responded to Board questions.

Chair Rennie opened public comment.

Bruce Karney, Mountain View resident, spoke in support of the City of Milpitas joining SVCE.

Chair Rennie closed public comment.

MOTION: Director Gibbons moved and Alternate Director Schmidt seconded the motion to approve the Invitation Letter to the City of Milpitas as submitted, with direction to staff to correct use of the language "carbon-free."

The motion carried unanimously with Vice Chair Harney, and Directors Bruins and Craig absent.

**Regular Calendar**

Items 4 and 5 were considered out of agenda order.

**4) Approve Change of November SVCE Board of Directors Meeting (Action)**

Interim CEO Eckert presented the item to change the November Board of Directors date and responded to Board questions. General Counsel Greg Stepanicich provided additional information and responded to Board questions.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

MOTION: Director Abe-Koga moved and Alternate Director Eulo seconded the motion to approve moving the November Board of Directors meeting from November 8 to November 29 and the meeting location to be held in Cupertino, Sunnyvale, Mountain View, or the County of Santa Clara.

The motion carried unanimously with Vice Chair Harney, and Directors Bruins and Craig absent.

## **5) Amend Motion for Customer Programs Advisory Group Formation (Action)**

Community Outreach Manager Pamela Leonard presented staff recommendations to amend the CPAG formation process and requests for clarification, and responded to Board questions. Director of Marketing & Public Affairs Alan Suleiman provided additional information and responded to Board questions.

Chair Rennie opened public comment.

Bruce Karney commented on the limitations of the CPAG being able to represent all customers and stated that this group should be able to evaluate proposed programs based on established criteria. Karney commented that one representative from each community could create a passionate advocate in each member community and could help create a strong uptake of the recommended programs.

Leslie Brown, Campbell resident, stated that she used to work for Silicon Valley Power and currently works for Peninsula Clean Energy. Brown commented on the diversity and makeup of the group and suggested that the Board consider regionality as well as staff flexibility in selecting appointments to ensure a balance of strengths in the group.

Chair Rennie closed public comment.

Directors discussed CPAG purpose, membership representation, and composition.

Director Cortese suggested using the term "member communities" in future SVCE documents to reference member agency jurisdictions, rather than "city".

Director Cortese left the meeting at 8:00 p.m.

**MOTION:** Director Gibbons moved and Director Sinks seconded the motion to be consistent with the September 13<sup>th</sup> meeting motion, as listed in the staff presentation, to establish a committee to provide input on program selection, to authorize each Board Member to appoint one residential SVCE customer, to authorize the CEO to appoint three at-large members from applicants, to have a uniform application, to have the application include conflict of interest screening (per legal counsel), to adhere to the Brown Act, to have minutes published, to have Committee report to Board, to have a nine-month timeline, and to have staff reports reflect Sustainability Manager Roundtable and Customer Program Advisory Group, with the addition of a refinement that if a Director cannot identify a candidate, the position would be given to the CEO to fill, and each jurisdiction will provide, per their will and availability, a pool of applicants for the CEO to use to fill the three-at-large positions or other positions.

Chair Rennie asked for clarification if the application would mention the areas of experience that the SVCE is interested in.

Director Gibbons and Director Sinks accepted Chair Rennie's clarification and Director Cortese's suggestions.

The motion carried 7-1 with Director Griffith dissenting and Vice Chair Harney, and Directors Cortese, Bruins, and Craig absent.

Community Outreach Manager Leonard asked for clarification on whether the CPAG would be residential-only. Director Gibbons clarified that the motion was approved to appoint residential SVCE customers, not business customers.

Director Miller requested a future agenda item at the next meeting to begin the discussion on forming a longer-term customer advisory committee.

Alternate Director Eulo requested a future agenda item to discuss the CPAG charter.

## **2) Executive Committee Report**

Chair Rennie announced the item and stated that the Executive Committee had discussed the invitation letter to Milpitas, Item 5, and the SVCE Member Agency Working Group which would be discussed during Item 6 later in the agenda.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

## **3) CEO Report**

Interim CEO Eckert presented the CEO report which included updates on the CalCCA annual meeting, an upcoming CPUC workshop, long-term power supply, ZGlobal deposit, and the Audit and Finance committee. Interim CEO Eckert thanked the Board and the public who attended the power procurement policy direction workshop on Monday night.

Regulatory/Legislative Analyst Hilary Staver provided a regulatory and legislative update on PCIA, AB 1110 implementation, CCA rulemaking, and CPUC proceedings, and responded to Board questions.

Interim CEO Eckert responded to Board questions.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

## **6) SVCE Member Agency Working Group (Discussion)**

Manager of Account Services Don Bray presented the item on the formation of the SVCE Member Agency Working Group (MAWG) and responded to Board questions.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

Alternate Director Eulo suggested that staff clarify that feedback from the MAWG would be reflected in staff reports.

Manager of Account Services Bray clarified that reports from the MAWG would be reflected in the CEO reports as well as in staff reports.

**Board Member Announcements and Direction on Future Agenda Items**

Chair Rennie thanked staff for their hard work on the Policy Direction Workshop.

Director Griffith requested a future agenda item to discuss how to delegate changes to meetings to the Chair with information from legal counsel. Director Griffith also requested all future agenda items under the regular calendar include voting items first with any reporting items at the end, so that members of the public can provide their input earlier in the meeting.

Director Gibbons stated that PG&E has advertised heavily on Facebook regarding time-of-use pricing for businesses starting in November and requested staff to come back to the Board to explain the implications.

Director Sinks concurred with Director Gibbons and commented on the alignment of wholesale prices and demand, and future needs for storage.

**Adjourn**

Chair Rennie adjourned the meeting at 8:54 p.m.



**Silicon Valley Clean Energy  
Board of Directors Special Meeting**

Tuesday, October 24, 2017  
11:30 a.m.

Silicon Valley Clean Energy Office  
333 W El Camino Real, Suite 290  
Sunnyvale, CA

**DRAFT MINUTES**

**Call to Order**

Chair Rennie called the meeting to order at 11:34 a.m.

**Roll Call**

**Present:**

Chair Rob Rennie, Town of Los Gatos  
Vice Chair Daniel Harney, City of Gilroy  
Alternate Director Steve Schmidt, Town of Los Altos Hills  
Director Steve Tate, City of Morgan Hill  
Director Jim Griffith, City of Sunnyvale  
Director Margaret Abe-Koga, City of Mountain View  
Director Howard Miller, City of Saratoga  
Director Liz Gibbons, City of Campbell (arrived at 11:41 a.m.)  
Director Jeannie Bruins, City of Los Altos  
Director Burton Craig, City of Monte Sereno

**Absent:**

Director Rod Sinks, City of Cupertino  
Director Dave Cortese, County of Santa Clara

**Public Comment on Matters Not Listed on the Agenda**

Chair Rennie opened public comment.  
No speakers.  
Chair Rennie closed public comment.

**Regular Calendar**

**1) Authorize CEO to Approve Master Agreement with Pacific Gas & Electric to Acquire Resource Adequacy Capacity for 2018 (Action)**

Interim CEO Don Eckert introduced the item on acquiring resource adequacy capacity for 2018. Power Contracts and Compliance Specialist Dennis Dyc-O'Neal presented an overview of the resource adequacy market, resource adequacy compliance requirements, and the master agreement with Pacific Gas & Electric to acquire resource adequacy capacity for

2018, and responded to Board questions. Interim CEO Eckert provided additional information.

Hilary Staver, Regulatory and Legislative Affairs, discussed the regulatory and legislative framework of resource adequacy, strategies for preventing future risks, and options for securing resource adequacy short-term and long-term, and responded to Board questions.

Chair Rennie opened public comment.

Bruce Karney asked the Board what the impact is on the possible joining of Milpitas to SVCE on the amount or timing of RA that is needed to be purchased in the proposed contract or subsequent contracts.

Power Contracts and Compliance Specialist Dyc-O'Neal and Interim CEO Eckert responded to the public comment with additional information and responded to Board questions.

Chair Rennie closed public comment.

MOTION: Director Miller moved and Director Gibbons seconded the motion to authorize the CEO to approve the master agreement with Pacific Gas & Electric to acquire resource adequacy capacity for 2018.

The motion carried unanimously with Directors Sinks and Cortese absent.

Director Bruins directed staff to monitor resource adequacy for opportunities to bring back to the Board to purchase RA in excess with the opportunity to sell later if not needed, if it makes sense to do so.

## **2) Overview of GHG Accounting for Energy (Discussion)**

Interim CEO Eckert introduced the item on greenhouse gas accounting methodology as it relates to SVCE's power supply mix.

Manager of Account Services Don Bray presented the item on carbon accounting basics, carbon emissions from electricity generation, PG&E emissions reporting, preliminary SVCE emissions modeling, and carbon accounting standards, and responded to Board questions.

Interim CEO Eckert and Director of Marketing and Public Affairs Alan Suleiman provided additional information.

Directors and staff discussed carbon accounting and marketing considerations.

Chair Rennie opened public comment.

James Tuleya, resident of Sunnyvale and Chair of Carbon Free Silicon Valley (CFSV), spoke of the CFSV Board's support for continuing to stay on top of potential changes to the power content label, and for SVCE to take steps to offset the carbon content of the 2017-18 supply. Tuleya spoke of the opinion of most of the CFSV Board to shift towards using the term "carbon-neutral," and of his personal opinion that he favors the term "carbon-free."

Bruce Karney asked regarding the possibility of using unbundled RECs to make the current carbon content of the power supply mix to reduce from 14 lbs to 0 lbs for the power content labeling authority. Karney urged SVCE to continue to lower the carbon content towards 0.

Chair Rennie suggested a future agenda item on lowering carbon content for the 2017-18 power supply mix and impacts on the power content label.

Directors and staff further discussed carbon accounting, the differences between carbon-free and carbon-neutral, regulatory and legislative impacts, and marketing considerations.

### **Board Member Announcements and Direction on Future Agenda Items**

Chair Rennie reminded the Board that the Nov. 29 meeting will be at the Mountain View Council Chambers.

Director Gibbons asked staff for clarification on the Customer Program Advisory Group application collection process. Community Outreach Manager Pamela Leonard responded with additional information.

Director Gibbons expressed support for SVCE drafting model ordinances for member cities.

Alternate Director Schmidt commented that he was on a webinar hosted by BayREN, where Sonoma Clean Power is working on codes for rebuilding 6,000 homes.

Manager of Account Services Bray responded to Board questions and confirmed that staff have been discussing drafting model ordinances with the Member Agency Working Group.

Director Gibbons expressed support for drafting model ordinances soon.

Interim CEO Eckert announced that on Nov. 7, Milpitas will be voting to pass a resolution to join SVCE, that Milpitas has been very cooperative with SVCE with sharing data, and that staff will be bringing a future agenda item to the Nov. Board meeting.

Director Miller asked if presence was needed at the Nov. 7 meeting. Interim CEO Eckert welcomed Director Miller to attend.

### **Adjourn**

Chair Rennie adjourned the meeting at 12:42 p.m.



### Staff Report – Item 1d

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1d: Approve SVCE Social Media Policy**

Date: 11/29/2017

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#### **RECOMMENDATION**

Approve the proposed SVCE Social Media Policy to ensure compliance with Public Records Laws on social media.

#### **BACKGROUND**

Silicon Valley Clean Energy's social media pages were created to update and inform those in our participating communities and are intended to serve as a means of communication between SVCE and the public. After review of best practices for social media policy by neighboring communities and CCAs, it is recommended that SVCE publicly post the agency's Social Media Policy to ensure compliance with Public Records Laws on social media. Pending Board approval, SVCE will publicly post the agency's Social Media Policy on the SVCE website as a living document that will be regularly reviewed and updated given the existing state of applicable legislation.

Given current best practices and the present state of applicable legislation, SVCE will also enter into a social media records retention contract with a vetted social media archiving vendor. SVCE's current records retention policy will be amended to include social media.

#### **FISCAL IMPACT**

Professional service costs associated with the use of a social media archiving vendor, estimated at less than \$2,500/year.

#### **ATTACHMENTS**

1. SVCE Social Media Policy



## **SVCE Social Media Policy**

Silicon Valley Clean Energy's social media pages were created to update and inform those in our participating communities and are intended to serve as a means of communication between SVCE and the public. Comments containing any of the following are not allowed and will be removed as soon as possible:

- a) Comments that are not topically related to the particular posting being commented upon;
- b) Profane language or content;
- c) Content that promotes, fosters, or perpetuates discrimination on the basis of race, creed, color, age, religion, gender, marital status, national origin, physical or mental disability, sexual orientation, gender identity or gender expression;
- d) Sexual content or links to sexual content;
- e) Content intended to threaten or defame any person, group or organization;
- f) Content that solicits or promotes commercial services or products;
- g) Content that engages in or encourages illegal activity;
- h) Information that may compromise the safety or security of the public, public systems, or employees;
- i) Content that violates a legal ownership interest of another party, such as trademark or copyright infringement; or
- j) Comments in support of or opposition to political campaigns, candidates, or ballot measures.

Comments posted to this site will be monitored and archived. However, SVCE disclaims any and all responsibility and liability for materials that SVCE may find inappropriate and which cannot be removed in an expeditious or otherwise timely manner. SVCE reserves the right to deny access to its social media pages to any individual who violates the above standards.

A comment posted by a member of the public on a SVCE social media site is the opinion of the commentator or poster only, and does not imply endorsement of, or agreement by, SVCE. SVCE does not guarantee the authenticity, accuracy, appropriateness, or security of external links, websites, or content linked thereto. Any content posted to a SVCE social media site, including posts by members of the public, may be considered a public record and subject to public disclosure.

If you require a response or are requesting services from SVCE, please visit [www.svcleanenergy.org](http://www.svcleanenergy.org) or call 1-844-474-SVCE (7823).



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**Staff Report – Item 1e**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1e: Approve Revisions to SVCE Information Technology Policies**

Date: 11/29/2017

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**RECOMMENDATION**

Approve revisions to the following SVCE Information Technology (IT) Policies:

- ITP7 – Password Protection Policy
- ITP15 – Clean Desk Policy

**BACKGROUND**

At the June 14, 2017 SVCE Board of Directors meeting, IT Policies 1-15 were approved by the Board. After further review by IT Analyst, Nik Zanutto, revisions were approved by the Board on September 13 to strengthen the IT Policies and bring them up to par with industry standards.

Since the September 13 meeting, additional recommendations were made as a result of an external IT audit to further strengthen ITP7, *Password Protection Policy*, and ITP15, *Clean Desk Policy*.

The results of the external IT security audit will be presented to the Board at the December 13 Board meeting.

**CONCLUSION**

Staff recommends approving revisions to IPT7 and ITP15 to reflect recommendations made as a result of an external IT security audit.

**ATTACHMENTS**

1. ITP7 – Password Protection Policy
2. ITP15 – Clean Desk Policy



## Category: INFORMATION TECHNOLOGY

### PASSWORD PROTECTION POLICY

#### I. PURPOSE

The purpose of this policy is to establish a standard for creation of strong passwords, the protection of those passwords, and the frequency of change.

#### II. SCOPE

The scope of this policy includes all personnel who have or are responsible for an account (or any form of access that supports or requires a password) on any system that resides at any SVCE facility, has access to the SVCE network, resides on third party servers (BOX, Office 365, etc), or stores any non-public SVCE information.

#### III. POLICY

##### A. PASSWORD CREATION

All user-level and system-level passwords must conform to the Password Construction Guidelines in Attachment 1.

Where possible, users must not use the same password for various SVCE access needs.

Users must not use the same password for SVCE accounts as for other non-SVCE access (for example, personal ISP account, benefits, and so on).

##### B. PASSWORD CHANGE

All system-level passwords (for example application administration accounts, and so on) must be changed on at least a quarterly basis.

All user-level passwords (for example, email, desktop computer, and so on) must be changed at least every six months. The recommended change interval is every four months.

Password cracking or guessing may be performed on a periodic or random basis by the IT Support Team. If a password is guessed or cracked during one of these scans, the user will be required to change it.



## ITP7

### **Category: INFORMATION TECHNOLOGY**

#### C. PASSWORD PROTECTION

- Passwords must not be shared with anyone. All passwords are to be treated as sensitive, confidential SVCE information.
- Passwords must not be inserted into email messages, or other forms of electronic communications.
- Passwords must not be revealed over the phone to anyone.
- Do not share SVCE passwords with anyone, including administrative assistants, secretaries, managers, co-workers while on vacation, and family members.
- Do not reveal a password on questionnaires or security forms.
- Do not write passwords down and store them anywhere in your office. Do not store passwords in a file on a computer system or mobile device (phone, tablet) without encryption.
- Do not use the "Remember Password" feature of applications (for example, web browsers).
- Any user suspecting that their password may have been compromised must report the incident and change all passwords.

#### **IV. POLICY COMPLIANCE**

##### A. COMPLIANCE MEASUREMENT

The IT Department will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

##### B. NON-COMPLIANCE

Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

#### **V. ATTACHMENTS**

1. Password Construction Guidelines



## PASSWORD CONSTRUCTION GUIDELINES

### Overview

Passwords are a critical component of information security. Passwords serve to protect user accounts; however, a poorly constructed password may result in the compromise of individual systems, data or the SVCE network. This guideline provides best practices for creating secure passwords.

### Scope

This guideline applies to employees, contractors, consultants, temporary and other workers at SVCE. This guideline applies to all passwords including but not limited to user-level accounts, system-level accounts, web accounts, e-mail accounts, screen saver protection and voicemail.

### Statement of Guidelines

All passwords should meet or exceed the following guidelines

Strong passwords have the following characteristics:

- Contain at least 12 alphanumeric characters.
- Contain both upper and lower case letters.
- Contain at least one number (for example, 0-9).
- Contain at least one special character (for example, #,\$?!).

Poor, or weak, passwords have the following characteristics:

- Contain at least eight characters.
- Can be found in a dictionary or exists in a language slang, dialect, or jargon.
- Contain personal information such as birthdates, addresses, phone number, or names of family members, pets, friends, and fantasy characters.
- Contain work-related information such as building names, system commands, sites, companies, hardware, or software.
- Contain number patterns such as aaabbb, 123321, etc.
- Are some version of "Welcome123", "Password123", etc.
- Contain common words spelled backward, or preceded or followed by a number (for example, terces, secret1 or 1secret).

### Passphrases

A passphrase is similar to a password in use; however, it is relatively long and constructed of multiple words, which provides greater security against dictionary attacks. Strong passphrases should follow the general password construction guidelines and include upper and lower case letters, number, and special characters (for example, TheTrafficOnThe101Was\*!\$ThisMorning!).



# ITP15

## **Category: INFORMATION TECHNOLOGY**

### **CLEAN DESK POLICY**

#### **I. PURPOSE**

The purpose of this policy is to establish the minimum requirements for maintaining a "clean desk" – where sensitive information about employees, SVCE intellectual property, customers and vendors is secure in locked areas and out of sight. A Clean Desk policy is not only ISO 27001/17799 compliant, but it is also part of standard basic privacy control.

#### **II. SCOPE**

This policy applies to all SVCE employees and affiliates.

#### **III. POLICY**

- Employees are required to ensure all sensitive/confidential information in hardcopy or electronic format is secure in their work area at the end of the day and when they are expected to be gone for an extended period of time.
- Computer workstations must be locked when workspace is unoccupied.
- Computer workstations must be shut completely down at the end of the work day.
- Any restricted or sensitive information must be removed from the desk and locked in a drawer when the desk is unoccupied and at the end of the work day.
- File cabinets containing restricted or sensitive information must be kept closed and locked when in use or when not attended.
- Keys used for access to restricted or sensitive information must not be left at an unattended desk.
- Portable computing devices (including laptops and tablets) must be either locked with a locking cable or locked away in a drawer when away from office for a period of time.



# ITP15

## **Category: INFORMATION TECHNOLOGY**

- ~~• Laptops must be either locked with a locking cable or locked away in a drawer.~~
- Passwords may not be left on sticky notes posted on or under a computer, nor may they be left written down in an accessible location.
- Printouts containing restricted or sensitive information should be immediately removed from the printer.
- Upon disposal, restricted or sensitive documents should be shredded in the official shredder bin.
- Whiteboards containing restricted and/or sensitive information should be erased.
- ~~• Portable computing devices such as laptops and tablets should be locked away~~
- Mass storage devices such as DVD or USB drives should be treated as sensitive information and be secured in a locked drawer.
- All printers should be cleared of papers as soon as they are printed; this helps ensure sensitive documents are not left in printer trays for the wrong person to pick up.

### **IV. POLICY COMPLIANCE**

#### **A. COMPLIANCE MEASUREMENT**

The IT Department will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

#### **B. NON-COMPLIANCE**

Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.



## Staff Report – Item 1f

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1f: Authorize CEO to Approve Agreement with DNV GL Energy Services USA, Inc. for GHG Emissions Accounting and Clean Energy Metrics Services**

Date: 11/29/2017

### **RECOMMENDATION**

Authorize the CEO to execute an agreement with DNV GL Energy Services USA, Inc. for greenhouse gas (GHG) emissions accounting and clean energy metrics services, through June 30<sup>th</sup>, 2018 in an amount not to exceed \$96,900.

### **BACKGROUND**

At SVCE's Board of Directors meeting on August 9<sup>th</sup>, 2017, staff outlined potential programs for launch later in calendar year 2017. One of these was a foundational program to establish baseline energy and transportation-related emissions data for the SVCE service territory, key clean energy metrics, and processes for ongoing annual tracking. To support such a program, SVCE would plan to retain expert consulting services to support initial definition of required inventory and metrics data, and identification of activity data sources; tools and processes for annual collection, analysis, reporting and archiving; and development of initial data sets for 2015 baseline and calendar year 2017.

The Board directed staff to work with the Member Agency Working Group (MAWG) to confirm requirements, and then select a Consultant and contract for needed services.

### **ANALYSIS & DISCUSSION**

SVCE worked with representatives of the member agencies in the MAWG to assist in establishing requirements for a GHG accounting and energy metrics program. In addition to supporting SVCE measurement, tracking and program development needs, the resulting data will be structured such that it can be utilized by member agencies in their respective GHG accounting and Climate Action Planning efforts.

The Scope of Work for the GHG Accounting and Energy Metrics program includes the following:

- Determine and document a GHG inventory methodology (including references, citations and assumptions), available activity data sets and supporting tools to establish emissions data for energy and transportation sectors emissions data. The methodology, activity data and tools should be currently used by a majority of the SVCE jurisdictions currently practicing GHG accounting and climate action planning activities. Resulting GHG inventory data should be consistent with the Compact of Mayors and Carbon Disclosure Project reporting standards.
- For Calendar Year 2015, calculate community-wide GHG emissions for the following sectors and jurisdictions:
  - Electric consumption in kWh, broken out by residential and commercial customer groups, and by PG&E versus Direct Access, with associated GHG emissions factors
  - Natural gas usage in therms, broken out by residential and commercial customer groups; include as applicable related non-natural gas fuel usage, e.g. propane, fuel oil, biomass, if material

- Provide a method and supporting data by which to contextualize annual electricity and natural gas use based on weather conditions within the SVCE service area to help understand the degree to which changes in electricity and natural gas usage data from year to year may be caused by changing weather-related heating and cooling requirements
  - Vehicle transportation, broken out by sub-sector if/as applicable, e.g. autos, trucks, off-road; emissions or emissions savings attributable to electric vehicles must be clearly accounted for, and not double-counted
  - Other sectors, such as emissions from waste, waste treatment etc. are not in scope
  - Emissions data described above should be calculated separately for each of the twelve SVCE jurisdictions (Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale, and unincorporated Santa Clara County), and then combined to form an SVCE service area total for each sub/sector and a grand total
  - All 2015 finalized GHG emissions data and associated activity data, by sector, sub-sector and jurisdiction must be entered into a summary SVCE inventory tracking and reporting tool (e.g. Excel-based), such that jurisdiction-specific data may be easily extracted by SVCE for use by a requesting jurisdiction, and that data across all SVCE communities may be easily aggregated and summarized for use by SVCE
- For Calendar Year 2017, use similar processes and data sources as for the 2015 inventory to calculate and report community-wide GHG emissions, factoring in a partial year of SVCE service
  - To provide quantitative support for future SVCE program planning efforts, baseline data will be established associated with clean energy assets and infrastructure in the SVCE service territory. This data will include both current 'clean energy asset' data, e.g. the current number of registered electric vehicles in SVCE service territory as outlined in this section, and 'target market' data, e.g. total number of registered vehicles in the SVCE service territory in the next section.

For Calendar Year 2017, the initial inventory of clean energy assets will be developed as described below. SVCE clean energy asset data should be sourced, calculated, and/or reasonably approximated from raw data that will be readily obtainable year to year, and not require primary research to obtain. Clean energy assets will include, but are not limited to the items listed below, in approximate order of priority:

- Registered battery electric and plug-in hybrid electric vehicles
- Level 2 electric vehicle charging infrastructure at homes, public places, and workplaces
- Level 3 charging infrastructure
- Residential heat pump water heaters installed
- Residential heat pump space heaters installed
- Residential and commercial behind the meter battery storage installations by count and capacity (range)
- Utility-scale battery storage installations by count and rated capacity (ranges)
- Residential and commercial solar installations by count and rated capacity (ranges)
- Utility-scale solar installations by count and rated capacity (ranges)
- Fuel cell installations<sup>1</sup> by count and approximate rated capacity (designated by nat gas and biogas-fueled)
- Generator count and rated capacity (ranges) and fuel type, residential and commercial, and their approximate utilization (per BAAQMD permitting)
- Number of all-electric buildings including usable square footage
- Other building-related TBD, e.g. Energy Star, LEED, Zero Net Energy

To the extent possible, assets must be inventoried so they can be queried by SVCE jurisdiction. For each clean energy asset, the data source(s) and methodology used for establishing the inventory value(s) will be provided such that the same approach can be used in future years.

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<sup>1</sup> May not qualify as clean if natural gas-fired; useful to understand overall fuel cell capacity

- Using the most recent publicly-available data (including research resources), develop 'target market' models for electrification and demand management opportunities in transportation and the built environment within the SVCE service area in total, and by SVCE jurisdiction, including but not limited to the following:
  - Estimated total number of registered vehicles by type, e.g. personal transportation, commercial transportation, public transportation
  - Estimated total number of residential dwelling units by type, e.g. detached homes, MUD; and vintage
  - Estimated number of commercial/industrial buildings, categorized by size/use
  - Estimated residential natural gas use by application, e.g. space heating, water heating, pool or spa heating, cooking, clothes drying
  - Estimated commercial natural gas use by application, e.g. space heating, water heating, industrial processes
  - Estimated residential electricity use by application, e.g. HVAC, lighting, refrigeration, washing/laundry, plug loads
  - Estimated commercial electricity use by application, e.g. HVAC, lighting, data center, office plug loads

### **CONSULTANT SELECTION AND CONTRACT**

DNV GL, a global energy and environmental services firm, is currently providing, or has recently provided, GHG accounting and Climate Action Planning services to several SVCE member agencies. These include the Cities of Cupertino and Sunnyvale, and the County of Santa Clara. DNV GL has also actively supported similar scopes of work for the County of San Mateo. In the case of Sunnyvale, DNV GL was selected this past summer, in a competitive RFP process.

DNV GL has extensive experience and successful track record with GHG accounting methods and programs in the Bay Area. In addition, their recent experience with several SVCE agencies provides them with knowledge that can be leveraged in developing the deliverables of this program. It will help ensure that program deliverables are relevant and useful for both SVCE and member agencies.

Staff met with consultants from DNV GL to review the proposed scope of the project. In response, DNV GL proposed services to satisfactorily address this scope, named staff resources, economics, terms and conditions consistent with the recent work completed or in-process with the member agencies noted above. Based on DNV GL's experience, ability to leverage their work with other local agencies, and consistency in resources and pricing with a recent competitively-bid project in Sunnyvale, SVCE did not solicit additional competitive proposals for this scope.

The Not-to-Exceed contract total is \$96,900. Detailed contract terms and conditions were negotiated and finalized with SVCE legal counsel (Richards Watson Gershon). Work is scheduled to begin upon contract approval by the SVCE Board, and run from approximately December 1, 2017 through June 30, 2018.

### **ATTACHMENTS**

1. Agreement Between SVCEA and DNV GL Energy Services USA, Inc for GHG Emissions Accounting and Clean Energy Metrics Services

**AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY  
AND DNV GL ENERGY SERVICES USA, INC FOR GREENHOUSE GAS EMISSIONS  
ACCOUNTING AND CLEAN ENERGY METRICS SERVICES**

THIS AGREEMENT is entered into this 29th day of November, 2017, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent joint powers authority, ("Authority"), and DNV GL ENERGY SERVICES USA, INC., a corporation whose address is 1400 Ravello Dr., Katy, TX (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

**RECITALS:**

A. Authority is an independent joint powers authority duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. Authority and Consultant desire to enter into an agreement for greenhouse gas emissions accounting and clean energy metrics services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on December 1, 2017, and shall terminate on June 30, 2018, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference. Consultant and Authority agree to make every reasonable effort to perform the services in Exhibit "A" in accordance with the contractual delivery dates in Exhibit "B".

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed ninety six thousand nine hundred United States dollars (\$96,900.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of similar specially trained professionals and agrees

that all services shall be performed by qualified and experienced personnel. EXCEPT AS STATED IN THIS SECTION, CONSULTANT MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, WHICH EXCEED THE FOREGOING WARRANTY.

5. **INDEPENDENT PARTIES**

Authority and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from Authority to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

6. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**

Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority's constituent members in connection with this Agreement.

7. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. Consultant agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

8. **HOLD HARMLESS AND INDEMNIFICATION**

Consultant shall, to the fullest extent allowed by law, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liabilities, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability, arising out of or related to the negligence or willful misconduct of Consultant or Consultant's employees, officers, officials, agents or independent contractors in the performance of this Agreement, except where caused by the sole or active negligence or willful misconduct of Authority or its members, officers, officials, agents, employees and volunteers. Such costs and expenses shall include reasonable attorneys' fees of counsel of Authority's choice, expert fees and all other costs and fees of litigation. The acceptance of the

services provided by this Agreement by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the services or termination of this Agreement.

9. **LIMITATION OF LIABILITY**

In no event shall Consultant's liability to Authority include consequential, indirect, incidental, punitive, or special damages or loss of profits or revenue. Consultant's total aggregate liability to Authority for breach of contract or professional negligence claims shall, to the extent permitted by law, be limited to the lesser of (a) the remuneration paid to Consultant under this Agreement, or (b) a maximum aggregate sum of three hundred thousand United States dollars (\$300,000.00).

10. **INSURANCE:**

A. **General Requirements.** On or before the commencement of the term of this Agreement, Consultant shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the Authority, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured for general liability shall be submitted with the insurance certificates.

B. **Subrogation Waiver.** Consultant agrees that in the event of loss due to any of the perils for which it has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to its insurance for recovery. Consultant hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or Authority with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against Authority by virtue of the payment of any loss under such insurance.

C. **Failure to secure or maintain insurance.** If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. **Additional Insured.** Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under any policy required by this Agreement if not named as such additional insured. An additional insured named hereunder shall not be held liable for any premium, deductible portion of any loss, or expense of

any nature under any policy required by this Agreement or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by any policy required by this Agreement.

E. Sufficiency of Insurance. The insurance limits required by Authority are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits shall be available to the Authority and the additional insureds.

G. Claims-Made Coverage. If coverage is maintained on a claims-made basis, Consultant shall maintain the minimum insurance coverage as set forth in this Agreement for a period of five (5) years following the final performance of services under this Agreement.

#### 11. CONFLICT OF INTEREST

Consultant warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. Consultant agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff capacity, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

#### 12. PROHIBITION AGAINST TRANSFERS

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a corporation, partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the entity.

#### 13. SUBCONTRACTOR APPROVAL

Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the

insurance required by this Agreement. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant shall agree to be bound to Consultant and Authority in the same manner and to the same extent as Consultant is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the indemnity and insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to Authority.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. Consultant may retain a copy of any Report furnished to the Authority pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by Authority in the execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as Authority may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by Authority.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of three (3) years after Consultant receives final payment from Authority for all services required under this agreement.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Betty Seto, DNV GL shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**

Consultant shall maintain in confidence and not disclose to any third party or use in any manner not required or authorized under this Agreement any and all proprietary or confidential information held by Authority or provided to Consultant by Authority. For purposes of this Section, proprietary and confidential information includes without limitation customer energy usage data and any other customer information protected Authority's Customer Confidentiality Policy (<https://www.svcleanenergy.org/customer-confidentiality>). It also includes any other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

18. **NOTICES**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, addressed as hereinafter provided.

All notices, demands, requests, or approvals shall be addressed as follows:

TO AUTHORITY:  
333 W. El Camino Real, Ste 290  
Sunnyvale, CA 94087  
Attention: Chief Executive Officer

TO CONSULTANT:  
Betty Seto  
DNV GL Energy Services USA, Inc.  
155 Grand Avenue, Suite 500  
Oakland, CA 94612

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving ten (10) business

days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance. Consultant may terminate this Agreement by giving thirty (30) days prior written notice thereof to Authority, but only in the event of Authority's failure to pay an invoice for services satisfactorily performed and after expiration of thirty (30) days following written notice by Consultant to Authority of such failure to pay.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. Upon termination, Consultant shall immediately deliver to the Authority any and all copies of reports, studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement.

20. **COMPLIANCE**

Consultant shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Santa Clara, State of California.

22. **ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority.

23. **WAIVER**

A waiver by Authority of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Authority and Consultant.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal authority to do so on behalf of their respective party.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were

included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed as of the date set forth above.

DNV GL Energy Services USA Inc.  
A Corporation

SILICON VALLEY CLEAN ENERGY  
AUTHORITY  
A Joint Powers Authority

By \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

By \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

RECOMMENDED FOR APPROVAL

\_\_\_\_\_  
By:

APPROVED AS TO FORM:

\_\_\_\_\_  
Counsel for Authority

ATTEST:

\_\_\_\_\_  
Authority Clerk

**Exhibit A**  
**Scope of Services**

## **1 SCOPE OF WORK**

### **1.1 Task A. Determine GHG Inventory Approach and Methodology**

DNV GL will “Determine and document a GHG inventory methodology (including references, citations and assumptions), available activity data sets and supporting tools to establish emissions data for energy and transportation sectors emissions data.” More specifically, this is in relation to the three sectors to be included in the 2015 and 2017 GHG Inventories (i.e., electricity, natural gas and transportation).

In order to ensure that “The methodology, activity data and tools should be currently used by a majority of the SVCE Jurisdictions currently practicing GHG accounting and climate action planning activities,” DNV GL will summarize the proposed methodology for Task B and C, based on the scan of the existing GHG inventories completed.

Table 1 provides DNV GL’s preliminary understanding of the availability of existing GHG inventories. Our pricing is based on the assumption that this is the approximate level of existing GHG and climate action planning activities across member agencies.

**Table 1. Summary of Known GHG Inventories by SVCE Jurisdictions<sup>1</sup>**

City	Year Covered in Latest GHG Audit	MT CO2E per Latest GHG Audit	% from Base Year (Latest Audit)	Audit Contractor	Next Audit Year
Campbell	None			De Novo Planning Grp.	2015
Cupertino	2010	307,288		AECOM	
Gilroy					
Los Altos	2005	182,830		PMC (Oakland)	No plan
Los Altos Hills ^	2015	77,583	-14%	HEA (Los Altos Hills)	2016
Los Gatos	Avg. 2006-08	381,640			
Monte Sereno					
Morgan Hill	2007	300,000		In-house	No plan
Mountain View	2012	786,954	7%	EcoShift (Santa Cruz)	2015
Saratoga					
Sunnyvale	2014	971,140	-16%	Int'l (formerly PMC)	2016
Uninc SCC					

**Deliverable:**

- Brief memo summarizing the proposed inventory methodology and data sources for the GHG inventory sectors to be utilized by SVCE for the 2015 and 2017 updates. (Draft and one round of edits to finalize the memo)

**1.2 Task B. Calculate Community GHG Emissions for 2015**

For Calendar Year 2015, DNV GL would calculate community-wide GHG emissions for each of the 12 member jurisdictions across the following sectors:

- “Electric consumption in kWh, broken out by residential and commercial customer groups, and by PG&E versus Direct Access, with associated GHG emissions factors” (Data source: SVCE)
- “Natural gas usage in therms, broken out by residential and commercial customer groups; including where possible non-natural gas fuel usage, e.g. propane, fuel oil, biomass, if material.” (Data source: PG&E, CEC)
- Vehicle transportation, broken out by sub-sector if/as applicable, e.g. autos, trucks, off-road. (Note that emissions or emissions savings attributable to electric vehicles will be clearly accounted for, and not double-counted in the buildings sector) (Data source: MTC or VTA, if available. Off-road data sourced from BAAQMD)

<sup>1</sup>  
<sup>2</sup> Source: “CAP and GHG Survey – SVCE Member Agencies.pdf”

To assist SVCE in understanding exogenous factors to the energy consumption, DNV GL would compile heating degree day (HDD) and cooling degree day (CDD) data to “help understand the degree to which changes in electricity and natural gas usage data from year to year may be caused by changing weather-related heating and cooling requirements.” The annual HDD and CDD data would be based on local weather station data for each of the 12 member jurisdictions. (If interested, developing the HDD and CDD datasets for 2015 and 2017 may be conducted by a SVCE intern with guidance from DNV GL. The project budget would be utilized to explain, guide and QA/QC the intern work.)

The emissions data “described above should be calculated separately for each of twelve SVCE Jurisdictions (Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale, and unincorporated Santa Clara County), and then combined to form an SVCE service area total for each sub/sector and a grand total.”

DNV GL will provide for SVCE a single workbook summarizing all emissions inventories, with an optional task to provide standalone workbooks for each of the 12 jurisdictions. The workbook will clearly outline the calculation methodology per Task A, and reference “underlying activity data sources and emissions factors, supporting calculations, and any special methods utilized for data quality assurance, cleansing, and synthesis.”

**Deliverable:**

- Single Excel workbook of “2015 finalized GHG emissions data and associated activity data, by sector, sub-sector and jurisdiction.” The Excel based workbook will serve as “a summary SVCE inventory tracking and reporting tool, such that jurisdiction-specific data may be easily extracted by SVCE for use by a requesting jurisdiction, and that data across all SVCE communities may be easily aggregated and summarized for use by SVCE.”
- One in-person meeting (2 staff)
- Optional deliverable (not included at this time): Standalone workbooks that have extracted GHG inventory, calculations, activity data and source references for each of the 12 member jurisdictions

**1.3 Task C. Calculate Community GHG Emissions for 2017**

Following Task B. Calendar Year 2015 GHG Emissions Inventories, DNV GL will provide a separate workbook with 2017 inventories with updated energy consumption, emissions factor and other activity data related to electricity, natural gas and transportation for calendar year 2017. The 2017 SVCE GHG Emissions Workbook will utilize an identical format to the 2015 workbook, with any minor adjustments and formatting tweaks as requested by SVCE. Note that the updated data from PG&E, SVCE, CEC and other sources may not be available until Q2 2018.

The 2017 SVCE GHG Emissions Workbook will include a summary graphic of the trend and differences from the 2015 inventory, by jurisdiction, sector (e.g., residential/commercial) and by category (e.g., electricity/natural gas/transportation), including HDD and CDD data.

**Deliverable:**

- Single Excel workbook of “2017 finalized GHG emissions data and associated activity data, by sector, sub-sector and jurisdiction.” The Excel based workbook will serve as “a summary SVCE inventory tracking and reporting tool, such that jurisdiction-specific data may be easily extracted by SVCE for use by a requesting jurisdiction, and that data across all SVCE communities may be easily aggregated and summarized for use by SVCE.”

**1.4 Task D. Clean Energy Asset Baseline Study**

DNV GL will assist SVCE in developing “baseline data associated with potential deployment of clean energy assets and infrastructure in the SVCE service territory.” For Calendar Year 2017, DNV GL will “develop an initial inventory of clean energy assets” based on SVCE’s preliminary list of clean energy assets provided in SVCE’s Draft Scope of Work

Table 2 provides an initial assessment of possible data sources for the list of clean energy assets provided in SVCE’s Draft Scope of Work, with the relatively easy sources highlighted in gray.

**Table 2. Initial Assessment of Data Availability**

Clean ENERGY ASSET	Anticipated Difficulty	INITIAL ASSESSMENT
Registered battery electric and plug-in hybrid electric vehicles	Easy – with some data analysis	DMV data (County of San Mateo got the data) <a href="https://cleanvehiclerebate.org/eng/cvrp-rebate-map">https://cleanvehiclerebate.org/eng/cvrp-rebate-map</a> (searchable by zip code)
Level 2 electric vehicle charging infrastructure at homes, public places, and workplaces	Easy-Medium	Public and workplace Level 2 – Easy ( <a href="http://www.plugshare.com">www.plugshare.com</a> , ChargePoint and other data sources) Home Level 2 – Medium (some data in <a href="http://www.plugshare.com">www.plugshare.com</a> , and also look at EV tariffs, estimated 95% of these are Level 2)
Level 3 (DC fast chargers) charging infrastructure	Easy	<a href="http://www.plugshare.com">www.plugshare.com</a>
Residential heat pump water heaters installed	Easy if use RASS	Residential Appliance Saturation Survey (Permit data difficult and potentially inaccurate)
Residential heat pump space heaters installed	Easy if use CEUS	Commercial End Use Survey (Permit data difficult and potentially inaccurate)
Residential and commercial behind the meter battery storage installations by	Hard	May need to interview manufacturers/project developers,

count and capacity (range)		potentially SGIP
Utility-scale battery storage installations by count and rated capacity (ranges)	Medium	Few expected – look at Bloomberg New Energy Finance
Residential and commercial solar installations by count and rated capacity (ranges)	Easy	California Solar Initiative, we think it is available by incorporated City
Utility-scale solar installations by count and rated capacity (ranges)	Easy	Bloomberg New Energy Finance
Fuel cell installations <sup>3</sup> by count and approximate rated capacity (designated by nat gas and biogas-fueled)	Medium	Maybe SGIP, or call to Bloom Box
Generator count and rated capacity (ranges) and fuel type, residential and commercial, and their approximate utilization	Hard	Hospitals, hotels, universities, assumptions from industry reports. Possibly BAAQMD permitting
Number of all-electric buildings including usable square footage	Hard	Could analyze monthly billing data at the account level to identify electrically heated buildings
Other building-related TBD, e.g. Energy Star, LEED, Zero Net Energy	Easy (mostly)	ENERGY STAR website LEED database NBI ZNE database (lacking residential) Potentially look at solar PV system sizes for residential

The above table represents our initial understanding of relevant data sources, but it is not clear how granular the data may be for each clean energy asset – i.e., whether data is readily available by jurisdiction or zip code, and date of the source data collected (2017 or earlier).

Based on the above initial assessment, and SVCE’s desire that “SVCE clean energy asset data should be sourced, calculated, and/or reasonably approximated from raw data that will be readily obtainable year to year, and not require primary research to obtain,” DNV GL will focus on collecting data associated with the eight (8) identified “easy” clean energy asset data category, as highlighted in green in the above table.

DNV GL will work with SVCE to assess the applicability of the various data sources and opportunities for improving data availability/analysis. DNV GL will provide for SVCE a single workbook summarizing the 2017 inventory of clean energy assets (e.g., in a Summary Worksheet) across SVCE and by individual jurisdiction where possible. For each clean energy asset, DNV GL will “provide data source(s) and methodology used for establishing the inventory value(s) such that the same approach can be used in future years.”

<sup>3</sup> May not qualify as clean if natural gas-fired; useful to understand overall fuel cell capacity

**Deliverable:**

- Single Excel workbook summarizing the SVCE Initial Inventory of Clean Energy Assets for 2017. For each clean energy asset, DNV GL will “provide data source(s) and methodology used for establishing the inventory value(s) such that the same approach can be used in future years.”
- One in-person meeting (2 staff)
- As an optional task (not included at this time), DNV GL could set up the SVCE Initial Inventory of Clean Energy Assets 2017 Workbook as a Tracking Tool that supports annual tracking and some automated calculations for future tracking.

**1.5 Task E. Target Market Assessment**

To support SVCE in developing new innovative programs for electrification and demand management, DNV GL will analyze the energy use characteristics of different potential target markets across the service territory.

Table 3 summarizes the list of energy use characteristics provided in SVCE’s Draft Scope of Work document, and DNV GL’s initial assessment of most likely data sources.

**Table 3. Initial Assessment of Market Characteristics Data Availability**

MARKET CHARACTERISTICS	Anticipated Difficulty	INITIAL ASSESSMENT of DATA SOURCES
Estimated total number of registered vehicles by type, e.g. personal transportation, commercial transportation, public transportation	Uncertain	Primary focus: Personal transportation - DMV data? Secondary focus depending on data availability and direction from SVCE: Commercial transportation – perhaps DMV? (Commercial vehicles registered locally) Public transportation/shuttles? - VTA
Estimated total number of residential dwelling units by type, e.g. detached homes, MUD; and vintage	Medium	County Assessors data – but may require significant data processing, depending on data format. DNV GL will work with SVCE to determine a “reasonable” level of analysis given the task budget.
Estimated number of commercial/industrial buildings, categorized by size/use	Medium	County Assessors data – but may require significant data processing, depending on data format?
Estimated residential natural gas use by application, e.g. space heating, water heating, pool or spa heating,	Easy if use RASS	Residential Appliance Saturation Survey applied to PG&E data for each jurisdiction (collected as part of Task B

cooking, clothes drying		and C)
Estimated commercial natural gas use by application, e.g. space heating, water heating, industrial processes	Easy if use CEUS	Commercial End Use Survey applied to PG&E data for each jurisdiction (collected as part of Task B and C)
Estimated residential electricity use by application, e.g. HVAC, lighting, refrigeration, washing/laundry, plug loads	Easy if use RASS	Residential Appliance Saturation Survey applied to SVCE data for each jurisdiction (collected as part of Task B and C) or other
Estimated commercial electricity use by application, e.g. HVAC, lighting, data center, office plug loads	Easy if use CEUS	Commercial End Use Survey applied to SVCE data for each jurisdiction (collected as part of Task B and C)
Commercial electricity use load shapes, winter and summer seasons (analysis to be conducted by SVCE)	Not applicable	Analysis to be conducted by SVCE, and provided to DNV GL
Residential electricity use load shapes, winter and summer seasons (analysis to be conducted by SVCE)	Not applicable	Analysis to be conducted by SVCE, and provided to DNV GL

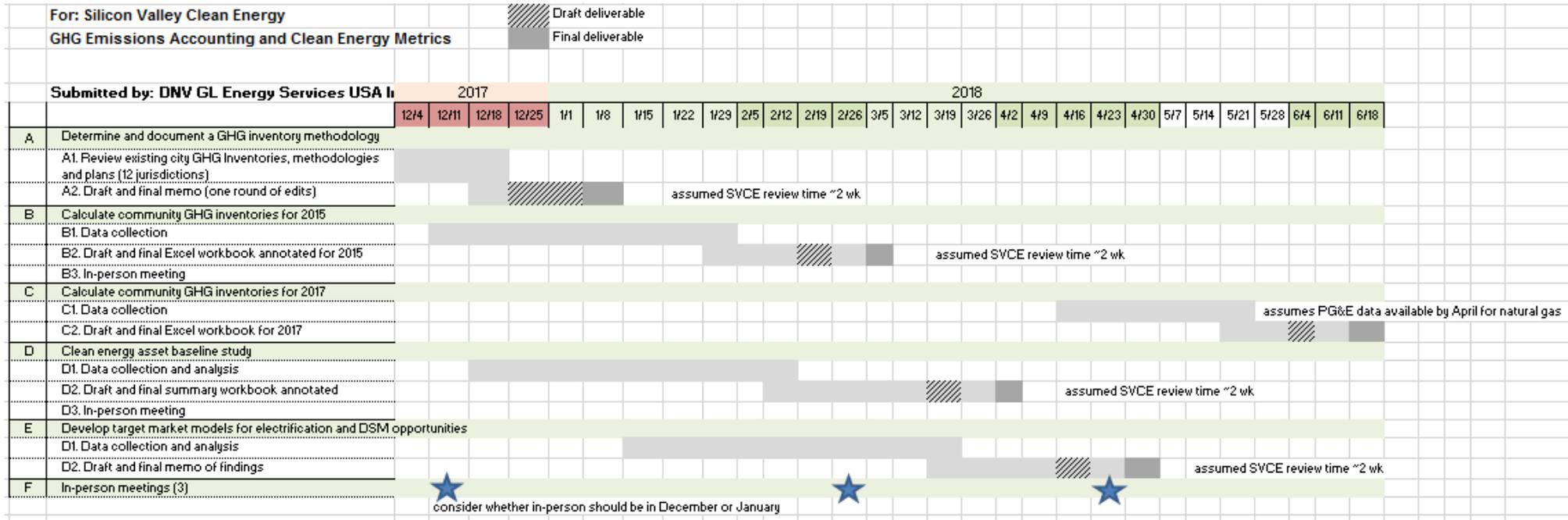
DNV GL will provide the results of the analysis in an Excel workbook and provide a summary presentation of key findings. The analysis will help SVCE to better understand the local building stocks across each of the member jurisdictions and associated energy use characteristics and how energy is used.

**Deliverable:**

- Single Excel workbook summarizing the SVCE Market Energy Use Characteristics as listed above, for the SVCE service area in total and by SVCE jurisdiction. The workbook will include some cross-tabulation of results across different parameters such jurisdiction, fuel type, building type and sector. (Draft and final)
- One in-person meeting (2 staff)
- PowerPoint presentation summarizing of preliminary recommendations for target markets and program opportunities
- Not included now, but possibly for future consideration is development of an infographic or other type of graphic for external communication/marketing.

## Exhibit B Schedule of Performance

This schedule may be modified with the written approval of the Authority.





### Exhibit C Compensation

Authority shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of Ninety Six Thousand Nine Hundred dollars (\$96,900.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

Task #	Tasks	DNV GL Labor					Total Hours	Total Labor Costs	Other Direct Costs (mileage)	Other Direct Costs mark-up (5%)	Total Fee
		Principal Consultant	Project Mgr & GHG	Buildings/ Energy	Electrification/ EVs	Analyst Support					
		Betty Seto	Ben Butterworth	Doug Kot	Blake Herrschaft	Lauren Taymor					
		\$205	\$150	\$205	\$175	\$135					
<b>A</b>	Determine and document a GHG inventory methodology										
	A1. Review existing city GHG Inventories, methodologies and plans (12 jurisdictions)	6	10				16	\$ 2,730		\$0	
	A2. Draft and final memo (one round of edits)	8	12				20	\$ 3,440		\$0	
	<b>Total Task A</b>									\$6,170	
<b>B</b>	Calculate community GHG inventories for 2015										
	B1. Data collection	8	40			24	72	#####		\$0	
	B2. Develop single Excel workbook annotated; Clean up file, summary graphs, separate by jurisdiction, one round of edits	6	20			24	50	\$ 7,470		\$0	
	B3. In-person meeting	5	5				10	\$ 1,775	\$ 60	\$3	
	<b>Total Task B</b>									\$20,188	
<b>C</b>	Calculate community GHG inventories for 2017										
	C1. Data collection	6	18			12	36	\$ 5,550		\$0	
	C2. Develop single Excel workbook; Data clean up and 2015, 2017 trends analysis (summary graphics) and one round of edits	6	16			18	40	\$ 6,060		\$0	
	<b>Total Task C</b>									\$11,610	
<b>D</b>	Clean energy asset baseline study										
	D1. Data collection and analysis	12	36	8	24	32	112	#####		\$0	
	D2. Develop single Excel workbook annotated; Clean up file, summary graphs, separate by jurisdiction, one round of edits	8	24		12	24	68	#####		\$0	
	D3. In-person meeting	5	5				10	\$ 1,775	\$ 60	\$3	
	<b>Total Task D</b>									\$30,438	
<b>E</b>	Develop target market models for electrification and DSM opportunities										
	E1. Data collection and analysis	12	36		12	32	92	#####		\$0	
	E2. Excel workbook and PowerPoint summary; draft + plus one round of edits	16	16	8	8	24	72	#####		\$0	
	E3. In-person meeting with presentation	6	6				12	\$ 2,130	\$ 60	\$3	
	<b>Total Task E</b>									\$28,433	
	<b>TOTAL</b>	104	244	16	56	190	610	\$96,650	\$180	\$9	
	Notes:										
1	Assumes time-and-materials, with not-to-exceed based on hourly rates enclosed										
2	Other direct costs include mileage, based on IRS federal mileage reimbursement										
3	Direct cost mark-up of 5%	5%									
4	Cost per additional in-person meeting (per person)	\$1,800									

### Invoices

Monthly Invoicing: In order to request payment, Consultant shall submit monthly invoices to the Authority describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed).

### Reimbursable Expenses

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority.

### Additional Services

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Authority's Chief Executive Officer prior to commencement of any additional services. Consultant shall submit, at the Chief Executive Officer's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation.

**Exhibit D**  
**Insurance Requirements and Proof of Insurance**

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**  
Statutory coverage as required by the laws of any State in which the services are performed.
- (2) **Liability:**  
Commercial general liability coverage with minimum limits of \$1,000,000 per claim made and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.
- (3) **Automotive:**  
Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.
- (4) **Professional Liability**  
Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.



### Staff Report – Item 1g

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1g: Authorize CEO to Approve Agreement with Richards, Watson & Gershon for Legal Services**

Date: 11/29/2017

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#### **RECOMMENDATION**

Authorize the CEO to approve agreement with Richards, Watson & Gershon (RWG) for legal services to be retroactive from October 1, 2017 through September 30, 2018.

#### **BACKGROUND**

Silicon Valley Clean Energy (SVCE) has been utilizing the services of RWG since the Agency's formation with the most recent agreement expiring on September 30, 2017. Compensation is to not exceed \$120,000 for the term of the agreement.

#### **ANALYSIS & DISCUSSION**

The scope of work is included as Exhibit A to the Agreement with RWG (Attachment 1) and includes:

- Attendance at the monthly SVCE Board of Directors meetings and any special meetings and workshops as requested by the CEO or Chair of the Board.
- Brown Act, Conflict of Interest and Publics Records Act advice and representation.
- Preparation or review of consultant and vendor contracts.
- Advice to the CEO and designated staff on administrative and operational matters.
- Research and advice on legal questions asked by the Board, CEO and designated staff.
- Advice and assistance on other legal matters as may be assigned by the CEO.

The cost of this agreement is offset by the vacant General Counsel position in SVCE's table of organization.

#### **ATTACHMENTS**

1. Agreement with Richards, Watson & Gershon for Legal Services

**AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY  
AND RICHARDS, WATSON & GERSHON, A PROFESSIONAL CORPORATION  
FOR LEGAL SERVICES**

THIS AGREEMENT, is entered into this October 1, 2017, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency, ("Authority"), and RICHARDS, WATSON & GERSHON, a professional corporation, engaged in the practice of law in California, whose address is 44 Montgomery St., Suite 3800, San Francisco, CA 94104, (hereinafter referred to as "General Counsel") (collectively referred to as the "Parties").

**RECITALS:**

A. Authority is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") with the power to conduct its business and enter into agreements.

B. General Counsel possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. Authority and General Counsel desire to enter into an agreement for legal services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on October 1, 2017, and shall terminate on September 30, 2018, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

General Counsel shall perform each and every service set forth in Exhibit "A", which is attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO GENERAL COUNSEL**

General Counsel shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed one hundred twenty thousand dollars (\$120,000.00) based on the rates and terms set forth in Exhibit "B," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**

General Counsel and Authority agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**

General Counsel agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

Authority and General Counsel intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of General Counsel, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of General Counsel's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from Authority to General Counsel, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due General Counsel. Payments of the above items, if required, are the responsibility of General Counsel.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**

Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority's constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**

General Counsel agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or General Counsel's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. General Counsel agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**

General Counsel shall, to the fullest extent allowed by law, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liabilities, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of or related to the negligence or willful misconduct of General Counsel or General Counsel's employees, officers, officials, agents or independent contractors in the performance of this Agreement, except where caused by the sole or active negligence or willful misconduct of Authority or its members, officers, officials, agents, employees and volunteers. Such costs and expenses shall include reasonable attorneys' fees of counsel of Authority's

choice, expert fees and all other costs and fees of litigation. The acceptance of the services provided by this Agreement by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the services or termination of this Agreement.

10. **INSURANCE:**

A. **General Requirements.** On or before the commencement of the term of this Agreement, General Counsel shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "C," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit General Counsel's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the Authority by certified mail, Attention: Chief Executive Officer." General Counsel shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

B. **Subrogation Waiver.** General Counsel agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, General Counsel shall look solely to his/her/its insurance for recovery. General Counsel hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either General Counsel or Authority with respect to the services of General Counsel herein, a waiver of any right to subrogation which any such insurer of General Counsel may acquire against Authority by virtue of the payment of any loss under such insurance.

C. **Failure to secure or maintain insurance.** If General Counsel at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the General Counsel's name or as an agent of the General Counsel and shall be compensated by the General Counsel for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. **Additional Insured.** Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. **Sufficiency of Insurance.** The insurance limits required by Authority are not represented as being sufficient to protect General Counsel. General Counsel is advised to confer with General Counsel's insurance broker to determine adequate coverage for General Counsel.

F. **Maximum Coverage and Limits.** It shall be a requirement under this Agreement

that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. **CONFLICT OF INTEREST**

General Counsel warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. General Counsel agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require General Counsel to make certain governmental decisions or serve in a staff Authority, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**

General Counsel shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by General Counsel from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by General Counsel.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of General Counsel, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if General Counsel is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of General Counsel, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **SUBCONTRACTOR APPROVAL**

Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that General Counsel employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by General Counsel. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

General Counsel agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by General Counsel shall agree to be bound to General Counsel and Authority in the same manner and to the same extent as General Counsel is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any

sub-subcontract. General Counsel shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. General Counsel shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to Authority.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by General Counsel pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. General Counsel shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. General Counsel may retain a copy of any Report furnished to the Authority pursuant to this Agreement.

B. All Reports prepared by General Counsel may be used by Authority in execution or implementation of: (1) The original Project for which General Counsel was hired; (2) Completion of the original Project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.

C. General Counsel shall, at such time and in such form as Authority may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by General Counsel pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by General Counsel without prior approval by Authority.

15. **RECORDS**

General Counsel shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. General Counsel shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after General Counsel receives final payment from Authority for all services required under this agreement.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. [Click here to enter the name of Consultant representative.](#) shall represent General Counsel in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**

General Counsel shall maintain in confidence and not disclose to any third party or use in any manner not required or authorized under this Agreement any and all proprietary or confidential information held by Authority or provided to General Counsel by Authority.

18. **NOTICES**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals shall be addressed as follows:

**TO AUTHORITY:**

333 W. El Camino Real  
Suite 290  
Sunnyvale CA 94087  
Attention: Chief Executive Officer

**TO GENERAL COUNSEL:**

Richards, Watson, & Gershon  
Attn: Gregory W. Stepanicich  
44 Montgomery St., Suite 3800  
San Francisco, CA 94104  
[gstepanicich@rwglaw.com](mailto:gstepanicich@rwglaw.com)

19. **TERMINATION**

In the event General Counsel fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, General Counsel shall be deemed in default in the performance of this Agreement. If General Counsel fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving General Counsel written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to General Counsel as provided herein. Upon receipt of any notice of termination, General Counsel shall immediately discontinue performance.

Authority shall pay General Counsel for services satisfactorily performed up to the effective date of termination. Upon termination, General Counsel shall immediately deliver to the Authority any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by General Counsel or given to General Counsel, in connection with this Agreement. Such materials shall become the property of Authority.

20. **COMPLIANCE**

General Counsel shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Santa Clara, State of California.

22. **ADVERTISEMENT**

General Counsel shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority to do otherwise.

23. **WAIVER**

A waiver by Authority of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Authority and General Counsel.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal Authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed as of the date set forth above.

RICHARDS, WATSON & GERSHON  
A Professional Corporation

SILICON VALLEY CLEAN ENERGY  
AUTHORITY  
A Joint Powers Authority

By \_\_\_\_\_

By \_\_\_\_\_

Name: Gregory W. Stepanicich

Name: Don Eckert

Title Shareholder

Title Interim CEO

Date \_\_\_\_\_

Date \_\_\_\_\_

**Exhibit A**  
**Scope of Services**

As General Counsel for SVCEA, Richards, Watson & Gershon shall provide the general legal services typically required by a joint powers authority in addition to those general legal services related more specifically to the operation of a community choice aggregation program as described below. These legal services shall include the following:

- Attendance at the monthly SVCEA Board of Directors (“Board) meetings and any special meetings and workshops as requested by the Chief Executive Officer or Chair of the Board.
- Brown Act, Conflict of Interest and Public records Act advise and representation.
- Preparation or review of consultant and vendor contracts.
- Advice and preparation of documents related to personnel matters.
- Advice to the Chief Executive Officer and designated staff on administrative and operational matters.
- Research and advice on legal questions asked by the Board, Chief Executive Officer and designated staff.
- Advice and assistance on other legal matters as may be assigned by the Chief Executive Officer.

Legal services will not include matters in which Richards, Watson & Gershon has a conflict of interest the precludes the law firm from representing SVCEA. General Counsel services also will not include energy contracts or regulatory matters before the CPUC that require specialized legal services in these areas of law.

**Exhibit B**  
**Compensation**

Authority shall compensate General Counsel for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to the General Counsel under this Agreement for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of one hundred twenty thousand dollars (\$120,000.00) as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority. The estimated budget amounts shown below are estimates and may be adjusted across categories or tasks provided that the total costs do not exceed the total amount set forth in Section 3 of this Agreement.

<b>Hourly Rates</b>	<b>Amount</b>
Shareholders	\$300 per hour
Associates	\$250 per hour
Paralegals	\$170 per hour

**Invoices**

**Monthly Invoicing:** In order to request payment, General Counsel shall submit monthly invoices to the Authority describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed).

**Reimbursable Expenses**

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority.

**Additional Services**

General Counsel shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Authority’s Chief Executive Officer prior to commencement of any additional services. General Counsel shall submit, at the Chief Executive Officer’s request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation.

**Exhibit C**  
**Insurance Requirements and Proof of Insurance**

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

General Counsel shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**  
Statutory coverage as required by the State of California.
- (2) **Liability:**  
Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.
- (3) **Automotive:**  
Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.
- (4) **Professional Liability**  
Professional liability insurance which includes coverage for the professional acts, errors and omissions of General Counsel in the amount of at least \$1,000,00.



5. **STANDARD OF CARE**

General Counsel agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

Authority and General Counsel intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of General Counsel, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of General Counsel's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from Authority to General Counsel, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due General Counsel. Payments of the above items, if required, are the responsibility of General Counsel.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**

Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority's constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**

General Counsel agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or General Counsel's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. General Counsel agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**

General Counsel shall, to the fullest extent allowed by law, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liabilities, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of or related to the negligence or willful misconduct of General Counsel or General Counsel's employees, officers, officials, agents or independent contractors in the performance of this Agreement, except where caused by the sole or active negligence or willful misconduct of Authority or its members, officers, officials, agents, employees and volunteers. Such costs and expenses shall include reasonable attorneys' fees of counsel of Authority's

choice, expert fees and all other costs and fees of litigation. The acceptance of the services provided by this Agreement by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the services or termination of this Agreement.

10. **INSURANCE:**

A. **General Requirements.** On or before the commencement of the term of this Agreement, General Counsel shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "C," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit General Counsel's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the Authority by certified mail, Attention: Chief Executive Officer." General Counsel shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

B. **Subrogation Waiver.** General Counsel agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, General Counsel shall look solely to his/her/its insurance for recovery. General Counsel hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either General Counsel or Authority with respect to the services of General Counsel herein, a waiver of any right to subrogation which any such insurer of General Counsel may acquire against Authority by virtue of the payment of any loss under such insurance.

C. **Failure to secure or maintain insurance.** If General Counsel at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the General Counsel's name or as an agent of the General Counsel and shall be compensated by the General Counsel for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. **Additional Insured.** Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. **Sufficiency of Insurance.** The insurance limits required by Authority are not represented as being sufficient to protect General Counsel. General Counsel is advised to confer with General Counsel's insurance broker to determine adequate coverage for General Counsel.

F. **Maximum Coverage and Limits.** It shall be a requirement under this Agreement

that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. **CONFLICT OF INTEREST**

General Counsel warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. General Counsel agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require General Counsel to make certain governmental decisions or serve in a staff Authority, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**

General Counsel shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by General Counsel from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by General Counsel.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of General Counsel, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if General Counsel is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of General Counsel, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **SUBCONTRACTOR APPROVAL**

Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that General Counsel employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by General Counsel. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

General Counsel agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by General Counsel shall agree to be bound to General Counsel and Authority in the same manner and to the same extent as General Counsel is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any

sub-subcontract. General Counsel shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. General Counsel shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to Authority.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by General Counsel pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. General Counsel shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. General Counsel may retain a copy of any Report furnished to the Authority pursuant to this Agreement.

B. All Reports prepared by General Counsel may be used by Authority in execution or implementation of: (1) The original Project for which General Counsel was hired; (2) Completion of the original Project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.

C. General Counsel shall, at such time and in such form as Authority may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by General Counsel pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by General Counsel without prior approval by Authority.

15. **RECORDS**

General Counsel shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. General Counsel shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after General Counsel receives final payment from Authority for all services required under this agreement.

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All notices, demands, requests, or approvals shall be addressed as follows:

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Attention: Chief Executive Officer

**TO GENERAL COUNSEL:**

Richards, Watson, & Gershon  
Attn: Gregory W. Stepanicich  
44 Montgomery St., Suite 3800  
San Francisco, CA 94104  
[gstepanicich@rwglaw.com](mailto:gstepanicich@rwglaw.com)

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In the event General Counsel fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, General Counsel shall be deemed in default in the performance of this Agreement. If General Counsel fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving General Counsel written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to General Counsel as provided herein. Upon receipt of any notice of termination, General Counsel shall immediately discontinue performance.

Authority shall pay General Counsel for services satisfactorily performed up to the effective date of termination. Upon termination, General Counsel shall immediately deliver to the Authority any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by General Counsel or given to General Counsel, in connection with this Agreement. Such materials shall become the property of Authority.

20. **COMPLIANCE**

General Counsel shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

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22. **ADVERTISEMENT**

General Counsel shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority to do otherwise.

23. **WAIVER**

A waiver by Authority of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

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This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Authority and General Counsel.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal Authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed as of the date set forth above.

RICHARDS, WATSON & GERSHON  
A Professional Corporation

SILICON VALLEY CLEAN ENERGY  
AUTHORITY  
A Joint Powers Authority

By 

By \_\_\_\_\_

Name: Gregory W. Stepanicich

Name: Don Eckert

Title Shareholder

Title Interim CEO

Date October 30, 2017

Date \_\_\_\_\_

**Exhibit A**  
**Scope of Services**

As General Counsel for SVCEA, Richards, Watson & Gershon shall provide the general legal services typically required by a joint powers authority in addition to those general legal services related more specifically to the operation of a community choice aggregation program as described below. These legal services shall include the following:

- Attendance at the monthly SVCEA Board of Directors (“Board) meetings and any special meetings and workshops as requested by the Chief Executive Officer or Chair of the Board.
- Brown Act, Conflict of Interest and Public records Act advise and representation.
- Preparation or review of consultant and vendor contracts.
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- Advice to the Chief Executive Officer and designated staff on administrative and operational matters.
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- Advice and assistance on other legal matters as may be assigned by the Chief Executive Officer.

Legal services will not include matters in which Richards, Watson & Gershon has a conflict of interest the precludes the law firm from representing SVCEA. General Counsel services also will not include energy contracts or regulatory matters before the CPUC that require specialized legal services in these areas of law.

**Exhibit B**  
**Compensation**

Authority shall compensate General Counsel for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to the General Counsel under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of one hundred twenty thousand dollars (\$120,000.00) as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority. The estimated budget amounts shown below are estimates and may be adjusted across categories or tasks provided that the total costs do not exceed the total amount set forth in Section 3 of this Agreement.

<b>Hourly Rates</b>	<b>Amount</b>
Shareholders	\$300 per hour
Associates	\$250 per hour
Paralegals	\$170 per hour

**Invoices**

**Monthly Invoicing:** In order to request payment, General Counsel shall submit monthly invoices to the Authority describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed).

**Reimbursable Expenses**

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority.

**Additional Services**

General Counsel shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Authority's Chief Executive Officer prior to commencement of any additional services. General Counsel shall submit, at the Chief Executive Officer's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation.

**Exhibit C**  
**Insurance Requirements and Proof of Insurance**

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

General Counsel shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**  
Statutory coverage as required by the State of California.
- (2) **Liability:**  
Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.
- (3) **Automotive:**  
Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.
- (4) **Professional Liability**  
Professional liability insurance which includes coverage for the professional acts, errors and omissions of General Counsel in the amount of at least \$1,000,00.



### Staff Report – Item 1h

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1h: Authorize CEO to Approve Agreement with Pisenti & Brinker, LLP for Financial Audit Services**

Date: 11/29/2017

#### **RECOMMENDATION**

Authorize the CEO to approve agreement with Pisenti & Brinker, LLP for financial audit services to audit the financial statements for:

- The period commencing March 31, 2016 to June 30, 2016, the period commencing July 1, 2016 to September 30, 2016, and year ending September 30, 2017 (one report)
- The year ending September 30, 2018
- The year ending September 30, 2019

#### **BACKGROUND**

Board Policy FP1 states that an independent certified public accountant shall perform an annual audit of basic financial statements that are accompanied by required supplemental information.

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue for SVCE:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles
- If applicable, a report of deficiencies in internal control

#### **ANALYSIS & DISCUSSION**

A Request for Proposal was sent to several firms. The response by Pisenti & Brinker, LLP was reviewed by members of the Audit and Finance Committee at the November 8, 2017 meeting followed by recommendation to engage Pisenti & Brinker, LLP.

Compensation is not to exceed \$77,000 for the term of the agreement.

#### **Timeline**

- December 2017 – Audit work begins
- January 31, 2018 – Draft report reviewed by Audit and Finance Committee
- March 2018 – Final report presented to Board of Directors
- Progress reports will be made to SVCE management throughout the audit

#### **ATTACHMENTS**

1. Agreement with Pisenti & Brinker, LLP for Financial Audit Services

**AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND  
PISENTI & BRINKER, LLP FOR  
FINANCIAL AUDIT SERVICES**

THIS AGREEMENT, is entered this 29th day of November, 2017, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency, ("Authority"), and PISENTI & BRINKER, LLP, a California corporation whose address is 3562 Round Barn Circle, #300 Santa Rosa, CA 95403 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

RECITALS:

A. Authority is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. Authority and Consultant desire to enter an agreement for consulting services to support the development of the Authority's organization upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on November 29, 2017, and shall terminate on June 30, 2020, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed seventy-seven thousand hundred dollars (\$77,000.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**

Consultant and Authority agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

Authority and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from Authority to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**

Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority's constituent members in connection with this Agreement.

7.1 **INDEMNIFICATION**

Consultant agrees to accept responsibility for loss or damage to any person or entity, including the Authority, and to defend, indemnify, hold harmless, and release Authority, its officers, agents, employees, from and against any and all actions, claims, damages, liabilities, or expenses that may be asserted by any person or entity, including Consultant, arising out of or in connection with the negligent performance or willful misconduct of Consultant hereunder, whether or not there is a concurrent negligence on the part of the Authority, but excluding liability arising out of or due to Authority's active negligence or willful misconduct. This indemnification obligation is limited to the total professional fees paid to and/or incurred by Consultant hereunder; provided, however, that such indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for Consultant or its agents under workers compensation acts, disability benefits acts, or other employee benefit acts. The parties hereto understand and agree that the foregoing is not intended to abrogate, limit or violate any terms and conditions of Consultant's existing general and professional liability insurance coverages, nor reduce or limit the amount otherwise payable from such policies relating to or on account of a claim falling within the scope of this section,

8. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. Consultant agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**

Consultant shall, to the fullest extent allowed by law and without limitation of the provisions of this Agreement related to insurance, with respect to all services performed in connection with the Agreement, indemnify, defend, and hold harmless the Authority and its members, officers, officials,

agents, employees and volunteers from and against any and all liability, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of, pertaining to, or related to the performance of this Agreement by Consultant or Consultant's employees, officers, officials, agents or independent contractors. Such costs and expenses shall include reasonable attorneys' fees of counsel of Authority's choice, expert fees and all other costs and fees of litigation. The acceptance of the Services by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the Services or termination of this Agreement.

10. **INSURANCE:**

A. General Requirements. On or before the commencement of the term of this Agreement, Consultant shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the Authority by certified mail, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to his/her/its insurance for recovery. Consultant hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or Authority with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against Authority by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by Authority are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. CONFLICT OF INTEREST

Consultant warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. Consultant agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff Authority, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. PROHIBITION AGAINST TRANSFERS

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. SUBCONTRACTOR APPROVAL

Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant shall agree to be bound to Consultant and Authority in the same manner and to the same extent as Consultant is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to Authority.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. Consultant may retain a copy of any Report furnished to the Authority pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by Authority in execution or implementation of: (1) The original Project for which Consultant was hired; (2) Completion of the original Project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as Authority may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports required to be provided by this Agreement shall be printed on recycled paper. All Reports shall be copied on both sides of the paper except for one original, which shall be single sided. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement shall be made available to any individual or organization by Consultant without prior approval by Authority.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from Authority for all services required under this agreement.

If supplemental examination or audit of the records is necessary due to concerns raised by Authority's preliminary examination or audit of records, and the Authority's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Consultant shall reimburse Authority for all reasonable costs and expenses associated with the supplemental examination or audit.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. PISENTI & BRINKER, LLP shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**

Consultant shall maintain in confidence and not disclose to any third party or use in any manner not required or authorized under this Agreement any and all proprietary or confidential information held by Authority or provided to Consultant by Authority.

18. **NOTICES**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals shall be addressed as follows:

TO AUTHORITY:

333 W. El Camino Real  
Suite 290  
Sunnyvale CA 94087  
Attention: Chief Executive Officer

TO CONSULTANT:

Brett Bradford, CPA, Partner  
Pisenti & Brinker, LLP  
3562 Round Barn Circle, #300  
Santa Rosa, CA 95403

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. If the termination is for cause, Authority may deduct from such payment the amount of actual damage, if any, sustained by Authority due to Consultant's failure to perform its material obligations under this Agreement. Upon termination, Consultant shall immediately deliver to the Authority any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of Authority.

20. **COMPLIANCE**

Consultant shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Santa Clara, State of California.

22. **ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority to do otherwise.

23. **WAIVER**

A waiver by Authority of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Authority and Consultant.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal Authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed as of the date set forth above.

CONSULTANT  
PISENTI & BRINKER, LLP

By \_\_\_\_\_

Name: \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

By \_\_\_\_\_

Name: Don Eckert

Title: Interim Chief Executive Officer

Date \_\_\_\_\_

SILICON VALLEY CLEAN ENERGY  
AUTHORITY  
A Joint Powers Authority

RECOMMENDED FOR APPROVAL

\_\_\_\_\_  
Don Eckert, Interim CEO

APPROVED AS TO FORM:

ATTEST:

\_\_\_\_\_  
Counsel for Authority

\_\_\_\_\_  
Authority Clerk

**Exhibit A**  
**Scope of Services**

Perform audits of the basic financial statements of the Silicon Valley Clean Energy Authority (Authority) as set forth below for the periods March 31, 2016 to June 30, 2016; July 1, 2016 to September 30, 2016; and the year ended September 30, 2017 (one report); and the years ending September 30, 2018, and 2019. Perform audits in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants.

Reports to be prepared include:

- Report on the fair presentation of the financial statements of the Authority;
- Management letter of comments;
- Report on significant deficiencies or material weaknesses in internal control, if any are identified;
- Other communications to those charged with governance as required by professional standards.

PISENTI & BRINKER, LLP will retain all working papers and reports for a minimum of seven years. Working papers are available upon request to the government agencies with oversight over the Authority.

During the audits, PISENTI & BRINKER, LLP will observe the adequacy of the system of internal control relevant to the basic financial statements of the Authority. At the conclusion of the audits, PISENTI & BRINKER, LLP will make a presentation to the board or other representatives of the Authority if requested and present the audit report, findings, and make other communications as required by professional standards.

During the audits, PISENTI & BRINKER, LLP will provide routine progress reports to the CEO and outside accountant on the status of the engagement.

The Management Letter of Comments will address the following:

- Areas where the Authority's internal controls can be enhanced;
- Areas where operational processes can be streamlined and made more efficient;
- Compliance with other laws and regulations applicable to the Authority.

Should any irregularities or illegal acts come to the attention of the audit team during the course of the audits, PISENTI & BRINKER, LLP will make an immediate written report to Management and the Governing Board, unless they are clearly inconsequential.

**Exhibit B**  
**Schedule of Performance**

This schedule may be modified with the written approval of the Authority.

PISENTI & BRINKER, LLC proposes to perform the services according to the following timeline for the audits of the periods March 31, 2016 to June 30, 2016; July 1, 2016 to September 30, 2016; and the years ended September 30, 2017, which will be performed and reported on as one audit. Subsequent years will be modified as mutually agreed upon.

Late November 2017:

- Execute contract and provide arrangement letter to the Authority.
- Provide Authority staff with a preliminary list of documents for the audits.

Early December 2017-Entrance Conference and Preliminary Planning Phase:

- Planning meetings with Authority management and finance staff.
- Provide the Authority with a preliminary audit plan and discuss questions regarding documents and audit procedures.

Mid-December 2017-Fieldwork-Risk Assessment and Testing:

- Perform “walk-throughs” in order to obtain an understanding of the significant processes and related internal controls of finance and accounting functions.
- Testing of significant year end balances and transaction cycles.
- Perform compliance testing in connection with laws and regulations.

Prior to January 12, 2018-Complete Post Fieldwork & Deliver Draft Reports:

- Meet with Authority finance committee to discuss draft reports.
- Present and report on audit to Authority board of directors (at a time and place to be designated by the Authority.)
- Deliver all final reports and communications.

This timeline is contingent upon the timely receipt of all documents, schedules, and other information necessary to complete the audits. Additionally, PISENTI & BRINKER, LLP will work with Authority staff to fine-tune a mutually agreeable schedule.

**Exhibit C**  
**Compensation**

Authority shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of seventy-seven thousand dollars (\$77,000.00), as set forth below. Any work performed, or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

<b>Fiscal periods ending</b>	<b>Financial Statement Audit</b>	<b>Management Letter &amp; Other Communications</b>	<b>Total Proposed Fees</b>
March 31 to June 30, 2016; July 1 to September 30, 2016; September 30, 2017	\$27,500	Included	\$27,500
September 30, 2018	\$24,500	Included	\$24,500
September 30, 2019	\$25,000	Included	\$25,000

**Invoices**

**Monthly Invoicing:** In order to request payment, Consultant shall submit monthly invoices to the Authority describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed).

**Reimbursable Expenses**

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority and shall only be reimbursed to the extent consistent with Authority’s travel policy.

**Additional Services**

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Authority’s Chief Executive Officer prior to commencement of any additional services. Consultant shall submit, at the Chief Executive Officer’s request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation.

**Exhibit D**  
**Insurance Requirements and Proof of Insurance**

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**  
Statutory coverage as required by the State of California.
- (2) **Liability:**  
Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.
- (3) **Automotive:**  
Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.
- (4) **Professional Liability**  
Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.



**Staff Report – Item 1i**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1i: Authorize CEO to Approve Agreement with Pacific Printing for Printing Services**

Date: 11/29/2017

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**RECOMMENDATION**

Authorize CEO to approve agreement with Pacific Printing for printing services from November 29, 2017 to September 30, 2018.

**BACKGROUND**

Pacific Printing is a union printing company offering a variety of printing services including business cards, brochures, booklets, flyers, and banners. Compensation is not to exceed \$80,000 for the term of the agreement for any work performed under Exhibit B of the proposed agreement.

**ANALYSIS & DISCUSSION**

SVCE will utilize Pacific Printing for print services for a variety of collateral needs such as business cards, flyers, brochures, window clings and banners. A list of expected items and estimates are provided in Exhibit B of the proposed agreement.

Compensation to Pacific Printing will be based on the Pricing section of Exhibit B of the proposed agreement. Compensation to be paid shall not exceed a total of eighty-thousand dollars (\$80,000). The agreement will be for a term of November 29, 2017 to September 30, 2018.

**ATTACHMENTS**

1. Agreement with Pacific Printing for Printing Services

## **AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND PACIFIC PRINTING FOR PRINTING SERVICES**

THIS AGREEMENT, is entered into this 29th day of November 2017, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency, ("Authority"), and Pacific Printing, a California corporation whose address is 1445 Monterey Highway, San Jose, CA 95110 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

### **RECITALS:**

A. Authority is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. Authority and Consultant desire to enter into an agreement for printing services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on November 29, 2017, and shall terminate on September 30, 2018, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed eighty thousand dollars (\$80,000.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**

Consultant and Authority agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

Authority and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from Authority to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**

Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority's constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. Consultant agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**

Consultant shall, to the fullest extent allowed by law and without limitation of the provisions of this Agreement related to insurance, with respect to all services performed in connection with the Agreement, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liability, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of, pertaining to, or related to the performance of this Agreement by Consultant or Consultant's employees, officers, officials, agents or independent contractors. Such costs and expenses shall include reasonable attorneys' fees of counsel of Authority's choice, expert fees and all other costs and fees of litigation. The acceptance of the Services by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the Services or termination of this Agreement.

10. **INSURANCE:**

A. **General Requirements.** On or before the commencement of the term of this Agreement, Consultant shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant's indemnification obligations under this Agreement, shall also

contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the Authority by certified mail, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to his/her/its insurance for recovery. Consultant hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or Authority with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against Authority by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by Authority are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

#### 11. CONFLICT OF INTEREST

Consultant warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. Consultant agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff Authority, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **SUBCONTRACTOR APPROVAL**

Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant shall agree to be bound to Consultant and Authority in the same manner and to the same extent as Consultant is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to Authority.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. Consultant may retain a copy of any Report furnished to the Authority pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by Authority in execution or implementation of: (1) The original Project for which Consultant was hired; (2) Completion of the original Project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as Authority may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports required to be provided by this Agreement shall be printed on recycled paper. All Reports shall be copied on both sides of the paper except for one original, which shall be single sided. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement shall be made available to any individual or organization by Consultant without prior approval by Authority.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from Authority for all services required under this agreement.

If supplemental examination or audit of the records is necessary due to concerns raised by Authority's preliminary examination or audit of records, and the Authority's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Consultant shall reimburse Authority for all reasonable costs and expenses associated with the supplemental examination or audit.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Andrew Goett shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**

Consultant shall maintain in confidence and not disclose to any third party or use in any manner not required or authorized under this Agreement any and all proprietary or confidential information held by Authority or provided to Consultant by Authority.

18. **NOTICES**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals shall be addressed as follows:

TO AUTHORITY:  
333 W. El Camino Real  
Suite 290  
Sunnyvale CA 94087  
Attention: Chief Executive Officer

TO CONSULTANT:  
Andrew Goett  
Pacific Printing  
1445 Monterey Highway  
San Jose, CA 95112

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. If the termination is for cause, Authority may deduct from such payment the amount of actual damage, if any, sustained by Authority due to Consultant's failure to perform its material obligations under this Agreement. Upon termination, Consultant shall immediately deliver to the Authority any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of Authority.

20. **COMPLIANCE**

Consultant shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Santa Clara, State of California.

22. **ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority to do otherwise.



APPROVED AS TO FORM:

ATTEST:

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Counsel for Authority

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Authority Clerk

**Exhibit A**  
**Scope of Services**

Silicon Valley Clean Energy will utilize Pacific Printing for print services for a variety of collateral needs such as business cards, flyers, brochures, window clings and banners. A list of expected items and estimates are provided in Exhibit B.

**History of Pacific Printing:**

With a combined experience of over 35 years, Pacific Printing brings to you unparalleled service and cost-effective savings, backed by a 100% guarantee. And because we work so closely with labor unions, we are sensitive to the demands and needs of your busy schedule and budget.

Here are some reasons why you should allow us to help you with your printing needs:

- We are a union printer that helps fuel union printing needs
- We are family owned and operated
- We serve both local and out-of-state unions
- We use top quality paper stock and inks
- We use industry-trusted presses
- All of our work is 100% guaranteed

Since we are a union printing company, you can be assured that the men and women who work on your printed materials receive decent wages and benefits. So, when you patronize our services, you are helping to maintain the union advantage in the printing industry.

**Exhibit B**  
**Schedule of Performance**

This schedule may be modified with the written approval of the Authority.

<b>Item Description</b>	<b>Specs</b>	<b>Quote (in quantity breakdowns)</b>
Flyers	100lb matte text - 100% Recycled 8.5x11 Full Color 2 Sides	500 - \$471.00 1,000 - \$621.00 2,500 - \$812.00 5,000 - \$1074.00
Business Cards	80lb uncoated cover - 100% Recycled 2 Sides 3.5x2 2 PMS Colors	250 - \$150.00 500 - \$200.00
Brochures	100lb matte text - 100% Recycled 8.5x11 Full Color 2 Sides Tri-Fold	500 - \$340.00 1,000 - \$420.00 2,500 - \$710.00 5,000 - \$1,000.00
Booklets	16 pages including the cover Insides – 80lb matte text – 100% Recycled Cover – 80lb matt cover - 100% Recycled Full Color 11x17 Saddle Stitch to 8.5x11	10,000 - \$9,200.00 12,000 - \$10,400.00 15,000 - \$12,200.00 20,000 - \$15,250.00
Pinwheel	100lb dull text – 100% Recycled Full color 1 Side Die Cut	2,500 - \$775.00 5,000 - \$1,500.00
Info postcards	5x7 Full Color 2 sides 100lb dull cover – 100% Recycled	1,000 - \$411.00 2,500 - \$746.00 5,000 - \$1090.00
Pop-Up Banners	Full Color 33x78 inches	\$250 each

**Exhibit C**  
**Compensation**

Authority shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of eighty thousand dollars (\$80,000.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

<u>Task</u>	<u>Not to Exceed Amount</u>
Printing	\$80,000.00

<b>Total</b>	<b>\$80,000.00</b>
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Rates  
Depends on project, see Exhibit B

Invoices  
**Monthly Invoicing:** In order to request payment, Consultant shall submit monthly invoices to the Authority describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed).

Reimbursable Expenses  
Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority and shall only be reimbursed to the extent consistent with Authority's travel policy.

Additional Services  
Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Authority's Chief Executive Officer prior to commencement of any additional services. Consultant shall submit, at the Chief Executive Officer's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation.

**Exhibit D**  
**Insurance Requirements and Proof of Insurance**

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**  
Statutory coverage as required by the State of California.
- (2) **Liability:**  
Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.
- (3) **Automotive:**  
Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.
- (4) **Professional Liability**  
Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.



### Staff Report – Item 1j

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1j: Adopt Resolution Amending the Adopted Organization Chart to Delete the Regulatory/Legislative Analyst Position and Add the New Positions of Manager of Regulatory & Legislative Affairs and Associate Regulatory/Legislative Analyst and Add an Additional Administrative Analyst to Support Human Resources**

Date: 11/29/2017

#### **RECOMMENDATION**

Adopt the attached Resolution 2017-10, amending the adopted organization chart to include the addition of Administrative Analyst, Manager of Regulatory & Legislative Affairs, and Associate Regulatory/Legislative Analyst positions, as well as remove the Regulatory/Legislative Analyst position.

#### **BACKGROUND**

In June 2017, the SVCE Board approved to amend the organizational structure presented by staff which included the addition of an Account Representative and removal of a second Community Outreach Specialist position.

At the September 2017 Board meeting, staff presented a proposed amended organization chart as part of the FY 2017-18 Operating Budget. This structure included the following amendments:

- Addition of an Administrative Analyst under the Director of Administration & Finance for a total of three administrative analysts
- Addition of Manager of Regulatory & Legislative Affairs
- Addition of Associate Regulatory/Legislative Analyst position
- Removal of the Regulatory/Legislative Analyst position

The former Regulatory/Legislative Analyst position is a reclassification to the proposed management position.

#### **ANALYSIS & DISCUSSION**

The addition of the Associate Regulatory/Legislative Analyst will provide support in the Agency's regulatory area and will report to the Manager of Regulatory & Legislative Affairs. The Administrative Analyst will support human resource functions in-house as vacant positions become filled.

#### **CONCLUSION**

Amending the organization chart finalizes the proposal presented with the adopted FY 2017-18 Operating Budget.

**ATTACHMENTS**

1. Resolution 2017-10, Amending the Adopted Organization Chart to Delete the Regulatory/Legislative Analyst Position and Add the New Positions of Manager of Regulatory & Legislative Affairs and Associate Regulatory/Legislative Analyst and an Additional Administrative Analyst to Support Human Resources

**RESOLUTION NO. 2017-10**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY AMENDING THE ADOPTED ORGANIZATION CHART TO DELETE THE REGULATORY/LEGISLATIVE ANALYST POSITION AND ADD THE NEW POSITIONS OF MANAGER OF REGULATORY & LEGISLATIVE AFFAIRS AND ASSOCIATE REGULATORY/LEGISLATIVE ANALYST AND ADD AN ADDITIONAL ADMINISTRATIVE ANALYST TO SUPPORT HUMAN RESOURCES**

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, on August 10, 2016, the Board of Directors adopted Resolution No. 2016-06 which among other things adopted an Organization Chart of employee positions;

WHEREAS, on June 14, 2017, the Board of Directors adopted Resolution No. 2017-07 which amended the Organization Chart to delete one position and add another position;

WHEREAS, to best meet the needs of the Authority, the Chief Executive Officer has recommended that the Board amend the position titles related to regulatory and legislative affairs and adding one new position to support this function. The Chief Executive Officer also is recommending that an additional Administrative Analyst position be added to support the Human Resources function.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. The organization of positions to be hired by the Authority shall be as shown in Attachment 1: SVCEA Organization Chart. This new Organization Chart shall replace and supersede the Organization Chart adopted by Resolution No. 2017-07.

**ADOPTED AND APPROVED this 29th day of November, 2017.**

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Chair

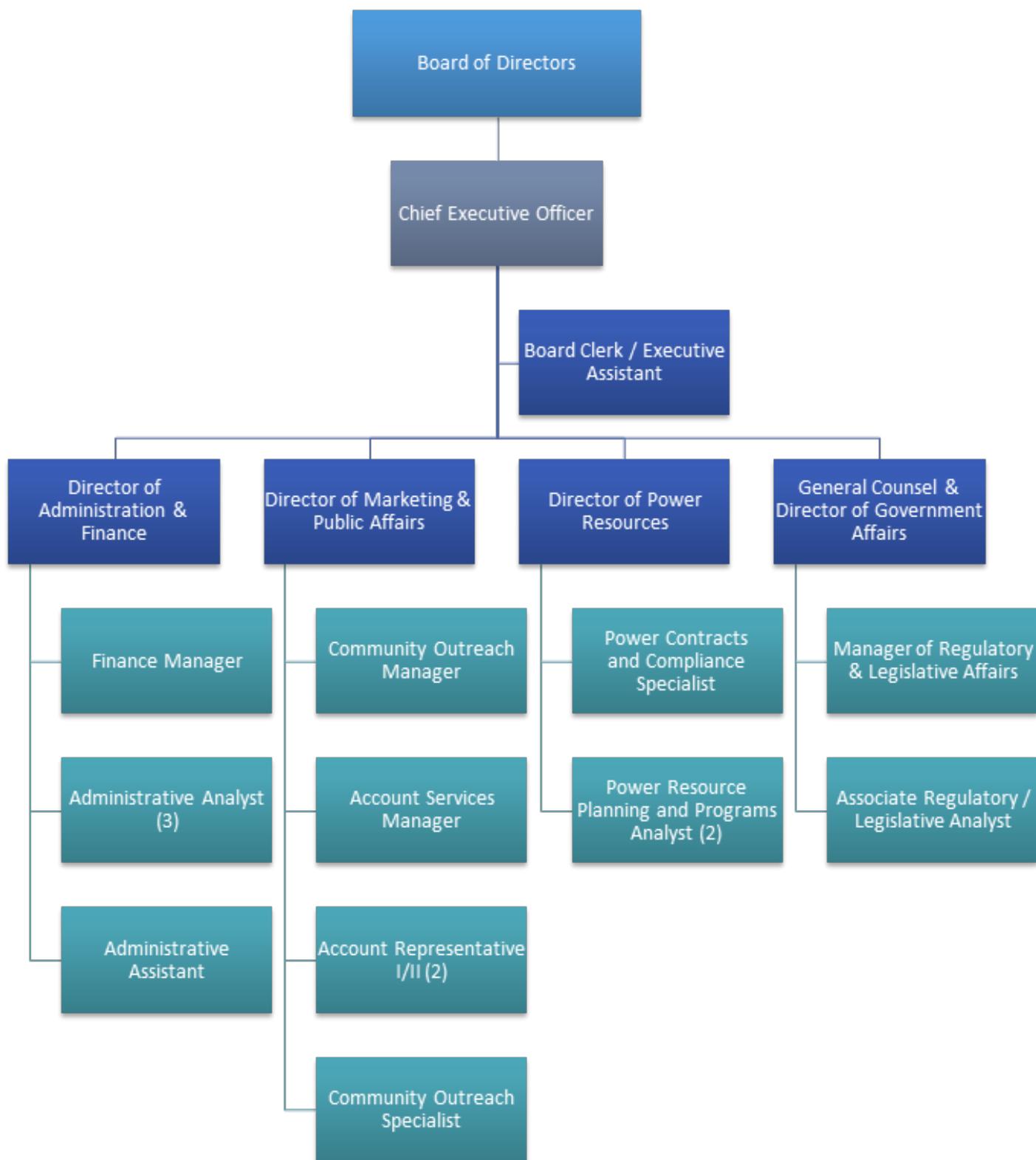
**ATTEST:**

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Clerk

**Attachment 1:** SVCEA Organization Chart

# SVCE ORGANIZATION CHART





### Staff Report – Item 1k

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1k: Adopt Resolution Authorizing the Chair to Select an Alternative Meeting Place for Regular Meetings when the Meeting Place for Regular Meetings is Unavailable**

Date: 11/29/2017

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#### **RECOMMENDATION**

Adopt the attached Resolution 2017-11, authorizing the Chair to select an alternative meeting place for regular meetings when the meeting place for regular meetings is unavailable.

#### **BACKGROUND**

Occasionally there are times when the meeting location for regular or adjourned Board meetings will be unavailable. Rather than bringing a proposed location to the Board for discussion and approval, staff requests that the Chair be granted authority to designate an alternative meeting place after consulting with the CEO.

#### **ANALYSIS & DISCUSSION**

Approving the proposed resolution will allow for prompt action should any additional location changes be needed on short notice. This matter was also briefly addressed at the previous Board meeting where a clarified process to change meeting locations was requested to be brought back to the Board.

#### **CONCLUSION**

In the event that there is a scheduling conflict with our current meeting location, granting the Chair authority to select an alternative location would streamline decision making and scheduling logistics.

#### **ATTACHMENTS**

1. Resolution 2017-11, Authorizing the Chair to Select an Alternative Meeting Place when the Place for Regular Meetings is Unavailable

## RESOLUTION NO. 2017-11

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY AUTHORIZING THE CHAIR TO SELECT AN ALTERNATIVE MEETING PLACE WHEN THE MEETING PLACE FOR REGULAR MEETINGS IS UNAVAILABLE**

#### RECITALS

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, pursuant to Section 4.10 of the Silicon Valley Clean Energy Authority Joint Powers Agreement, the Board of Directors of the Authority may fix, by resolution, the date upon which, and the hour and place at which, each regular meeting of the Authority Board is to be held; and

WHEREAS, Board Resolution No. 2016-14 established the place for regular meetings of the Board of Directors to be at the Cupertino Community Hall;

WHEREAS, there may be times when the Cupertino Community Hall may not be available for the holding of a regular or adjourned regular meeting, in which case it would be beneficial for the Board Chair to be authorized to designate an alternative meeting place for such meeting after consultation with the Chief Executive Officer.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. The regular meetings of the Board of Directors of Authority shall be held on the second Wednesday of each month at the hour of 7 p.m. at the Cupertino Community Hall, located at 10350 Torre Avenue, in Cupertino, California. In the event that the Cupertino Community Hall is not available for a regular or adjourned regular meeting, the Chair of the Board may designate an alternative meeting place within the jurisdiction of the Authority after consultation with the Chief Executive Officer on available meeting locations.

Section 2. Resolution No. 2016-14 of the Board of Directors of the Authority is hereby rescinded.

**ADOPTED AND APPROVED this 29th day of November, 2017.**

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Chair

**ATTEST:**

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Clerk



**Staff Report – Item 2**

To: Silicon Valley Clean Energy Authority Board of Directors

From: Don Eckert, Interim CEO

**Item 2: Adopt Resolution to Approve Rate Schedules effective January 1, 2018**

Date: 11/29/2017

**RECOMMENDATION**

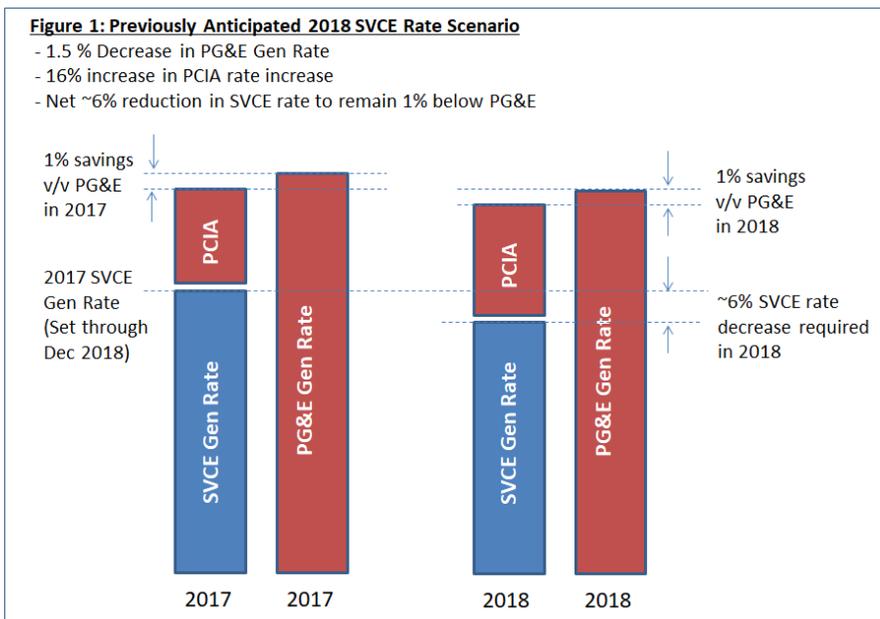
Adopt Resolution 2017-12 to approve Silicon Valley Clean Energy (SVCE) rate schedules effective January 1, 2018.

**BACKGROUND**

During its June 2016 meeting, the SVCE Board approved a policy to set electric rates at 1% below the generation rates offered by PG&E on January 1, 2017. The Board also approved that the rates established for 2017 remain in effect through December 2018. The policy allows reexamination of the rates during the first two years of operation, provided significant deviations in market prices or other extraordinary circumstances mandate an adjustment to the rates.

On January 11, 2017, the SVCE Board approved a full set of detailed SVCE generation rates effective April 1, 2017. These rates currently remain in effect.

In June 2017, PG&E published initial estimates for its 2018 rates. PG&E projected a 16% increase to the Power Charge Indifference Adjustment (PCIA), and an estimated 1.5% decrease in generation rates, effective January 1, 2018. If these changes were to go into effect as projected, SVCE rates would need to be reduced by approximately 6% to maintain a 1% savings level for SVCE customers, when compared to comparable PG&E generation rates for 2018.



This scenario, presented at the August 9, 2017 SVCE Board meeting, is summarized in Figure 1. At this meeting, the Board approved a plan to reduce SVCE rates effective January 1, 2018, so that the 1% savings level relative to PG&E would be maintained. The revenue impact of this reduction in rates was included in the FY 2017-18 Budget.

However, in early September 2017, PG&E’s estimated rates for 2018 were updated again in PG&E’s Annual Electric True-Up (AET) filing. This filing presented detailed estimates for all rate schedules, covering all customer classes and rate components. Unexpectedly, this filing projected a 1-2% increase in PG&E rates, rather than the rate reduction forecast in June.

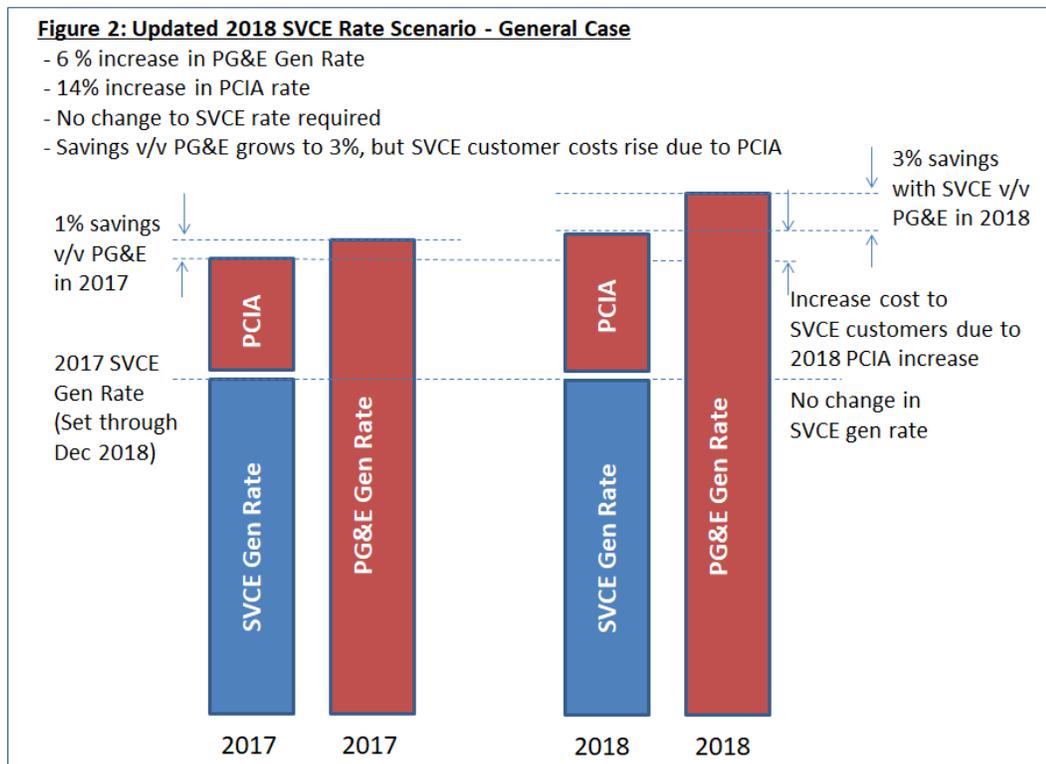
And in November 2017, PG&E projected an additional 4% increase in rates, and a smaller increase in the PCIA of 14%, versus 16% as originally forecast in June. The projected increases in PG&E rates are likely due to a number of factors, including a general increase in grid power prices since earlier in the year. Note these November 2017 increases are still estimates; finalized PG&E rates for 2018 will not be published until January 1, 2018.

**ANALYSIS & DISCUSSION**

**Comparison of Current SVCE Rates to Projected 2018 PG&E Rates**

Based upon the most recent projections described above, many of SVCE’s current 2017 rates will continue to be lower than PG&E’s 2018 generation rates, inclusive of the increased PCIA for 2018. However, most SVCE customers will pay more for electricity in 2018 than they did in 2017, because of the increase in the PCIA rate for 2018.

Assuming SVCE 2017 generation rates remain unchanged, the overall delta between SVCE generation costs (including PCIA) and PG&E generation costs will rise from 1% in 2017 to approximately 3% in 2018. This general case is modeled in Figure 2, below.

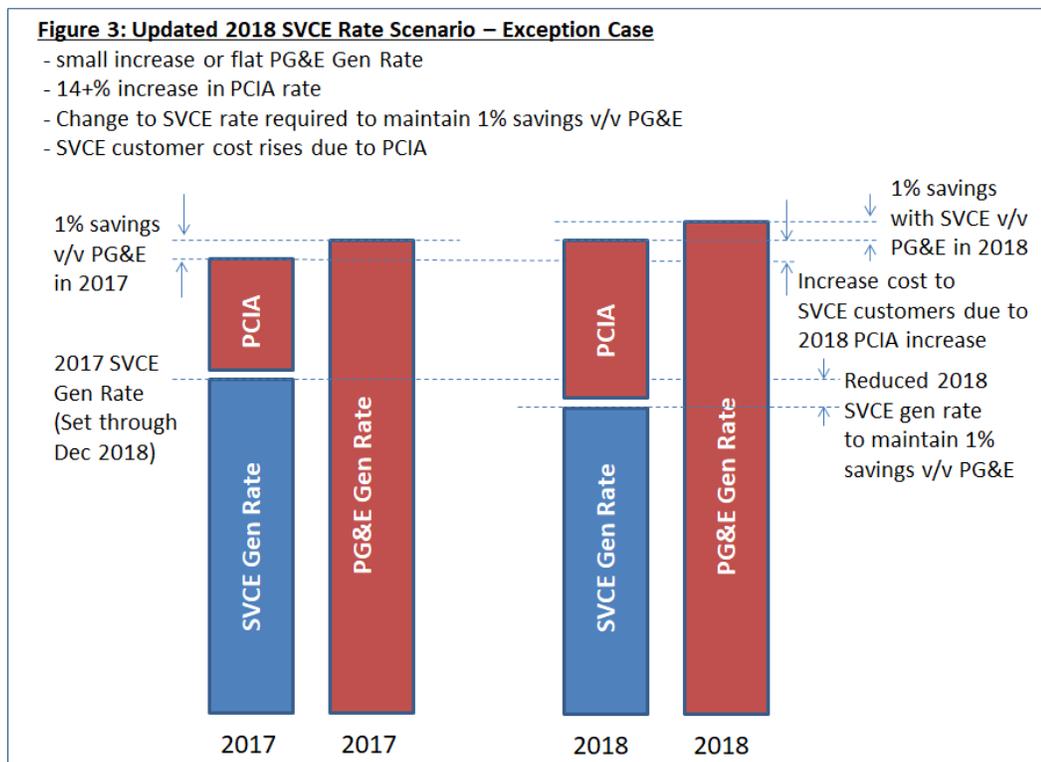


However, there will be exceptions to the general case described above. There are 40 rate schedules, and

PG&E rate changes for 2018 do not apply evenly across all rate schedules. Further, within given rate schedules, there are often multiple 'rate components'. For example, a large industrial customer on an E20 rate schedule has seven different rate components - covering when electricity is used during the day (time of use, or 'TOU' periods) and season (summer or winter), and whether the electricity charges are associated with usage (kilowatt hours) or capacity (kilowatts). In total, there are 179 SVCE rate components.

For some customer rate schedules and rate components, SVCE's 2017 rates plus the 2018 PCIA is projected to be higher than PG&E's 2018 rate, or the savings will be less than the 1% price differential SVCE seeks to maintain relative to PG&E rates. Based upon the projected 2018 rates, this condition affects 13 of 40 rate schedules, and 32 of 179 rate components within these affected schedules. Most of the impacts for these exceptions are relatively small. For these 32 rate components, SVCE costs average 0.54% higher than PG&E's 2018 generation costs. In general, these rate components apply to less commonly-used tariffs, used by approximately 18,000 of 240,000 SVCE customers.

This exception case is diagrammed in Figure 3 below. In these cases, it is recommended that the SVCE generation rate component be lowered to maintain a 1% savings relative to the corresponding PG&E rate component.



### Rate Design and Update Methodology

For 2018 SVCE will maintain rates at the 2017 level, unless PG&E's projected 2018 rate for a given rate component is less than 1% greater than SVCE's corresponding rate to the customer, including PCIA. For these exception cases, the SVCE rate will be lowered to be exactly 1% below PG&E's corresponding generation rate, including surcharges (PCIA and Franchise Fee). This method is consistent with how all rates were established for 2017, prior to the launch of SVCE.

SVCE's rate design approach has the advantages of comparability and ease of customer communications in that the generation cost savings will be at least 1%, for all customers, rates and rate components. Such comparability has helped ease the transition for customers to SVCE service, and ensure rate benefits are obtained by all participating customers.

SVCE's current rate structure includes 40 rate schedules, corresponding to distinct PG&E generation rate options. To facilitate cost comparisons, the SVCE generation rate schedule also lists the applicable PG&E

**Agenda Item: 2****Agenda Date: 11/29/2017**

customer surcharges (Power Charge Indifference Adjustment and Franchise Fee Surcharge) that PG&E will impose directly on SVCE customers' bills.

To illustrate the rate design approach underlying proposed changes to 2018 rates where applicable, Table 1 below (using hypothetical rates) shows how each rate component was originally designed for the E-19 rate schedule, the default rate schedule applicable to large commercial customers. The PCIA and FFS surcharges are applied on a per kWh basis and the SVCE energy charges are reduced to offset these charges. No additional PG&E surcharges apply to demand charges, so no adjustment is necessary for SVCE's demand charges.

Note that for 2018, only rate components estimated to fall below the target 1% savings threshold relative to projected 2018 PG&E rates will be updated using this methodology. 2017 rates falling above the 1% savings target will not be changed.

Table 1: Rate Design Example, Schedule E-19S

Rate Component		PG&E Generation			PCIA		FFS		SVCE GreenStart Generation
ENERGY CHARGE									
(\$/kWh)	<u>Summer</u>								
	Peak	\$0.12552	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.10473
	Part-Peak	\$0.08501	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.06463
	Off-Peak	\$0.05819	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.03808
	<u>Winter</u>								
	Part-Peak	\$0.07871	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.05915
	Off-Peak	\$0.06423	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.04467
DEMAND CHARGE									
(\$/kW)	<u>Summer</u>								
	Peak	\$12.63	*0.99		N/A		N/A	=	\$12.50
	Part-Peak	\$3.12	*0.99		N/A		N/a	=	\$3.09

In isolated cases where a customer is receiving electric service at primary voltage, with load characteristics that qualify them for rates applicable to customers receiving electric service at secondary voltage, they will receive 4% discount on their electric generation cost. This is unusual, and applies to less than 10 customers in SVCE service territory.

### 100% Renewable Energy Option

The GreenPrime rate for 2018, SVCE's 100% renewable energy option, will remain unchanged from 2017. The charge is equivalent to the per unit cost difference between the default energy mix of 50% eligible renewable/carbon free energy and the 100% eligible renewable energy mix. This premium is calculated to be \$0.008 per kWh, which is added to the otherwise applicable rate for the default GreenStart service offering.

### Updated Pro Forma Projections

At the August 9, 2017 SVCE Board Meeting, it was assumed that an average SVCE rate reduction of approximately 6% from 2017 rates would be required as of January 1, 2018.

However, based upon the more recent projections described above, most SVCE rates will remain unchanged for 2018. A small number (7-8%) of customers will see modest rate reductions. Accordingly, net operating margin should rise by approximately \$13.2 million. This does not include the planned enrollment of Milpitas customers in SVCE.

### Planned Timing and Approach for 2018 Rate Updates

At the August 9 SVCE BOD meeting, the Directors approved a two-step update process for SVCE rates in 2018. The Board will approve new 2018 rates at the November 29th Board meeting, based on the best available estimates of PG&E's projected rates and PCIA for 2018. These are expected to be close (in the aggregate) to what PG&E will ultimately finalize as of January 1, 2018, but there will likely be differences, especially at the detailed rate component level.

**Agenda Item: 2****Agenda Date: 11/29/2017**

In December 2017, Calpine will implement the 2018 rates in the billing system, to be effective as of January 1<sup>st</sup>, 2018. If and where SVCE's 2018 rates do not meet the 1% savings target relative to PG&E's finalized rates effective January 1, 2018, the 2018 rates will be adjusted, and approved as the final 2018 rates at the January 10, 2018 Board meeting. Where adjustments to rates are made, they would be implemented in the billing system by Calpine and become effective as of February 1<sup>st</sup>, 2018.

**Timing of 2018 Rate Changes – Possible Alternative**

In August of 2017, the two-step rate update process described above was approved for 2018. The primary motivation for implementing rate changes effective January 1<sup>st</sup> 2018 based on estimated PG&E rates for 2018 was the magnitude of the rate changes projected in August. Between falling PG&E rates and an increase in the PCIA, PG&E rates would have become, on average, 6% lower than SVCE's rate on January 1, 2018. SVCE did not want to expose customers across all rate classes to this level of price differential, even if only for one month.

Now, with most PG&E rates set to increase rather than decrease, far fewer (18,000 of 240,000) SVCE customers will likely be exposed to a positive price differential for the month of January, and that differential is small, averaging 0.54%. An alternative approach would be to forgo the first step in the planned two step rate adjustment, and adjust SVCE rates as necessary in January to be made effective Feb 1, 2018, based on actual (versus estimated) PG&E rates for 2018. And to compensate for any rates significantly exposed in January, the SVCE rate reduction effective Feb 1<sup>st</sup> could be made slightly greater, to maintain a 1% differential vs. PG&E rates on an annualized basis.

The primary benefits of this approach are that only one rate update would be required, and affected customers would only have one bill with different applicable rate periods, versus the possibility of two bills.

Under this scenario, a single updated list of 2018 rates would be brought to the Board for approval at the January 10<sup>th</sup>, 2018 Board meeting.

**FISCAL IMPACT**

The adoption of rates will have an impact on the finances of Silicon Valley Clean Energy as described in the Pro Forma Projections section of the staff report.

**CONCLUSION**

The planned approach outlined above will help keep all 2018 SVCE rates at least 1% below PG&E, to be made effective January 1<sup>st</sup> 2018 - the same time PG&E is updating their rates. Yet since these 2018 rates are based on estimated PG&E rates versus actual, an additional round of rate adjustments will likely be needed in January.

SVCE's rates for 2018 are projected to yield sufficient revenues to cover anticipated SVCE program power supply and other costs, and generate a surplus that will contribute to operation of a financially healthy organization.

**ATTACHMENTS**

1. Resolution 2017-12, Approving Customer Generation Rates

## SILICON VALLEY CLEAN ENERGY AUTHORITY

### RESOLUTION NO. 2017-12

#### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY APPROVING CUSTOMER GENERATION RATES

**WHEREAS**, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

**WHEREAS**, at the June 8, 2016 Board Meeting, the Board adopted the policy that the Authority’s customer generation rates for the default service will be 1% lower than Pacific Gas & Electric’s generation rates in place as of January 2017; the policy allows reexamination of the rates during the first two years of operation, provided significant deviations in market prices or other extraordinary circumstances mandate an adjustment to the rates; and

**WHEREAS**, the Silicon Valley Clean Energy Authority (“Authority”) approved generation rates on January 11, 2017, to remain in effect through 2018; and

**WHEREAS**, at the November 29<sup>th</sup>, 2017 Board Meeting, the Board approved reductions to selected 2017 rates, where necessary to remain at 1% lower than PG&E’s estimated generation rates to become effective January 1, 2018.

**NOW THEREFORE**, the Board of Directors of the Silicon Valley Clean Energy Authority does hereby resolve, determine, and order as follows:

Section 1. The rate schedules as presented in Exhibit A are hereby approved.

Section 2. The rates set forth in Exhibit A shall remain in effect through December 2018.

Section 3. Customers electing the 100% renewable energy service option will pay the applicable rate for the default service option plus the renewable energy charge of \$0.00800 per KWH.

Section 4. Customers, receiving electric service at primary voltage, with a load characteristic that qualifies them for rates applicable to customers receiving electric service at secondary voltage will receive a 4% discount on their electric generation cost.

Section 5. Resolution No. 2017-01 is hereby rescinded.

**PASSED AND ADOPTED** this 29<sup>th</sup> day of November, 2017.

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Rob Rennie, Chair

**ATTEST:**

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Andrea Pizano, Board Secretary

**Attachment 1: 2018 Electric Generation Rates**

SILICON VALLEY CLEAN ENERGY  
2018 ELECTRIC GENERATION RATES  
EXHIBIT A

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	PROJECTED 2018 PG&E SURCHARGES	SVCE GREENSTART RATE WITH 2018 PG&E SURCHARGES
<u>RESIDENTIAL CUSTOMERS</u>						
E-1, EL-1, EM, EML, ES, ESL, ESR, ESRL, ET, ETL	<b>E-1</b>					
	ENERGY CHARGE (\$/KWH)	All Energy	0.06763	0.06763	0.03459	0.10222
E-6, EL-6	<b>E-6</b>					
	ENERGY CHARGE (\$/KWH)	SUMMER PEAK	0.18477	0.18477	0.03459	0.21936
		SUMMER PART-PEAK	0.08293	0.08293	0.03459	0.11752
		SUMMER OFF-PEAK	0.04136	0.04046	0.03459	0.07505
		WINTER PART-PEAK	0.06444	0.06444	0.03459	0.09903
		WINTER OFF-PEAK	0.05301	0.05275	0.03459	0.08734
EV-A, EV-B	<b>EV</b>					
	ENERGY CHARGE (\$/KWH)	SUMMER PEAK	0.19884	0.19884	0.03459	0.23343
		SUMMER PART-PEAK	0.08040	0.07897	0.03459	0.11356
		SUMMER OFF-PEAK	0.02560	0.02248	0.03459	0.05707
		WINTER PEAK	0.05566	0.05347	0.03459	0.08806
		WINTER PART-PEAK	0.02360	0.02042	0.03459	0.05501
		WINTER OFF-PEAK	0.02757	0.02452	0.03459	0.05911
E-TOU-A, EL-TOU-A	<b>E-TOU-A</b>					
	ENERGY CHARGE (\$/KWH)	SUMMER PEAK	0.15172	0.15172	0.03459	0.18631
		SUMMER OFF-PEAK	0.07689	0.07568	0.03459	0.11027
		WINTER PEAK	0.06525	0.06357	0.03459	0.09816
		WINTER OFF-PEAK	0.05109	0.04885	0.03459	0.08344
E-TOU-B, EL-TOU-B	<b>E-TOU-B</b>					
	ENERGY CHARGE (\$/KWH)	SUMMER PEAK	0.17374	0.17374	0.03459	0.20833
		SUMMER OFF-PEAK	0.07171	0.06993	0.03459	0.10452
		WINTER PEAK	0.06798	0.06605	0.03459	0.10064
		WINTER OFF-PEAK	0.04937	0.04670	0.03459	0.08129

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES
<u>COMMERCIAL, INDUSTRIAL AND GENERAL SERVICE CUSTOMERS</u>						
A-1-A	<b>A-1-A</b>					
	ENERGY CHARGE (\$/KWH)					
		SUMMER	0.09139	0.09139	0.02572	0.11711
		WINTER	0.05581	0.05581	0.02572	0.08153
A-1-B	<b>A-1-B</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.10691	0.10691	0.02572	0.13263
		PART-PEAK	0.08350	0.08350	0.02572	0.10922
		OFF-PEAK	0.05641	0.05641	0.02572	0.08213
		<u>WINTER</u>				
		PART-PEAK	0.08330	0.08330	0.02572	0.10902
		OFF-PEAK	0.06260	0.06260	0.02572	0.08832
A-6	<b>A-6</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.33857	0.33857	0.02572	0.36429
		PART-PEAK	0.10139	0.10139	0.02572	0.12711
		OFF-PEAK	0.04368	0.04368	0.02572	0.06940
		<u>WINTER</u>				
		PART-PEAK	0.06889	0.06889	0.02572	0.09461
		OFF-PEAK	0.05157	0.05157	0.02572	0.07729
A-10-A	<b>A-10-A</b>					
	ENERGY CHARGE (\$/KWH)					
		SUMMER	0.08066	0.08066	0.02611	0.10677
		WINTER	0.05653	0.05653	0.02611	0.08264
	DEMAND CHARGE (\$/KW)					
		SUMMER MAX	4.84	4.84		4.84000

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES
A-10-B	<b>A-10-B</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.13491	0.13491	0.02611	0.16102
		PART-PEAK	0.08033	0.08033	0.02611	0.10644
		OFF-PEAK	0.05254	0.05254	0.02611	0.07865
		<u>WINTER</u>				
		PART-PEAK	0.06454	0.06454	0.02611	0.09065
		OFF-PEAK	0.04765	0.04765	0.02611	0.07376
	DEMAND CHARGE (\$/KW)					
		SUMMER MAX	4.84	4.84		4.84000
E-19-S, V	<b>E-19-S</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.10473	0.10473	0.02203	0.12676
		PART-PEAK	0.06463	0.06463	0.02203	0.08666
		OFF-PEAK	0.03808	0.03808	0.02203	0.06011
		<u>WINTER</u>				
		PART-PEAK	0.05915	0.05915	0.02203	0.08118
		OFF-PEAK	0.04467	0.04467	0.02203	0.06670
	DEMAND CHARGE (\$/KW)					
		<u>SUMMER</u>				
		PEAK	12.50	12.50		12.50000
		PART-PEAK	3.09	3.09		3.09000
E-19-P, V	<b>E-19-P</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.09569	0.09569	0.02203	0.11772
		PART-PEAK	0.05769	0.05769	0.02203	0.07972
		OFF-PEAK	0.03327	0.03327	0.02203	0.05530
		<u>WINTER</u>				
		PART-PEAK	0.05256	0.05256	0.02203	0.07459
		OFF-PEAK	0.03930	0.03930	0.02203	0.06133
	DEMAND CHARGE (\$/KW)					
		<u>SUMMER</u>				
		PEAK	11.18	11.18		11.18000
		PART-PEAK	2.72	2.72		2.72000

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES
E-19-T, V	<b>E-19-T</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.05999	0.05999	0.02203	0.08202
		PART-PEAK	0.04750	0.04750	0.02203	0.06953
		OFF-PEAK	0.03100	0.03100	0.02203	0.05303
		<u>WINTER</u>				
		PART-PEAK	0.04947	0.04947	0.02203	0.07150
		OFF-PEAK	0.03679	0.03679	0.02203	0.05882
	DEMAND CHARGE (\$/KW)					
		<u>SUMMER</u>				
		PEAK	12.30	12.30		12.30000
		PART-PEAK	3.08	3.08		3.08000
E-19-R-S, V-R-S	<b>E-19-R-S</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.24256	0.24256	0.02203	0.26459
		PART-PEAK	0.09680	0.09680	0.02203	0.11883
		OFF-PEAK	0.03808	0.03808	0.02203	0.06011
		<u>WINTER</u>				
		PART-PEAK	0.05915	0.05915	0.02203	0.08118
		OFF-PEAK	0.04467	0.04467	0.02203	0.06670
E-19-R-P, V-R-P	<b>E-19-R-P</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.22787	0.22787	0.02203	0.24990
		PART-PEAK	0.08775	0.08775	0.02203	0.10978
		OFF-PEAK	0.03327	0.03327	0.02203	0.05530
		<u>WINTER</u>				
		PART-PEAK	0.05256	0.05256	0.02203	0.07459
		OFF-PEAK	0.03930	0.03930	0.02203	0.06133

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES
E-19-R-T, V-R-T	<b>E-19-R-T</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.22700	0.22700	0.02203	0.24903
		PART-PEAK	0.08436	0.08436	0.02203	0.10639
		OFF-PEAK	0.03100	0.03100	0.02203	0.05303
		<u>WINTER</u>				
		PART-PEAK	0.04947	0.04947	0.02203	0.07150
		OFF-PEAK	0.03679	0.03679	0.02203	0.05882
E-20-S	<b>E-20-S</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.09680	0.09680	0.02118	0.11798
		PART-PEAK	0.06032	0.06032	0.02118	0.08150
		OFF-PEAK	0.03527	0.03527	0.02118	0.05645
		<u>WINTER</u>				
		PART-PEAK	0.05503	0.05503	0.02118	0.07621
		OFF-PEAK	0.04145	0.04145	0.02118	0.06263
	DEMAND CHARGE (\$/KW)					
		<u>SUMMER</u>				
		PEAK	12.12	12.12		12.12000
		PART-PEAK	2.99	2.99		2.99000
E-20-P	<b>E-20-P</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.10074	0.10074	0.01978	0.12052
		PART-PEAK	0.06052	0.06052	0.01978	0.08030
		OFF-PEAK	0.03579	0.03579	0.01978	0.05557
		<u>WINTER</u>				
		PART-PEAK	0.05523	0.05523	0.01978	0.07501
		OFF-PEAK	0.04187	0.04187	0.01978	0.06165
	DEMAND CHARGE (\$/KW)					
		<u>SUMMER</u>				
		PEAK	13.31	13.31		13.31000
		PART-PEAK	3.15	3.15		3.15000

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES
E-20-T	<b>E-20-T</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.06134	0.06134	0.01818	0.07952
		PART-PEAK	0.04923	0.04923	0.01818	0.06741
		OFF-PEAK	0.03320	0.03320	0.01818	0.05138
		<u>WINTER</u>				
		PART-PEAK	0.05113	0.05113	0.01818	0.06931
		OFF-PEAK	0.03883	0.03883	0.01818	0.05701
	DEMAND CHARGE (\$/KW)					
		<u>SUMMER</u>				
		PEAK	15.73	15.73		15.73000
		PART-PEAK	3.75	3.75		3.75000
E-20-R-S	<b>E-20-R-S</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.21961	0.21961	0.02118	0.24079
		PART-PEAK	0.09046	0.09046	0.02118	0.11164
		OFF-PEAK	0.03527	0.03527	0.02118	0.05645
		<u>WINTER</u>				
		PART-PEAK	0.05503	0.05503	0.02118	0.07621
		OFF-PEAK	0.04145	0.04145	0.02118	0.06263
E-20-R-P	<b>E-20-R-P</b>					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.23762	0.23762	0.01978	0.25740
		PART-PEAK	0.09008	0.09008	0.01978	0.10986
		OFF-PEAK	0.03579	0.03579	0.01978	0.05557
		<u>WINTER</u>				
		PART-PEAK	0.05523	0.05523	0.01978	0.07501
		OFF-PEAK	0.04187	0.04187	0.01978	0.06165

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES
E-20-R-T	E-20-R-T					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.23020	0.23020	0.01818	0.24838
		PART-PEAK	0.08486	0.08486	0.01818	0.10304
		OFF-PEAK	0.03320	0.03320	0.01818	0.05138
		<u>WINTER</u>				
		PART-PEAK	0.05113	0.05113	0.01818	0.06931
		OFF-PEAK	0.03883	0.03883	0.01818	0.05701
<u>AGRICULTURAL CUSTOMERS</u>						
AG-1-A	AG-1-A					
	ENERGY CHARGE (\$/KWH)					
		SUMMER	0.07647	0.07647	0.02556	0.10203
		WINTER	0.05700	0.05700	0.02556	0.08256
	CONNECTED LOAD (\$/HP)					
		SUMMER MAX	1.35	1.35		1.35000
AG-1-B	AG-1-B					
	ENERGY CHARGE (\$/KWH)					
		SUMMER	0.07940	0.07940	0.02556	0.10496
		WINTER	0.05707	0.05707	0.02556	0.08263
	DEMAND CHARGE (\$/KW)					
		SUMMER MAX	2.02	2.02		2.02000
AG-RA	AG-RA					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.24282	0.24282	0.02556	0.26838
		OFF-PEAK	0.04480	0.04480	0.02556	0.07036
		<u>WINTER</u>				
		PART-PEAK	0.05186	0.05186	0.02556	0.07742
		OFF-PEAK	0.04089	0.04077	0.02556	0.06633
	CONNECTED LOAD (\$/HP)					
		SUMMER	1.30	1.30		1.30000

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES
AG-RB	AG-RB					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.21716	0.21716	0.02556	0.24272
		OFF-PEAK	0.04431	0.04431	0.02556	0.06987
		<u>WINTER</u>				
		PART-PEAK	0.03884	0.03860	0.02556	0.06416
		OFF-PEAK	0.02984	0.02909	0.02556	0.05465
	DEMAND CHARGE (\$/KW)					
		<u>SUMMER</u>				
		MAX	1.92	1.92		1.92000
		PEAK	2.16	2.16		2.16000
AG-VA	AG-VA					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.20972	0.20972	0.02556	0.23528
		OFF-PEAK	0.04211	0.04206	0.02556	0.06762
		<u>WINTER</u>				
		PART-PEAK	0.05035	0.05035	0.02556	0.07591
		OFF-PEAK	0.03961	0.03942	0.02556	0.06498
	CONNECTED LOAD (\$/HP)					
		SUMMER	1.36	1.36		1.36000
AG-VB	AG-VB					
	ENERGY CHARGE (\$/KWH)					
		<u>SUMMER</u>				
		PEAK	0.19199	0.19199	0.02556	0.21755
		OFF-PEAK	0.04251	0.04248	0.02556	0.06804
		<u>WINTER</u>				
		PART-PEAK	0.03906	0.03884	0.02556	0.06440
		OFF-PEAK	0.03002	0.02928	0.02556	0.05484
	DEMAND CHARGE (\$/KW)					
		<u>SUMMER</u>				
		MAX	1.76	1.76		1.76000
		PEAK	2.27	2.27		2.27000

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES	
AG-4-A, AG-4-D	<b>AG-4-A</b>	ENERGY CHARGE (\$/KWH)					
			<u>SUMMER</u>				
			PEAK	0.13547	0.13547	0.02556	0.16103
			OFF-PEAK	0.04606	0.04606	0.02556	0.07162
			<u>WINTER</u>				
			PART-PEAK	0.05012	0.05012	0.02556	0.07568
			OFF-PEAK	0.03947	<u>0.03927</u>	0.02556	0.06483
		CONNECTED LOAD (\$/HP)					
			SUMMER	1.34	1.34		1.34000
		AG-4-B, AG-4-E	<b>AG-4-B</b>	ENERGY CHARGE (\$/KWH)			
	<u>SUMMER</u>						
	PEAK			0.09863	0.09863	0.02556	0.12419
	OFF-PEAK			0.04807	0.04807	0.02556	0.07363
	<u>WINTER</u>						
	PART-PEAK			0.04633	0.04633	0.02556	0.07189
	OFF-PEAK			0.03616	<u>0.03578</u>	0.02556	0.06134
DEMAND CHARGE (\$/KW)							
	<u>SUMMER</u>						
	MAX			2.37	2.37		2.37000
	PEAK	2.51	2.51		2.51000		
AG-4-C, AG-4-F	<b>AG-4-C</b>	ENERGY CHARGE (\$/KWH)					
			<u>SUMMER</u>				
			PEAK	0.11608	0.11608	0.02556	0.14164
			PART-PEAK	0.05623	0.05623	0.02556	0.08179
			OFF-PEAK	0.03448	<u>0.03400</u>	0.02556	0.05956
			<u>WINTER</u>				
			PART-PEAK	0.04066	<u>0.04053</u>	0.02556	0.06609
			OFF-PEAK	0.03131	<u>0.03066</u>	0.02556	0.05622
		DEMAND CHARGE (\$/KW)					
			<u>SUMMER</u>				
	PEAK	5.79	5.79		5.79000		
	PART-PEAK	0.99	0.99		0.99000		

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES							
AG-5-A, AG-5-D	<b>AG-5-A</b>	ENERGY CHARGE (\$/KWH)	<u>SUMMER</u>				0.02556	0.15094					
			PEAK	0.12538	0.12538	0.02556							
			OFF-PEAK	0.05093	0.05093	0.02556							
			<u>WINTER</u>						0.02556	0.07994			
			PART-PEAK	0.05438	0.05438	0.02556							
			OFF-PEAK	0.04316	0.04316	0.02556							
			CONNECTED LOAD (\$/HP)	<u>SUMMER</u>							0.02556	0.06872	
					3.66	3.66							
			AG-5-B, AG-5-E	<b>AG-5-B</b>	ENERGY CHARGE (\$/KWH)	<u>SUMMER</u>					0.02556	0.14752	
PEAK	0.12196	0.12196				0.02556							
OFF-PEAK	0.02649	0.02555				0.02556							
<u>WINTER</u>						0.02556	0.07195						
PART-PEAK	0.04639	0.04639						0.02556					
OFF-PEAK	0.01826	0.01685						0.02556					
DEMAND CHARGE (\$/KW)	<u>SUMMER</u>							0.02556	0.04241				
	MAX	4.41								4.41			
	PEAK	5.51								5.51			
AG-5-C, AG-5-F	<b>AG-5-C</b>	ENERGY CHARGE (\$/KWH)						<u>SUMMER</u>					0.02556
			PEAK	0.09670	0.09670			0.02556					
			PART-PEAK	0.04660	0.04660			0.02556					
			OFF-PEAK	0.02795	0.02709			0.02556					
			<u>WINTER</u>				0.02556	0.05855					
			PART-PEAK	0.03354	0.03299	0.02556							
			OFF-PEAK	0.02506	0.02404	0.02556							
			DEMAND CHARGE (\$/KW)	<u>SUMMER</u>					0.02556	0.04960			
				PEAK	10.18	10.18							
				PART-PEAK	1.91	1.91							

PG&E EQUIVALENT SCHEDULE	SVCE RATE SCHEDULE	UNIT/PERIOD	SVCE 2017 GREENSTART RATE	SVCE 2018 GREENSTART RATE	2018 PG&E SURCHARGES	RATE WITH 2018 PG&E SURCHARGES
<u>STREET AND OUTDOOR LIGHTING</u>						
LS-1, LS-2, LS-3, OL-1	<b>SL</b>					
	ENERGY CHARGE (\$/KWH)		0.07429	0.07429	0.00663	0.08092
TC-1	<b>TC-1</b>					
	ENERGY CHARGE (\$/KWH)		0.06327	0.06327	0.02572	0.08899

100% RENEWABLE ENERGY OPTION

Customers electing the 100% renewable energy service option will pay the applicable rate for the default service option plus the 100% Renewable Energy Charge.

ENERGY CHARGE (\$/KWH)	0.00800
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Voltage Discount

For rate schedules not segregated by service voltage, each component of the standard rate shall be discounted for primary or higher service voltage.



### Staff Report – Item 3

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 3: Adopt Resolution Authorizing the City of Milpitas to be a Member of the Authority, Determining the Initial Voting Shares for this New Member, and Revising Exhibit D to the Joint Powers Agreement to Add These New Voting Shares**

Date: 11/29/2017

#### **RECOMMENDATION**

Adopt Resolution 2017-13 authorizing the City of Milpitas to be a member of the Authority, determining the initial voting shares for this new member, and amending the Silicon Valley Clean Energy (SVCE) Joint Powers Agreement (JPA) to add these new voting shares.

#### **BACKGROUND**

The City of Milpitas City Council voted unanimously to join SVCE at their City Council meeting on November 7, 2017. The Milpitas City Council adopted two resolutions authorizing the City of Milpitas membership, approving the JPA agreement that established SVCE, and introduced an ordinance authorizing the implementation of a Community Choice Aggregation Program.

#### **ANALYSIS & DISCUSSION**

The addition of the City of Milpitas as a Member Agency is a win-win for both the City of Milpitas and SVCE. Based on projected electric load, the City of Milpitas will reduce greenhouse gas (GHG) emissions by approximately 115,000 Metric Tons (MT) of CO<sub>2</sub>e annually. This amount exceeds their 2020 Cap and Trade (CAP) GHG reduction goals and saves the community approximately \$640,000 in their electric bills based on current rates. This represents another significant amount of CO<sub>2</sub> reduction in our region.

The addition of the City of Milpitas also adds approximately 25,000 residential and commercial accounts to SVCE with additional electric load of approximately 640 Gigawatt-hours (GWh) or an 18% increase in SVCE's current load.

#### **Fiscal Impact**

The City of Milpitas has a large commercial and industrial sector that will result in significant financial impact to SVCE. See Attachment 2 of this report for the impact to the FY 2017-18 adopted budget. The table below summarizes the highlights:

**Agenda Item: 3****Agenda Date: 11/29/2017**

<u>\$ in thousands</u>	<b>Impact to the FY 2017-18 Adopted Budget</b>
Increase in Revenues	\$19,326
Increase in Power Supply/Billing	(12,482)
Increase in Operating Costs	(95)
Increase in Programs	(386)
<b>Net Margin</b>	<b><u>\$6,363</u></b>

Assuming an online month of May 2018, there will be a positive impact to revenues of \$19.3 million partially offset by increased power supply and billing costs, one-time operating costs including \$30,000 for notifications, \$50,000 for professional services such as the filing of the implementation plan and an additional \$15,000 to support community outreach and other general and administrative costs resulting in an overall increase to net margin of \$6.4 million. The incremental revenues also result in an increase to the programs budget of \$0.4 million.

**Timeline**

The proposed timeline is to have the City of Milpitas online May 2018 as part of one phase-in only.

- The City of Milpitas completes and submits Pacific Gas & Electric (PG&E) form 79-1030 "Declaration of Mayor or Chief County Administrative Officer regarding investigation, pursuit or implementation of Community Choice Aggregation" – **Complete**
- The City of Milpitas passes a resolution for a request to join SVCE – **Complete**
- The City of Milpitas approves and executes the SVCE JPA Agreement – **Complete**
- The City of Milpitas passes ordinance to implement a CCA program within its jurisdiction by and through participation in SVCE – pending acceptance by SVCE's Board of Directors – **Complete**
- The City of Milpitas holds a second reading of ordinance to authorize implementation of a Community Choice Aggregation Program – **November 21, 2017**
- SVCE Board of Directors approves membership request – **November 29, 2017**
- The City of Milpitas Representatives are sworn in at Board of Directors meeting – **January or February 2018**
- SVCE prepares and submits revised implementation plan to the CPUC – **March 2018 (maximum 90 day process)**
- Notification process to Milpitas customers – **March – May 2018**
- The City of Milpitas customers receive carbon free energy from SVCE – **May 2018**

**Community Engagement and Customer Noticing**

SVCE will work with the City of Milpitas staff to develop an outreach plan that is customized for the community. Initial outreach will begin on December 12, 2017 where SVCE staff will present at the Home Energy Upgrade workshop. In January 2018, SVCE staff will begin contacting community groups to set up presentations.

By law, every customer being enrolled into the CCE program must receive a minimum of four written notifications, twice before and twice after being enrolled. The direct mail campaign will also be paired with additional outreach strategies that SVCE utilized throughout our previous launch. This includes social media, collateral distribution, town hall meetings, traditional advertising, and presence at farmers markets, festivals, etc.

**Agenda Item: 3****Agenda Date: 11/29/2017****Voting Shares**

Exhibit D of the JPA displays the current voting shares of the Member Agencies. The table below displays the proposed change to the voting share allocations with the addition of the City of Milpitas based on 2016 energy usage data:

<u>Party</u>	<u>kWh (2016)</u>	<u>Voting Shares Section 4.9.2</u>
Campbell	206,632,307	4.7%
Cupertino	234,914,343	5.3%
Gilroy	284,334,863	6.4%
Los Altos	132,365,808	3.0%
Los Altos Hills	43,543,838	1.0%
Los Gatos	207,102,990	4.7%
Milpitas	675,209,553	15.3%
Monte Sereno	16,339,961	0.4%
Morgan Hill	211,478,618	4.8%
Mountain View	597,856,147	13.6%
Santa Clara County	380,323,888	8.6%
Saratoga	122,099,904	2.8%
Sunnyvale	<u>1,297,588,283</u>	<u>29.4%</u>
<b>Total</b>	<b><u>4,409,790,503</u></b>	<b><u>100.0%</u></b>

**ATTACHMENTS**

1. Resolution 2017-13, Authorizing the City of Milpitas to be a Member of the Authority, Determining the Initial Voting Shares for this New Member, and Revising Exhibit D to the Joint Powers Agreement to Add These New Voting Shares
2. City of Milpitas Impact to the FY 2017-18 Adopted Budget

## RESOLUTION NO. 2017-13

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY AUTHORIZING THE CITY OF MILPITAS TO BE A MEMBER OF THE AUTHORITY, DETERMINING THE INITIAL VOTING SHARES FOR THIS NEW MEMBER, AND REVISING EXHIBIT D TO THE JOINT POWERS AGREEMENT TO ADD THESE NEW VOTING SHARES**

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016 pursuant to its Joint Powers Agreement (“Agreement”) to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, Section 3.1 of the Agreement provides that incorporated cities and counties, in addition to the initial participants, may by resolution of its governing body request membership in the Authority;

WHEREAS, Section 3.1 further provides that the Board of Directors may approve the request for membership upon a two-thirds affirmative vote of the entire Board subject to any conditions that the Board considers appropriate;

WHEREAS, the City of Milpitas has adopted a resolution requesting membership in the Authority, a Community Choice Aggregation ordinance required by Public Utilities Code Section 366.2(c)(12), and a resolution authorizing the execution of the Agreement upon approval of its request for membership by the Authority Board of Directors; and

WHEREAS, the Authority’s staff has evaluated the request by the City of Milpitas to become a member of the Authority and recommends approval of this request as serving the interests of the Authority.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. The City of Milpitas is hereby authorized to become a party to the Agreement and a member of the Authority subject to the following conditions:

- (a) The Community Choice Aggregation ordinance adopted by the City of Milpitas becoming effective.
- (b) The execution of the Agreement by the duly authorized official of the City of Milpitas.

The City of Milpitas shall become a member of the Authority upon the satisfaction of the above two conditions.

Section 2. The initial voting shares for the City of Milpitas as determined pursuant to Section 4.9.3 of the Agreement shall be 15.3%. Exhibit D to the Agreement shall be revised to insert the above initial voting share for the City of Milpitas.

**ADOPTED AND APPROVED this 29th day of November, 2017.**

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Chair

**ATTEST:**

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Clerk

**SILICON VALLEY CLEAN ENERGY**  
**CITY OF MILPITAS IMPACT TO FY 2017-18 ADOPTED BUDGET**  
 (\$ in thousands)

Line	DESCRIPTION	FY 2017-18 ADOPTED BUDGET	FY 2017-18 BUDGET WITH MILPITAS	VARIANCE	
				\$	%
<b>REVENUES</b>					
1	Energy Sales	239,015	258,321	19,306	8%
2	Green Prime Premium	443	463	20	5%
3	Investment Income	200	200	-	0%
4	<b>TOTAL REVENUES</b>	<b><u>\$239,658</u></b>	<b><u>\$258,984</u></b>	<b><u>\$19,326</u></b>	<b><u>8.1%</u></b>
<b>EXPENSES</b>					
5	Power Supply	181,368	193,658	(12,289)	-6.8%
6	Data Management	3,115	3,252	(137)	-4.4%
7	PG&E Fees	1,218	1,273	(55)	-4.5%
8	Employment Expenses	4,187	4,187	-	0.0%
9	Professional Services	1,325	1,375	(50)	-3.8%
10	Marketing & Promotions	295	305	(10)	-3.4%
11	Notifications	100	130	(30)	-30.0%
12	Lease	315	315	-	0.0%
13	General & Administrative	251	256	(5)	-2.0%
14	<b>TOTAL EXPENSES</b>	<b><u>\$192,174</u></b>	<b><u>\$204,751</u></b>	<b><u>-\$12,577</u></b>	<b><u>-6.5%</u></b>
15	<b>TOTAL EXPENSES W/O POWER SUPPLY</b>	<b><u>\$10,806</u></b>	<b><u>\$11,094</u></b>	<b><u>-\$287</u></b>	<b><u>-2.7%</u></b>
<b>ENERGY PROGRAMS</b>					
16	Various Programs	4,780	5,166	(386)	
17	<b>TOTAL ENERGY PROGRAMS</b>	<b><u>\$4,780</u></b>	<b><u>\$5,166</u></b>	<b><u>-\$386</u></b>	<b><u>-8.1%</u></b>
<b>CAPITAL INVESTMENT</b>					
18	Facility Equipment	50	50	-	

20	<b>TOTAL CAPITAL INVESTMENT</b>	<b><u>\$50</u></b>	<b><u>\$50</u></b>	<b><u>\$0</u></b>	<b><u>0.0%</u></b>
	<b>DEBT SERVICE</b>				
21	Financing	-	-	-	
22	Interest	33	33	-	
23	Principal	<u>2,730</u>	<u>2,730</u>	<u>-</u>	
24	<b>TOTAL DEBT SERVICE</b>	<b><u>\$2,763</u></b>	<b><u>\$2,763</u></b>	<b><u>\$0</u></b>	<b><u>0.0%</u></b>
	<b>CASH INFLOWS/(OUTFLOWS)</b>				
25	CPUC Deposit	<u>-</u>	<u>-</u>	<u>-</u>	
26	<b>TOTAL CASH INFLOWS/(OUTFLOWS)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0.0%</u></b>
	<b>FUND BALANCE</b>				
27	Net Increase / (Decrease)	39,890	46,254	6,363	
28	Beginning Balance Oct 1	<u>(991)</u>	<u>(991)</u>	<u>-</u>	
29	<b>ENDING BALANCE AT SEPT 30</b>	<b><u>\$38,899</u></b>	<b><u>\$45,263</u></b>	<b><u>\$6,363</u></b>	<b><u>16.4%</u></b>



**Staff Report – Item 4**

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 4: Authorize CEO to Retire Member Agency Loan and Revolving Line of Credit**

Date: 11/29/2017

**RECOMMENDATION**

Authorize the CEO to retire the Revolving Line of Credit in December 2017 and pay back the \$2.7 million Member Agency loan.

**BACKGROUND**

**Member Agency Loan**

As part of the Joint Powers Agreement (JPA), the Member Agencies agreed to the initial funding of working capital of Silicon Valley Clean Energy (SVCE). The table below displays the contribution by each Agency:

**INITIAL FUNDING COSTS**

<b>Party</b>	<b>Phase 1</b>	<b>Phase 2</b>
Campbell		\$100,000
Cupertino	\$170,000	\$350,000
Gilroy		\$100,000
Los Altos		\$100,000
Los Altos Hills		\$25,000
Los Gatos		\$100,000
Monte Serano		\$25,000
Morgan Hill		\$100,000
Mountain View	\$170,000	\$350,000
Santa Clara County (Unincorporated)	\$170,000	\$350,000
Saratoga		\$100,000
Sunnyvale	\$170,000	\$350,000
<b>TOTAL</b>	<b><u>\$680,000</u></b>	<b><u>\$2,050,000</u></b>

SVCE has four years from the effective date of the JPA, or March 2020, to pay back the loan.

**Lines of Credit**

In December 2016, SVCE engaged in a credit agreement with River City Bank to obtain a \$2 million Non-Revolution Line of Credit and an \$18 million Revolving Line of Credit. The agreement expires at the end of 2017.

*Non-Revolution Line of Credit (NRLOC)*

**Agenda Item: 4****Agenda Date: 11/29/2017**

The purpose of the NRLOC was to provide working capital during the pre-revenue collection phase. SVCE received advances of \$1.5 million against the NRLOC and repaid the balance in August 2017. There is still \$0.5 million of available balance, but there is no need to draw against that nor is SVCE paying interest. The NRLOC will expire in December and no action is required.

*Revolving Line of Credit (RLOC)*

The purpose of the RLOC was to provide working capital to fund: 1) power purchases during seasonal differences in cash flow and 2) reserves as needed to support Power Purchase Agreements. SVCE made two advances against the RLOC in December 2016:

- \$1 million to fund the lockbox account as required by our power suppliers
- \$1.9 million to fund a debt service fund

Due to the timing of the power supply payments and the compressed phase-in schedules, no other advances are required.

When the RLOC expires, any outstanding balances will be converted to a term loan.

**ANALYSIS & DISCUSSION**

SVCE has become financially stable since operations began April 2017 and is in position to pay down any outstanding debt. The following table displays the forecasted unrestricted cash balance for the remaining portion of the fiscal year:

	<b>Cash Forecast</b>									
	<b>Remaining Fiscal Year 2017-18 (Does not include impact from Milpitas)</b>									
	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
Revenues	23,095	18,312	17,439	17,012	16,099	15,551	18,178	23,227	25,323	25,872
Power Supply	(15,908)	(15,833)	(16,333)	(15,308)	(14,287)	(13,575)	(13,937)	(14,171)	(15,123)	(15,466)
Operating	(1,300)	(1,289)	(1,290)	(1,290)	(1,269)	(1,269)	(1,514)	(1,269)	(1,269)	(1,269)
Other	<u>3,100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net</b>	<b><u>\$8,987</u></b>	<b><u>\$1,191</u></b>	<b><u>-\$185</u></b>	<b><u>\$414</u></b>	<b><u>\$543</u></b>	<b><u>\$707</u></b>	<b><u>\$2,727</u></b>	<b><u>\$7,787</u></b>	<b><u>\$8,931</u></b>	<b><u>\$9,136</u></b>
<b>Cash Balance</b>	<b>\$30,987</b>	<b>\$32,178</b>	<b>\$31,993</b>	<b>\$32,407</b>	<b>\$32,950</b>	<b>\$33,657</b>	<b>\$36,384</b>	<b>\$44,171</b>	<b>\$53,102</b>	<b>\$62,238</b>

SVCE will have approximately \$22 million of unrestricted cash at the end of November 2017.

Even though SVCE could convert the RLOC to a term loan and we have over three years to pay back the loan to our Member Agencies, retiring our debt will enhance political and reputational capital with regulators, ratepayers, financial institutions and power suppliers. In offering the City of Milpitas to join SVCE with no entrance fees or working capital requirements, it is also equitable that the Member Agencies are reimbursed their investment ahead of schedule.

At the November 8, 2017 Audit and Finance Committee meeting, it was recommended SVCE:

1. Retire the RLOC in December 2017, and
2. Following the retirement of the RLOC, pay back the Member Agency Loan in January 2018



## Staff Report – Item 5

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 5: Approve Customer Program Advisory Group Charter**

Date: 11/29/2017

### **RECOMMENDATION**

Approve the proposed SVCE Customer Program Advisory Committee Charter.

### **BACKGROUND**

At the Oct. 11 SVCE Board of Directors meeting, the Board directed staff to provide a defined charter for the Board to adopt for the Customer Program Advisory Group (CPAG).

### **ANALYSIS & DISCUSSION**

As the formation details of the CPAG have been finalized, and the application process is underway, staff suggests the following charter be adopted to guide the work of the advisory group.

The SVCE Customer Program Advisory Group is chartered to:

- Serve as a conduit for community input and review of prospective residential customer programs
- Prioritize and recommend candidate programs through quantitative analysis
- Consider residential customer program recommendations through qualitative analysis
- Communicate and promote Board-adopted programs

The Member Agency Working Group (MAWG) has also reviewed the proposed charter. The quantitative analysis will be utilizing the program measurement criteria and metrics established by staff and the MAWG. CPAG members will not be expected to perform the calculations; however the quantitative analysis will be an important process for CPAG members to understand. The qualitative analysis would be to consider community needs, priorities and engagement opportunities in the recommended set of programs.

**Program Budget Allocation** – During a discussion at the Nov. 7 Executive Committee meeting, it was proposed that the total program budget of \$4.8 million be allocated proportionate to the residential and customer class loads. Since the CPAG is residential only, the CPAG would consider programs within a budget of \$1.3 million (35% of \$3.8 million), which would be allocated to residential programs, with \$2.5 million (65% of \$3.8 million) allocated for commercial programs, and with \$1 million of the programs budget to be reserved to provide flexibility to address various program needs. The programs budget is \$4.8 million for this year, but the \$3.8 million referenced would be net of the \$1 million in the flexible category.



**Staff Report – Item 6**

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 6: Results of Joint Request for Offers with Monterey Bay Community Power for Long-Term Power Supply**

Date: 11/29/2017

**RECOMMENDATION**

On September 15, 2017, Silicon Valley Clean Energy (SVCE) and Monterey Bay Community Power (MBCP) issued a Joint Request for Offer (RFO) for long-term power supply. Staff from both SVCE and MBCP completed their review of all the responses with the following table summarizing the four (4) projects selected to enter into joint negotiations with the intent to execute Power Purchase Agreements (PPA):

Developer	Project Name	Source	Capacity (MW)	Storage Technology	Storage Capacity (MW)	Storage Duration	Location	Term (Years)
Recurrent Energy Development Holdings, LLC	RE Slate	Solar PV	150	Lithium Ion Battery	45	4	King City, CA	15
EDF Renewable Energy	BAR13 Solar	Solar PV	128	Lithium Ion Battery	40	4	Kern Cnty, CA	20
NRG Renew, LLC	District 5 Wind	Wind	43	N/A	N/A	N/A	Alameda Cnty, CA	15
Pattern Development	Corona	Wind	200	N/A	N/A	N/A	New Mexico	15

Developer	Project Name	Source	Generating Capacity (MW)	Storage technology	Storage Capacity (MW)	Storage Duration (Hours)	Location	Term (years)
Recurrent Energy Development Holdings, LLC	RE Slate	Solar PV	150	Lithium Ion Battery	45	4	Kings Cnty, CA	15
EDF Renewable Energy	BAR13 Solar	Solar PV	128	Lithium Ion Battery	40	4	Kern Cnty, CA	20
Pattern Development	Corona	Wind	200	n/a	n/a	n/a	New Mexico	15
NRG Renew, LLC	District 5 Wind*	Wind	43	n/a	n/a	n/a	Alameda Cnty, CA	15

\*See Note under Timeline as NRG chose NOT to submit required documents by 11/27/17 deadline.

**BACKGROUND**

In 2016, SB350 was enacted into law, requiring Load Serving Entities (LSE) to acquire a minimum of 65% of its Renewable Portfolio Standard (RPS) requirement, or a minimum of 20% of the LSE’s total load obligations, through long-term agreements (10 years or more), for delivery beginning in 2021.

SVCE’s Strategic Plan directs staff to proactively acquire carbon free resources at the lowest cost with due consideration to the reliability of the grid.

In developing an RFO for long-term power supply, both compliance of SB350 and the strategic plan were taken into consideration.

**ANALYSIS & DISCUSSION**

Staff recommended to the Board of Directors at the August 9, 2017 meeting that SVCE would be issuing an RFO for carbon free energy with storage. The goal of the RFO was to secure one or more Long-Term Power Purchase Agreements to meet the SB350 requirements, while maintaining reliability of the grid. The inclusion of storage with solar projects supports SVCE’s strategic plan of contributing to the reliability of the grid and mitigating California’s “duck curve” problem where oversupply of power occurs during the mid-day while “dirty” generation is ramped up during the evening.

Staff recommended to the Board of Directors at the September 13<sup>th</sup> meeting that SVCE would engage in a Joint RFO with MBCP. SVCE’s strategic vision and load obligations are aligned with MBCP. The benefit of a Joint RFO is to allow bids from developers with larger projects leading to preferable terms due to economies of scale. However, contracts will be issued separately with similar business terms.

On September 15, 2017, SVCE and MBCP published the RFO notice and associated documents on each website. The links below reference the RFO documents:

- [www.svcleanenergy.org/energy-procurement](http://www.svcleanenergy.org/energy-procurement)
- [www.mbcommunitypower.org/energy-procurement](http://www.mbcommunitypower.org/energy-procurement)

**RFO Response**

The table below summarizes the response to the RFO:

<b>2017 JOINT RFO RESPONSE SUMMARY</b>	
<b>No. of Responses</b>	<b>Summary of Offer Submissions</b>
87	Unique Offers
30	Developers (Offers)
59	Offers with an Added Energy Storage Facility
60	Offers with Solar Generating Facility
17	Offers with Wind Generating Facility

Proposals included the building of forty-nine (49) new projects that were in various stages of development. Most of these proposed projects would be located in California, while the others were in neighboring states and one in Canada.

The solicitation required solar developers to pair their offerings with storage capability for at least 30% of the size of the project. The solar-with-storage pricing was competitive to current solar without storage. Responses also included several offers for new wind projects, with a few that featured storage capabilities. Wind generation load profiles are a good complement to solar as wind is typically most productive in the evenings.

**Evaluation Criteria**

**Agenda Item: 6****Agenda Date: 11/29/2017**

The evaluation of all offers was based on a combination of quantitative and qualitative criteria as follows;

*Quantitative Evaluation criteria*

Contract cost was calculated based on expected energy generation times the offered price. Contract benefit was evaluated based on market forward prices, various quantity scenarios, the value of capacity, and the value of energy storage. A Net Cost value was determined by subtracting the contract benefit from the contract cost.

*Qualitative Evaluation criteria*

- Project Viability
- Project Status regarding Permits, Site Control, and Equipment
- Technology Viability
- Participant Experience
- Modifications to Form Agreement
- Project location, i.e. proximity to SVCE service territory

**Timeline**

- November 21~~7~~, 2017 – **Deadline to submit Shortlist Acceptance Letters**
  - ~~3 of the 4~~the selected developers ~~were required to indicate acceptance of~~ their selection to enter into negotiations. NRG chose NOT to submit the required documents by this due date for the District 5 Wind project. This project has, therefore, been removed from consideration as part of this RFO. -SVCE & MBCP staff will re-evaluate if another project from the non-selected offers should be added to replace the volumes that District 5 Wind project would have provided.—**Complete**
- November 30, 2017 – Developers post Bid Deposit
- December 2017 to February 2018 – Negotiations
- March/April 2018 – CEO seeks authorization by the Board of Directors to execute finalized PPAs.

During the negotiation phase, several issues will be researched and discussed including the long-term financial viability of the developer, remediation to SVCE in the events of non-performance of the asset, and prevailing wage compliance by the developer.

Staff will provide progress reports to the Board of Directors throughout the process.



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**Staff Report – Item 7**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 7: Long-term Community Advisory or Oversight Committee**

Date: 11/29/2017

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**BACKGROUND**

While staff recommended the formation of the temporary, Customer Program Advisory Committee at the Sept. 13 Board of the Directors meeting, there was interest among several Directors on the formation of a long-term customer advisory or oversight committee.

At the Oct. 11 Board of Directors meeting, staff was directed to come back to the Board at the November meeting with a recommendation for next steps on forming a longer-term customer advisory function.

**ANALYSIS & DISCUSSION**

The Board discussions thus far have touched on the need to identify a purpose for a longer-term customer oversight committee. Considerations are that to determine the purpose of this group, the Board of Directors may decide to form a sub-committee, to propose a goal or charter for this long-standing committee. The Executive Committee discussion on this topic also suggested that the formation of this group is postponed until a new CEO is in place, and after several Customer Program Advisory Committee meetings have taken place.



## Staff Report – Item 9

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 9: CEO Report**

Date: 11/29/2017

### **REPORT**

#### **CPUC Workshop**

The California Public Utilities Commission held a workshop on Oct. 31 entitled “California Customer Choice: An Evaluation of Regulatory Framework Options for an Evolving Electric Market”. The discussion was focused on how CCAs and other factors influencing the market enhances or conflicts with the core principles stated below:

- Affordability: Design Rates and Charges So That Bills Are Affordable
- Decarbonization: Meet California’s Environmental and Climate Goals
- Reliability: Maintain Safety, Reliability, and Resiliency of Electricity Services

Officials from other states and the United Kingdom were invited to discuss the benefits and challenges of competitive markets. See Attachment 1 for a summary of the workshop discussions.

#### **Audit & Finance Committee**

The Audit & Finance Committee of the Board held its first meeting Nov. 8. Committee members discussed and approved the staff recommendation of the selection of an external financial auditor, and approved to recommend the retirement of the member agency loan and revolving line of credit to the Board. The Committee received a presentation on the fiscal year 2016-17 preliminary financial statements and agreed to defer the selection of a Chair and Vice Chair to the next Committee meeting scheduled for January 31, 2018. The Committee also discussed potentially altering the composition of the Audit and Finance Committee, which will be brought to the Board at the December Board meeting for discussion.

#### **Potential Conflict of Interest Assessment**

An article was published in the Desert Sun on Nov. 9 about potential conflicts of interest with our scheduling coordinator ZGlobal, and a solar developer, Regenerate Power which SVCE will be receiving power supply from beginning in 2018. We have been cooperating with this reporter since he first reached out with questions in late-September. We take the issue of conflict of interest very seriously, and have been looking into this matter since it was brought to our attention.

SVCE has commissioned Richards, Watson & Gershon, LLP firm to investigate the issue and provide a report for the Board.

#### **Decarbonization of Contracts**

An action item from the October 9, 2017 Workshop was for staff to decarbonize, or remove biomass and geothermal power, from existing power supply contracts. Staff has been working on resolving this with the following progress report:

**Agenda Item: 9****Agenda Date: 11/29/2017**

- There are 5 PCC1 (Bucket 1) Suppliers with optionality on their specified sources of power
  - 2 Suppliers have agreed to “de-carbonize” at no additional cost.
  - 1 Supplier has requested an additional \$0.60/MWh which results in incremental costs of \$0.6 million.
  - 1 Supplier informed us that although optionality exists in the contract, their intention was solar.
  - 1 Supplier has yet to be contacted.
- There are 6 PCC2 (Bucket 2) Suppliers and Staff is in the process of contacting them.

A staff report will be provided to the Board of Directors at the December meeting.

**Delinquent Accounts Report**

Beginning November 2017, delinquent electricity accounts are being returned to PG&E generation service due to non-payment. Staff is carefully selecting the customer accounts with the largest outstanding balances for the first round of service terminations.

The criteria used to determine a customer’s worthiness for removal follow:

- Customer has past due amounts older than 91 days
- Amount owed to SVCE is \$100 or greater
- Delinquent customer did not have a payment plan established with PG&E
- Customer missed two out of four previous months’ payments completely
- Size of payments made were less than the monthly amount due to PG&E for distribution charges

This methodology resulted in 19 customer accounts that will be returned to PG&E generation service.

**Low Carbon Fuel Standard Credits**

Under the California Air Resources Board (CARB) rules, electricity used to power electric vehicles in a Load Serving Entity’s (LSE) service area may be eligible to generate Low Carbon Fuel Standard Credits. The sale of these credits could potentially be a new revenue stream for SVCE that would be invested into the Program Budget if current rules are amended for CCA participation.

Staff has registered SVCE under the CARB Low Carbon Fuel Standard Reporting System as a first step in the process.

**CEO Agreements Executed**

The following agreements have been executed by the CEO, consistent with the authority delegated by the Board:

- 1) ION Translations, LLC: Agreement for translation services for a variety of collateral needs, \$20,000.
- 2) The City of Cupertino: Contract for facility rental for Board meetings, \$2,300.
- 3) The Climate Registry: Membership Agreement, \$3,000.

**ATTACHMENTS**

1. Summary of CPUC Workshop from Braun Blaising Smith Wynne, P.C.
2. Regulatory/Legislative Update, November 2017
3. Community Outreach Update, November 2017
4. Agenda Planning Document, December 2017 – May 2018

# Braun Blaising Smith Wynne, P.C.

Attorneys at Law

## California Customer Choice Informal Public Workshop

*BBSW Rough Notes*

### **I. Opening Remarks**

#### **• President Michael Picker:**

- overview of how we got here. . .
- “the CCAs seem to be picking up steam but it’s unclear how much of it is new generation vs contracted”
- Since first workshop we have built a team at the Commission with some old people and some new people, a steering Committee, we have developed and will talk today about our project design; want to make sure we frame it correctly; I don’t think we will choose a single model like Texas, who went to a retail market from the get-go; I don’t think we have the authority to make those kinds of decisions; not going to design “the utility of the future” because in many respects the legislature has done that for us; we have sort of a competitive market where they act as buyers, but they don’t own them; the reality is that they make more money off rate-based activities vs. generation; at the CPUC we have adopted our first flat-rate; we moved to time-of-use rate to address flat demand but higher peaks; we are in the discussion of a rate-redesign. As we have this conversation, it touches on 24 proceedings at the CPUC, ranging from NEM to biomass, EV and EE, IRP and RA. I can only promise that we will try to provide some kind of an unbiased assessment of the different models so that we can put that into the various proceedings, and share with other decision makers. Do these models allow or support innovation? Does it achieve decarbonization? Does it offer protection to customers? Does it provide affordability? Does it provide reliability? Is it fair to all customers and historic commitments we have made, these are all attributes that we have to address in any models we put forth for future examination. Out of the 14 different models we looked at, we picked five. We are not the only state addressing this currently; friends from the state of Nevada will be joining us today, we have worked closely with them.

#### **• Liane Randolph:**

- We have moved away from single purchasers of generation and we now have many more entities in the market serving their customers, from my proceedings, IRP/RA, that is presenting challenges that we need to be more intentional in resolving and understanding. Having this research and analysis done, having this workshop will provide us with a common set of information that the Commission can think about, the legislature can think about and market participants can think about.

# Braun Blaising Smith Wynne, P.C.

Attorneys at Law

## II. Overview of Project and Scope

### a. Alison LaBonte, *Lead Special Consultant, Executive Division*

- California's market already allows for customer choice, there are many dimensions of customer choice. First you may think of IOUs to non IOUs like CCAs, you can also think of rate options as a choice, we also have options in procuring electricity, whether we want a high renewable percentage, there are long existing projects, we also see a growing number of opportunities for investing in infrastructure for storage or behind the meter assets. The overarching policy are policies for meeting aggressive GHG reduction goals. We are in a time where regulatory framework must react to keep up with the market in California, but this is not a problem unique to California. Degree of customer choice in California is somewhat defined through statues post-energy crisis, such as statutes that allow for the creation of CCAs. We have also seen in the last decade technology advancements, i.e. new demand response programs becoming available. These are just a few of the dynamics coming out of restructuring, what we are doing now is taking a pause, taking a look at how it was set, asking, is this an optimal or even sufficient way to allow California to meet our principles:
  - Affordability: Design Rates and Charges So That Bills Are Affordable
  - Decarbonization: Meet California's Environmental and Climate Goals
  - Reliability: Maintain Safety, Reliability, and Resiliency of Electricity Services
- We are reexamining outside of statutory bounds. When we say "customer choice" we don't mean electing your poles and wires company, but speaking of the whole electric system.
- How we are going to conduct the evaluation approach; we will be learning from other markets, about their attributes and how they have set the regulatory framework to allow for customer choice. System level perspective, we have set up a [comprehensive list of questions](#) for responding to after this workshop, including but not limited to:
  1. How does this choice model ensure consumer protections?
  2. How does this choice model support development and incorporation of innovations driven by customer demand?
  3. Does this choice model ensure universal electric service?
  4. How does the choice model leverage investment necessary to finance the evolution of the electric grid?
  5. How does this choice model consider the transition of utility obligations?
  6. Does this choice model have competitively neutral rules among market participants?

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7. Can customers determine their level of participation and are they informed to participate at their desired level?
8. How does this choice model impact and benefit local communities?
  - We set these questions because we need to look at the whole picture.
  - **November 13 deadline for public comment, all information online**
  - **Next steps:** could be opening a new rulemaking, but not necessarily. What we are doing is bringing options forward to have common background knowledge so decision makers can decide next steps.
  - Draft whitepaper coming in early 2018, final whitepaper in spring 2018.
  - CCA *en banc* launched PCIA rulemaking.
  - Retail choice *en banc* in May was the precursor to this project.
  - Respondents who commented in response to that workshop were on the same page with “utilities poles/wires function should be maintained, and that utilities have important role in managing distribution function as more DERs come online”
  - Respondents differed elsewhere, some advocated for more choice, others were happy with the choice we have today
  - A number of respondents concerned about how regulators will avoid over procurement with anticipated shifting load, and whether procurement direction going forward is appropriate
  - One area to note that we did not see in the responses but that we are evaluating here is question number 7 “Can customers determine their level of participation and are they informed to participate at their desired level”

### III. **Overview of Markets Chosen For Evaluation**

*Michael Colvin, Senior Policy Analyst, Policy and Planning Division*

*Josh Huneycutt, Special Consultant, Executive Division*

- **New York: Richard Sedano, President and CEO, Regulatory Assistance Project**
  - Retail commodity choice started about the same time in NY as CA: costs are going up, environmental quality is not being improved, innovation is not happening “meh”
  - superstorm Sandy happened 5 years ago
    - effect: revealed deficiencies that we can fix
    - NY affected by “bait and switch” providers targeting vulnerable customers
  - NY REV: REV orders meant to support six objectives
  - REV generally: get economic signals right
    - Want to drive competition and innovation
    - Distribution system innovation plans, similar to DRPs, to be done every 3 years
    - Rethinking screening test for all utility investments (not just energy efficiency)

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- Reforming “net metering” to value stack approach, traditional net metering no longer available in NY, trying to address system value of resource
- Markets addressing platform, utility is a platform that enables commerce to occur, updated code of conduct to give guardrails for that purpose
- Demonstrations: integrating everything about REV process
- Performance regulation is part of REV, each utility going through rate cases
- CCA is concentrated outside northern suburbs
- REV is part of reform
- How is it going?
  - Ok so far, utilities are changing
  - Demonstrations indicate significant increase in range of customer choices
    - Curtailment
    - Generation
    - Storage
    - And some community based interest
  - EE is important for the NY system but there is disagreement about the ability of markets to deliver it, EE funding left where it is now

### Mark Pruitt, Illinois CCA Network, Former Director of IL Power Agency

- Primary drivers of restructuring in IL
  - Rate increases
  - Cross subsidization
- Primary advocates
  - Utilities / Corporate Affiliates
  - Manufacturing / Large Retail
- Primary opponents
  - Consumer advocates
- Primary messages
  - Let competition temper prices
  - **Shift risks from consumers to generators**
- Non-discriminatory delivery tariffs
  - Capacity & Transmission costs allocated on an account basis
  - Utilities are revenue-neutral relative to supply options
- Default rate options
  - Residential / Small Commercial accounts
    - Fixed rates (reset annually per IPA – the broker of last resort)
    - Hourly Energy Pricing (per day-ahead markets)
  - Medium Commercial / Industrial
    - Hourly Energy Pricing (per day-ahead markets)
  - Municipal Aggregation

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- *(VERY different than California, the municipality is a broker, allow contracts to be entered into, that's it, they are not involved long term, no backstop, this came from price, advised 63/65 to go back to municipalities)*
- Typically short term contracts, seek to 'beat' the utility Price to Compare
- Municipality is a broker for residents– not a party to the transaction
- Bad debt can be socialized via Purchase of Receivables
- Lots of money lost, choice is something that comes with consequences, that is something that is sinking in in Illinois
- **Lessons Learned**
  - There are no consumer 'savings'
    - Merely cost shifting, market timing
    - Proximity & exposure to wholesale market price patterns are the highest value
  - Generators seek to shift risk back to consumers
    - Future Energy Jobs Act (2016) provides \$2.35 billion in incentives to nuclear generation in Illinois
    - Dynegy seeking a new capacity market for central / southern Illinois
  - Legislators (not regulators) are the pivot point
    - Teaming between utilities and affiliates to move special legislation
    - 'Frequently wrong but seldom uncertain'
  - Planning horizons shrink
    - No resource planning in Illinois for over 20 years
    - 'The ISO will do it'
- Where is the Market Heading Next?
  - Market Rates
    - General parity between default rate and retail rates
    - Shift of costs to wires charges (RPS, ZES, etc.)
  - Municipal aggregation
    - Fewer aggregations over the long term
    - More focus on short-listing multiple supplier options instead of a single winner
    - More focus on community solar, services
  - Other
    - More data based services (demand response, storage, VTG, etc.)
    - Extra-utility transactions (block chain transactions amongst virtual micro-grids)
    - Rate structure shifts from kWh to kW
    - Quiet re-regulation

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- Policy recommendations:
  - Focus on ensuring transparent market price signals for consumers
  - Cost of service is not a rate class issue – it's an account issue
  - Apply costs in a manner consistent with wholesale market design
  - Consumers can only respond, so facilitate the data > information > decision process Expel (not censure) bad actors
  - Retail and wholesale market participants should be allowed to enter the market
  - Must be shown the door at the first indications of acting in bad faith
  - Maintain long-term planning at the PUC level
    - Otherwise you surrender the field to market participants

### UK: Chris King, Global Chief Policy Officer, Siemens Digital Grid

- Distribution companies operate independently, completely unbundled and regulated separately, have no interface with customers
- market structure: wholesale markets are highly competitive, retailers in-between serving the customer, since 1999 any customer can choose any supplier
- Retail choice evolution:
  - Available to all customers starting 1999
- Retailers had wide latitude in offerings
  - Over 500 tariffs in market (but no smart meters)
  - Variety of payment choices (prepayment, credit payment, debit payment)
  - Door-to-door selling
  - Metering provided as a competitive service, a lot of choices but customers didn't care
    - Customers had multiple choices
      - Meter
      - Meter operator
      - Meter data provider
    - Most consumers relied on retailer
    - Very few smart meters deployed
    - Low customer engagement even for last 15 years
      - 21% completely unaware, 36% "on standby", 28% "tuned in"
- 2008 universal smart meter rollout announced for:
  - Better energy usage feedback
  - Time-varying pricing options
  - Improved retailer switching
- 2012 Retail Market Review mandated:
  - Reduced tariff complexity
  - Default "evergreen tariff"
  - Standardized customer communications, bill comparisons, and bill formats
  - Regular updates on available tariffs
  - Prohibition on door-to-door selling
- 2016 Energy Market Investigation ordered:

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- Enhanced Price Comparison websites (how people finding out where to pick supplier as well as more transparency)
- Price cap for prepayment customers
- Added protections for small businesses

### Today:

- Dominated by “big 6” retailers, they were the incumbent retailers, the bandaid was peeled off slowly, people were able to switch retailers, but if they didn’t do anything they stayed with incumbent suppliers

### Market indicators:

- Two levels of prices, upper two lines are standard variable tariff which is the default, customers who don’t pick a tariff pick, those prices are high, because customers are not engaged, they don’t look at what other tariffs are that might be cheaper, even though they might be able to stay with same supplier and just chose a different tariff
- Retailer profits: average retail profit is very small, average retail profit 5 years ago was 1%, has crept up to 4%
- From a cost management perspective, the market is working well. On individual customer basis, some customers are paying much more than they should.
- Customer switching: pretty flat, works out to 12-13%, 1/8 customers are switching suppliers each year. Level at about 50%, two or 3 sets of reforms

### Learnings:

- Successes:
  - Many choices
  - Growing participation by innovative market entrants (number of retailers has more than doubled)
  - Cost management
- Challenges
  - Complexity
  - Bill and rate comparisons
    - Newest reforms: improving bill/rate comparisons, even though highly deregulated there are requirements about what needs to be on the bill
  - No data access standards
    - One of the key things going forward that came out of recent review is going to customers who are on standard variable tariff, commission ordered a database of those customers, so retailers could go out and get them more engaged and at least see the choices
  - Lack of consumer enthusiasm

[Texas: Darrin Pfannenstiel, President of Retail Energy Supply Association, Stream](#)

### Steps to Opening the Retail Electric Market in Texas

- Retail competition began in 2002, before that there was 3 year ramp up period.

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- 2003 report, 3 year effort to get market ready, 41 rate rulemakings, 9 cases to separate businesses; only side remaining regulated; retail arm of former monopoly
- legislature gave lots of authority to regulator to move market forward and carry out policy initiatives
- \$1.5 billion saved in market, up to ten retailers in some areas of Texas
- Munis-coops in texas:
  - Legislature left munis/co-ops alone, allowed those boards to decide if they wanted to opt in if they wanted to, but once they did they were not allowed to go back
  - There are still munis/coops in rural areas of Texas, no choice there
- Price to Beat vs. Competitive Retailer Rates (Jan 2002 – Jan 2007)
  - Price to Beat: key component to success
    - Looked at last regulated rate before market deregulated and took about 6% off that rate, if you wanted to stay you could stay, but needed to create headroom to compete
    - Policy was saying, competitors come to our state quickly, because “price to beat” set to expire in 2007
    - Competitive retailers had to offer attractive incentives to get customers to remain once price to beat expired
- System Benefit Fund: provided discount to at-risk customers (didn’t have economic power in the market); customers in a position to apply for discount, usually customers who were on food-stamps, other assistance programs. Factor multiplied by usage gave discount. Program ended in 2016. Retailers are now developing their own programs to help out these customers.

### Where are we 15 years later?

- 109 Retailers
  - 404 unique products
  - 97 solely from 100% renewable
- 92% of all customers have exercised ability to switch since 2002.
- Competitive retailers serve over 7M meters:
  - 6.1M residential customer
  - 1M commercial customers
  - 4K industrial customers
- Only 4,465 electric complaints from 09/01/14 to 08/31/16
  - Most complaints are billing disputes (“my bill is too high”)

### Retail prices

- Average lowest available residential price = 5.1¢ per kWh in September 2016.
- Average across all plans available in Texas competitive market was 9.8 ¢ per kWh.
- Rates in ERCOT have decreased since the 2002 transition to a competitive market.
- Both fixed and variable plans were much lower than nationwide average of 13.45 ¢ per kWh in July 2016 and 13.62 ¢ per kWh in July 2015.

Urge more competition in the state of California.

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## Base case: California in 2020

- California has a lot of choice today
- Anticipating that there will be a lot of load moving from one place to another, also expecting a lot of load growth because of electrification etc
- Where is California going to end up in 2020, is that where we want to be?

Choices available:

- Generation/procurement: CCA, DA, Self-Generation
- Rate Options: Green Tariff, CARE, Load Shifts
- Services: EE, DR, EV

## California in 2020

Generation/procurement:

- IRP yields more transparency in load growth and decarbonization
- RA clarity on timing and obligations

CCAs by 2020

- More customers and load shifts
- Load growth
- New contracts-focus on renewables, relatively small MW
- Resolution of bonding and PCIA issues

DA

- No new load growth or load shifts – cap at 10% remains

Self generation

- NEM 3.0 tariff will be developed
- New efforts specific for DACs
- Targeted energy storage technology

Rates

- Transition to TOU should be complete by then
- More “optional tariffs” will be proposed

Green Tariff

- Will not be fully subscribed
- Price differential declines as solar costs comes down

CARE/Economic development rates

- New enrollment and outreach methods
- New DAC community requirements

Load

- More of an accepted culture of load shifting and shedding

Services

- CPUC has done a lot of work on customer segmentation, expect more customer engagement strategies through segmentation

EE

- Business plans approved (both IOU and CCA)

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- Additional non-utility administration

### DR

- New DR providers and aggregators
- More connections with EE

### EV

- EV pilot results will be available
- New car models with longer battery storage
- Different charging profiles (e.g. quick charge vs. home/workplace charging)

### Factors for consideration

- How do customers confront trade-offs between choices?
  - Customer wants to purchase an EV and enroll in green tariff?
  - Customer wants to support local procurement and also have rooftop solar?
  - Should EE administrators target DA customers to make more “load” available under the cap?
- Decision makers will need to consider how choices interact with each other

### Randolph Questions:

- 1) TX: Is the cost going down a function of the retail choice? Or a function of the availability of lower cost generation like wind and natural gas?
  - a. A: both reasons, majority of generation is natural gas, natural gas prices have fallen, also competition on retail side because customers still go to “power to choose” website, competitive retailers have to compete with websites, apps that help you locate the best rate.
- 2) TX: How do you keep a customer happy? If you think about it, you engage with customers when your power goes out and your bill is too high?
  - a. A: we don’t have those two touch points, we have a touch point every month, retail consolidated billing, we collect charges and pay them to the utility, we have to pay the utility whether end use customer pays us or not. My company sends a weekly energy report, so we can predict what your bill might be. If you call in and you’re not happy, customer service reps can do things like gift cards to keep customers happy. Community programs, good corporate citizenship programs are done by many retailers.
- 3) IL: “There’s no cost saving just cost shifting”, talking about that concept?
  - a. Illinois: Well that is for Illinois, utility default rate for supply has come down to retail rates, our market pricing is pretty transparent so if you make long commitment your stuck with it. There is no cheaper electricity, the market changes every 5 minutes, the goal is to be not 100% wrong, as a buyer I do a lot of hedging, so I view retail choice as an instrument

**Picker Q:** High penetration of renewables changing picture, as you see higher penetration, you get lower demand but sharper peaks, how do you manage that disaggregated environment?

- NY: its unresolved in NY, NYISO has produced DER roadmap, people in NY argue about whether that is sufficient with REV vision because roadmap talks about DERs the

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ISO has controlled, others feel that they should be able to manage, forecast and never able to control DER resources. Fundamental discussion is brining ISO closer to REV vision.

- UK: customer side with expectation of smart meters is that price signals will be sent out to customers who can respond to them, there are capacity markets in UK now

**Picker:** when we get to central characteristics, do you see any efforts to plan, a vehicle to do that? That is becoming more of the focus. We are all seeing flat demand and insurgent peaks and everyone is dealing with that?

- NY: distribution utilities collaborated on one statewide unit, there should be consistency across state, the process in NY is plans are submitted and accepted and the next ones will be better, this iterative process of asking the questions like the ones you are asking will be reflected in subsequent plans, the unresolved question is how to deal with it at ISO, expectation is that there will be some seamless stories.

**Picker:** why after 10 years are people becoming more engaged consumers in UK?

- UK: ongoing reforms that regulators are doing, initially there were too many tariffs, regulator stepped in and said that each regulator can only offer 4. Issue of default tariff, at end of contract retailer could do anything. There are now certain things that have to be shown on a bill, a little bit of regulation and transparency. Part of it is public information in the market, there were price rises back in 2013 and the government made a big stink about it and it was in the news. There were campaigns encouraging people to look at choice options.

**Peterman:** Question for Mark (IL), can you speak specifically to what can go into wires charges?

- A: In Illinois, RPS was 25% by 2025 subject to a cost cap. At that time, it was deemed supplier responsibility to secure renewable energy resources (which can include credits) RECs didn't have to come from within the state, there's lots of wind generated elsewhere. Cost initially was very low, recs were 80-90 cents. Not additive but purchasing from existing resources. No move to make long term commitments. Future Energy Jobs Act passed last year, maintains 25% by 2025, converts revenue source under Illinois Power Agency, utilities must purchase from new resources in Illinois. Recognition that they didn't get it right the first time but maybe will the second time.
- NY: Cost of renewables, not on wires charge anymore in NY.

**Peterman:** whose responsibility is it to create and manage resources, was there specific legislation or PUC direction to provide information on an apples to apples basis?

- A: price comparison websites are regulated, there are levels of regulation in UK, here its regulated or not regulated.

**Commissioner Aceves:** question regarding low income programs in various jurisdictions, eliminating here would not be an option

- NY: low income consumer program assistance unchanged by REV
- IL: that type of assistance flows through program with federal funds matched by state funds which come partially from utility funds

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Attorneys at Law

- UK: priority service register, register of vulnerable customers, they have special protections, funding comes from outside of utility rates (government funding) separate funding from the government
- TX: providers not required to offer anything unless reimbursed by some sort of fund

One recommendation for CA each:

- NY: Big focus should be, whatever you do should match the outcome of the state.
- IL: Align wholesale market drivers
- UK: clear rate comparisons
- TX: not have utility offer default rate so competitive providers can come in

#### IV. Customer Perspective across US Electricity Markets

*Presenter: Chris Hendrix, Director of Markets & Compliance, Wal-Mart, Inc.*

- Walmart renewable energy goals: one day 100% supplied by renewable energy, interim goals to get to that point. Last fall, 50% renewable energy by 2025; 7 locations on CCA service. Direct Access in California.
- TX based retail energy serving 11 states, just Walmart and Sam's Club stores. Have wholesale affiliate in UK. Looking at UK market, we see Texas ERCOT as perfect market, but we recommend looking at UK market as one to transition to for California.
- **Q from Commissioner:** Why do you think UK is better model for California?
  - A: they have some RPS and capacity market back into the government, hybrid because government gets RPS and allocates, a little more control and IRP over certain aspects of the market.
  - **Peterman:** If no limits on DA. . .
  - A: Self-gen is a function of, does it make sense to do it at that location? We have stores on DA, and stores that are still regulated that both have self-gen on them.

#### V. Shark-Tank Style Discussion: Stakeholder Market Views on Potential Customer Choice Models

- **Colin Cushnie, Vice President, SCE:** BTM won't be enough; CA will need to make lots of financial commitments to develop renewable energy and storage; those necessary investments won't be supportable if customer choice means that customers don't support these costs. We should be very cautious about providing customer choice. We urge the Commission to take necessary rate reform options so that we can have a sustainable customer choice.
- **Q from Randolph:** What services should customers get from IOU?
  - Utility will provide framework where customers can shop for behind the meter options. Utilities can be system administrator and provide standards that would be needed; we believe third parties are better equipped to figure out how to leverage technologies that can be integrated and help flatten the duck curve. In front of the meter there are still competitive options.

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- **Q from Randolph:** how should the commission be thinking about natural inertia as we think about what services the utility should provide?
  - A: we're proposing a framework where utilities help facilitate competition, today we have websites where customers can see options for behind the meter.
- **Jan Pepper, CEO of PCE:** California has always been the leader in innovation; last year there were 5 CCAs, within 5 years, CCAs will be the dominant retail provider in the state. Our customers are our ratepayers and our shareholders, the question is not whether there will be CCAs, there will be CCAs, the question is how does the PUC lead California to a carbon free grid that is robust, flexible and maintained.
  - Decarbonization: Many CCAs form to reduce GHGs
  - State RPS requirements: floor for CCAs, all CCAs are exceeding state RPS goals
  - Local control: as elected, we are accessible to our constituents, we have 22 members on our board of directors, they all voted unanimously to become a part of PCE
  - PCE has signed contracts for 300 MW of new solar
  - As we go forward, traditional utility model needs to be looked at, high tech companies in Silicon Valley are finding ways

**Q:** What benefits are there from CCAs in terms of enhancing reliability?

**A:** CCAs are following the rules for reliability from ISO; having local control and being able to put together pilots, we are able to make grid in areas as reliable as we can

**Peterman Q:** I think the basis of your pitch is that there are benefits to local control and local utility services, are there any services that are better to be statewide or operate at scale?

**A:** The wires, transmission and distribution, that the utilities provide, we are not asking to take that over. Certain things are more monopoly type functions. Operation of the grid is something that makes sense.

**Matt Duesterberg, CEO of Ohm Connect:** Untapped potential of residential customers "Customers are wonderfully, beautifully dissatisfied" they don't have a customer delight aspect to them. Customer delight is not an easy thing; its not a silver bullet, there is no one thing, it's a parallelization to figure out what customers are attracted to. We will get there, but we will get there faster with market based approach that allows for competition. We are seeing a massive switch in customer behavior (smartphones, Uber/Lyft) Consumers don't understand value in controlling devices in the home. We need to put in policies to change items from being Nest to being powerplants, best way to get there is through competition.

**Picker:** What's the right place, is there a difference?

**A:** At Dataraker, utilities just wanted to know what meters were broken. We could predict which transformers would explode, utilities didn't want that information, they just wanted to know what was broken.

**Picker:** What's the best platform to support that kind of innovation?

**A:** potentially the platform doesn't matter as much as the implementation. The problem you are facing is beyond what OhmConnect cares about.

**Q for whole foods market:** How do you manage your demand as a heavy user?

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**A:** we have developed fairly advanced sub metering systems, purely based on load shedding, in conjunction we have implemented storage.

**Janice Lin, California Energy Storage Alliance (CESA):** Looking to the future, our recommendation is that whatever platform we decide, one of the key success factors is the ability to be bankable, the existence of long term contracts. Secondly, as we change to any kind of market structure, it's important to uphold previously decided policy to as not to damper investment/innovation. Barrier to storage deployment is around the ability for storage to be fairly compensated for the services it does provide.

**Q:** Can market design successfully compensate multiple attributes?

**A:** Markets need to be designed and implemented, its more in the design of how you design that market, what sorts of things you price in the market itself.

**Lisa Hagerman, DBL Partners:**

- We recognize that utilities are under constant scrutiny; recognize that data issue can be addressed through regulations. We have seen how California's world leadership has been driven by the policy initiatives; its time to continue to lead through data transparencies that will lead to more innovation and opportunities.
- Q Randolph: some markets were spurred by early high dollar investments; thinking about charges being passed through to CCAs, what is your perspective that some of those charges supporting furtherment of renewable energy that companies are able to benefit from. Do you think its important for state to support those things? Did early purchase of renewable RECs, do we have responsibility to ensure those contracts stay in place?
- A: Policies have spurred innovation that allows for investors to know there is a market and a larger eco system.
- Peterman Q: question about data and cost transparency, transparency can enable innovation, can you speak to, as an investor, where are the real opportunities? Where does the market think we are not having that transparency?
- A: To support innovation and competition. Through more data, it allows for new entrance and as we have seen time and time again, competition and innovation leads to more market entrance.

**Sean Gallagher, Solar Energy Industries Association (SEIA):** Broader challenge is who is the retail energy supplier, we are appreciating that this is framed as "customer choice" rather than who is the supplier. These are choices that utilize technologies that are available but they are enabled by rate design. Most CCAs mirror utility rates for NEM, in some cases providing additional incentives. Choices should facilitate access to utility options. Designing programs and rates right can make new technologies right and make more load flexible; challenge is to make these opportunities interesting to customers.

**Peterman Q:** One of the things I understand is having customers understand, have a consistent understanding, what are your thoughts about having the impact of that many different potential rate structure out there?

**A:** Less important how many rates are out there as what is communicated to the customer when

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the customer is trying to make a choice. Fact that one customer may be on a grandfathered rate, next customer should have decision that is easy to understand.

**Jan Smutny-Jones, Independent Energy Producers (IEP):** Wholesale power markets are the backbone of our system today, we have modernized and we are clean. California has been on the right track for awhile. There are lots of opportunities for storage and new technologies, we are a big place with big electricity needs. California, unlike a number of markets you heard from this morning has opportunity to expand wholesale market.

**Q Randolph:** Are you seeing a need for less buyers? Does that concern you at all? Do you feel there is a need for either IOUs or some other entity?

**A:** Cornerstone of our business has been dealing with primarily IOUs and some POUs and now CCAs, primarily shorter term contracts early on, no question that with RA issues, how we are going to do that is a big challenge. How you meet RA needs of CA with respect to atomizing, planning issue is a big issue. How you do planning as you get divided into smaller pieces, this is a challenging time.

**Commissioner Aceves Q:** How do you propose we deal with oversupply of gas generation?

**A:** I wouldn't argue there is an oversupply. You will see natural progress of older plants coming offline. I think there is a significant problem, because we have shifted energy markets to resources that are zero marginal costs. It's a big challenge.

**Peterman Q:** How would you convince customers that large projects have value?

**A:** Large projects are significantly cheaper. Rooftop solar with a battery is very expensive and not accessible to most people. What you are looking for is lower cost, clean electricity. We have that ability here and you might not have it elsewhere. We need to focus on what we are good at.

## **One key takeaway:**

- **Jan-Smutny Jones (IEP):** We should learn, this discussion is similar to AB 1890 discussion 21 years ago. There are multiple paths here, the challenge is to keep lights on, keep it affordable and keep the train from falling off the tracks, and that's a tall order. Tension between marginal and average cost, if you can figure out a cheaper way, I think CCA issue, some stuff at local level worked very well (long time ago) but some of it didn't.
- **Lisa (DBL):** with access to data, entrepreneurs will be able to bring new technologies and improve electricity system.
- **CESA:** Future of CA is cleaner, more affordable and more fair. My main takeaways, that future requires diversity and flexibility, storage is going to be a great tool in that larger toolkit.
- **Ohm Connect:** We would like to be able to fully extract value out of resources, like to be able to procure power across the board on the bulk system in a competitive environment Empowering customer delight: data transparency and access. All products should be accurately priced.

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- **Jan Pepper:** We are different and focused on three goals that the state has, how we are doing this is by having more transparency in data that the utilities have, but also by pushing innovation through local energy programs; increasing affordability, increasing reliability through local storage programs; rooftop solar brings local jobs and helps local economy.
- **SCE:** Is “north star” to drive down retail costs? In some cases it worked, in other cases it did not work, highly focused on reliability for all customers. What we do has to be accessible to everyone. Utilities can provide framework and structure; we will not be competing with that effort. In front of the meter, have to be careful so that grid is reliable and affordable. We don’t make money selling that power. We do want to support investment of customers, it’s our job to make sure distribution system can handle that. Whitepaper “Cleanpower and electrification pathway” discusses our vision of how to get to 2030.

**Picker:** we require utilities to collect cost through volumetric sales of electricity. Is there an advantage to many of the values that you all offer to freeing them from that so we can design tariffs that specifically call out the values you are chasing? What do you think the vehicle should be to pay for it? Did we fail to produce the basis for the things you all want by requiring utilities to capture their cost by volumetric sales of electricity?

- Ideally the model that would provide both funding to the utility to collect on the investments they are making, that that model would be tied more to needs for transmission and distribution services and billing that they provide. Not outlandish to think that a few years down the road that the view of BTM technologies, possible to see a scenario...when you start thinking of that model, it becomes even more problematic. We should be thinking about evolving that model.

**Picker:** If not a flat charge, how do you compensate value of poles and wires?

**Sean, SEIA:** Best way to incentivize customers to respond is through price signals through volumetric charge. Evolution from DG solar industry perspective, you can’t net meter 100% of customers...

**Picker:** This is a startlingly admission!

**Sean:** No its not, we provided this information to your staff. You can pay assets for value they provide

**Picker:** You do depend on the wires, how do we make that work; is volumetric the best way to do that?

**Sean:** Primarily volumetric, with maybe a moderate fixed charge.

**Picker:** Ah-ha! Moderate fixed charge....

**Smutny-Jones:** SMUD \$20 fixed charge (re NEM?), very rarely does anyone want to be an island, everyone is at least somewhat reliant on the grid, and that’s a good thing and we should keep supporting that.

**Randolph Q:** I struggle to figure out what that “north star” is? That’s not California’s perspective. What are your thoughts on how do we articulate the “North Star,” other than safety, reliability and affordability?

**A:** It’s about decarbonizing our state with safety, reliability and affordability as preconditions to get there. Utilities support a fixed charge to support equipment that holds equipment together.

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Notion of a fixed charge is not a strange thing to consumers, i.e. you might turn your TV on once a month and still pay for it the same as if you turned it on 400 times.

Customer choice we want to facilitate is the choice that gets us to GHG goals and if there are choices moving us away from our goals, is it ok to set them aside even if there is a perspective that it might help? What is supporting our goals and what is not supporting our goals. Giving customers choices where they are not helping facilitate . . .

You're a regulatory agency that is here to implement the states policy goals. A fixed charge might be one thing, might also want to look at decoupling EE from sales of kwh, maybe there's a lesson to be learned there. There is a whole stack of benefits that can be monetized to make battery storage economical, to increase reliability of grid, it's not there yet, so we need help to be able to monetize those or work with IOUs to do those. As far as freeing from volumetric charges, need to make sure that T&D costs are truly T&D costs.

**Q:** "Choice for choice's sake is not a 'north star'" Does anyone think that choice is a value even if it doesn't get us to our goals?

**Whole Foods Market, A:** By having choice we have ability to engage with investment community, storage community, and be able to optimize those investments. That innovation has the ability of meeting goals we are looking for. We need incremental investment over time. If you're looking at a slightly longer term perspective, customer choice is a means by which we can inject that innovation.

**CESA:** I don't think more choice by itself is necessarily a benefit in itself unless it is linked to the right price signals and tools for the right choices to be made. Maybe alignment should be one of those features.

**Comissioner Guzman-Aceves:** To date, most programs on storage and solar have been driven by customer self-benefit, in some territories 1/3 customers are CARE customers, 1/4 of state is DAC, one of our "north stars" is the equity goal and trying to get transition to be more equitable, Matt do you have advice for Sean, where you have penetrated CARE customers, how you can get Sean's product to be beyond 6%?

**A, OhmConnect:** There is no silver bullet, 40-50% in SCE territory is in CARE programs, that is where we have gotten the most traction. Back to Randolph pricing. Why minimize price? With solar RAM and deRAM, those prices are higher than RA, because we are preferencing DR that is clean, can we create a transparent price, does that get a certain price or a certain weight ?

We can't consider ourselves successful, CA has been a leader at least with respect to solar. Need more vibrant main market to create competition and drive prices down.

## **VI. Core Principles Panel:**

### **Environmental: Laura Wisland, Senior Energy Analyst Union of Concerned Scientists**

- We are focused on reducing fossil fuels, environmental community will judge based on:

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- Do these choices...reduce criteria air pollutants faster? Happen for cheaper? Or not inappropriately more expensive?
- We cannot let stale regulatory constructs stand in the way of innovation.
- Most important principle: don't slow decarbonization
- Resource shuffling something we need to keep our eyes on
- Will there be enough certainty to get new clean resources built? We know we need long term contracts, providers must find a way to commit to long term investments. Will new market and regulatory structure keep doors open for both small and large resources? We will need both.
- Will customer choice ensure someone is taking the long view? Markets aren't great at that. We need to continue to do long term plans, and those plans have to mean something.
- Need to continue investing in clean energy R&D and make sure that not all policies are based on what is the cheapest option
- We know how to access low cost clean resources, it's the grid management part without relying on fossil fuels that is the hard part.

### Environmental Justice: Parin Shah, Senior Strategist California Environmental Justice Alliance & Asian Pacific Environmental Network

- How are we serving low income customers? 1/3 Californians are living in poverty; in terms of reliability issues, do those customers have access to electricity. There are swaths using natural gas or propane for power. California has more than just GHG goals, we have clean air goals as well. The grid need not just be low carbon, but also low or no emission grid.
- What is our "north star" there are principles that have been adopted, we have our principles, the north star is maybe more like Orions belt. A few places we are looking at that are interrelated, in meeting those principles, whether performance based system or a set of measures, so we know we are getting to the places we care about: one is fuel cost, looking at safety, for workers, residents in the state. Labor and job impacts. There will be some impacts in terms of jobs and local economic development. Who has access to those jobs? What are the direct benefits to ratepayers. The innovation, how are we testing...for example, locational microgrids. Important that they serve vulnerable communities. Looking at putting a microgrid, how do we serve social needs and how do we have a measure for that in the rulemaking?
- California is not equal, we are a place of "haves and have nots" there are places in the state that haven't seen any of this clean energy shift. Ensuring that we continue to use Enviroscreen. State has largest income inequality of all states.
- With new actors entering in through customer choice, what are we going to ask them to do? What are the innovations, what are the changes the IOUs will need to make to be a part of the change that is happening? What will we ask of new folks coming in? Do we ask CCAs to not use natural gas to meet reliability needs? What will we ask?

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## **Labor: Marc Joseph, Adams, Broadwell, Joseph & Cardozo Attorney for CUE (the Coalition of California Utility Employees)**

- 21 years ago I was here talking about customer choice. At the time I said this model would lead to price spikes and blackouts, but the train had left the station, but we got a \$40 billion bill, blackouts and insolvent or bankrupt utilities. It was flawed from the start, lesson: be careful. So far, we are doing great, but we can't afford to screw it up again, we have to be careful.
- We can't allow reliability of distribution system to depend on unregulated company. We heard before that there will be generation available from the market. We should stick with 3 principles: affordable, safe/reliable, low carbon for everyone. 4<sup>th</sup> principle in SB 350: widespread transportation electrification, more than double of what is in the electric sector. Need a low carbon grid. TE is a space where relying on the market isn't working to get the infrastructure we need.
- 3 principles that are NOT north stars: customer choice is not a north star, most people don't pay any attention to electricity, and they shouldn't have to, it's a fundamental part of everything we do, how do we treat the things that are already happening? Remember we have one network, one grid, we are all in this together, you will have to say no, probably repeatedly. Have to say no to people, every customer cannot be a free agent, CCAs can't just buy solar without paying for integration, homeowners can't put rooftop solar without paying for T&D, we need distribution utilities to be responsible even if some companies like SolarCity won't be around tomorrow. We need to make grand effort a model for the world, we need to ignore those who are here just trying to make a buck, we are here to make three principles a reality, that is the north star.

## **Residential Customers: Matt Freedman, Staff Attorney, TURN (The Utility Reform Network)**

- I was back in DC during deregulation, there was a sense that customer choice was a win, win, win and no losers
- California deregulation should teach us that choices made by customers can have serious consequences
  - i.e. customers that chose DA were dumped back to utilities in 2001
  - i.e. lack of gas storage caused a huge problem
- achieving indifference will require unpopular decisions by all of you
- if there is a conversation about scaling customer choice to higher levels of penetration, you need to get it right
- competitive markets typically characterized by short term commitments
- even CCAs, especially in early years, have relied heavily on short term procurement
- IOUs are gold standard for long term contracting
- We know investments require long term commitments, which can only be made when there are cost recovery mechanisms or long term customers out there
- I encourage all of you to be open to new models for procurement, we have an RPS program but it's not sufficient and IRP is a work in progress

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- We need strong customer protection, uniform disclosures. Most customers want cleaner energy, but we need better standards, apples to apples comparisons available. Enforcement of consumer protections.

**Picker:**

- We are dealing with a situation that came from a lot of impulses in the legislature, new technology development, is there a way you see them that you can actually . . .
- Matt Freedman: regulators need to take strong positions that everyone will have to abide by in this market. Fear that policy makers in embracing “brave new world” of competition, using a light hand to see achievement of key policies could lead to nightmare scenario.

**Laura Wisland:** Commission has important questions to answer i.e. are new technologies safe on the grid, thinking about impact of choices on larger system reliability.

**Picker:** Three of you mentioned reliability question, do you have any models?

**Laura Wisland:** It doesn't make sense to allow a lot of entities to procure electricity but they have no responsibility to ensure reliability. There should be some responsibility with all electricity providers, I don't know to what degree. I do think there should be some responsibility.

**Picker:** we are right at the crisis point, whether CCA or ESP, they are all reporting that they are not getting bid responses, some place there are no bid responses at all, this is why I keep focusing on reliability issues, many smaller providers cannot do that, what do we do?

**Mark Joseph:** We let customers do mostly what they want to do, so long as it doesn't affect distribution or reliability. On utility side of meter, you have the authority to solve these problems (CAM) You have in statute authority under IRP, you have the tools, you just have to take what might be unpopular decisions and do it.

**Picker:** If its not renewable how do we distribute the GHGs?

**Mark Joseph:** You have the authority in statute. Take a look at (454.1?), it's there.

**Matt Freedman:** If providers are falling short, it raises question of procurement mechanisms, if they can't go long, someone might need to go long for them. Maybe third party procurement entity, the Commission is going to have to think about this, fruitful to have this conversation in RA, RPS, IRP. If Commission wants to have responsibility be shared with third parties, there must be consequences for when things go wrong. Idea (for RA): you should be thinking about creative strategies, ISO for RMR, state agencies doing procurement like DWR (for all the criticism they didn't do a bad job). If no one is able to step up and do it then you need to get someone to do it.

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CCAs bring local authority, bring renewables onto the grid, what are they also doing in terms of tangibly reducing reliance on fossil fuels. If they are coming to play then they need to “pony up” low emission not just carbon.

**Picker:** Mark Joseph did remind us that SB 350 is directing us to take market share away from petroleum industry, how do we balance that, go for early reduction of GHG or continue to chase 100% renewables knowing that won’t get us to GHG goal? How do we do that if that is disaggregated. If Oakland and Alameda go CCA, how do we use them to finance improvements in the Ports, are “other players” capable of meeting that challenge? Do we need to keep the utilities as a backstop for that purpose?

**Mark Joseph:** SB 350 did not spread out responsibility for TE amongst other players, just focused on utilities. We have a long way to go.

**Mark Joseph:** (responding to Comm. Aceves): We have done a good job of aligning environmental and labor goals in this state, positive result of people from rural communities ending up with middle class careers with the policies we have.

## **VII. Public Comment:**

Rick Brown, Terra Verde Renewable Partners:

- built \$350 million in projects either union or prevailing wage, key point I want to make is customer choice is best served by CPUC making sure that there are **accountable** competitive markets. Schools back in 2009 were entering in solar contracts, couldn’t see what was the benefit or the costs. At lot of ideas to promote better accountability, one example is around data. Need to get data out there so everyone can access it.

Woody Hastings:

- Supporting CCA; urge commission to support CCA, CCAs do play by the rules, all attributes discussed here today are fulfilled by community choice. Value of community choice is not just about generation, it’s about developing a close relationship with member jurisdictions and close relationships with customers.

East Bay Clean Power Alliance

- Only customer choice is CCA v IOU and that’s not much of a choice, choice is thrust upon and you have to opt out. Leadership in California is more drastically needed today than ever. We need to figure out ways to embrace reduction of GHG, with CCAs you have intelligent locally oriented groups of people that are focused on embracing renewable energy, local jobs, local energy creation, DERs, we are now embracing the advantages being presented by current technology and we need to encourage cooperation between IOUs and CCAs.

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## East Bay Clean Power Alliance/Berkeley Coalition:

- We are behind CCA for Alameda county; it's not an easy process, it's very deliberate, it's a false dichotomy when you talk about "customer choice" CCAs are the embodiment of customer choice; dually elected representatives of many municipalities have come together and formed JPA to create a public agency. That is substantial. Idea that customer choice goes to electric customer is false. I want to call attention to solidity and stability of community choice and how stable it is. If it's in your community, everyone will be participating and watching.

## Tom Kelly, Sequoia Foundation

- CCAs are doing an amazing job that the utilities would never have done on their own, all programs exceed utilities in terms of amount of low carbon in the mix; they also generally don't raise prices more than once a year, if at all, which gives customers a lot of confidence in rate stability; as far as reliability, I think that it's a problem that doesn't need fixing, that's a problem to work out in conjunction with CCAs and IOUs and CPUC rather than setting up what here sounded like opening up California to retail choice free market which would create far more problems, 3 cheers for CCA and I hope we can all work together to solve whatever problems come up.

## SF PUC

- We don't think that a full and accurate analysis of CCAs can be done in a vacuum, analyze in context of IOUs. This process would be better informed if we had a panel of locally elected folks who can really report what they hear from people in their community who vote for or against them about why they wanted their communities to form CCAs.

## Geneine, Placer County:

- Developing Pioneer community energy
- We want to be able to invest in local economy in meaningful ways. There is an opportunity for CCAs to develop microgrids and DR, especially if given access to data. We know our communities, who these customers are and their unique circumstances. Transparency is paramount going forward.

## Valley Clean Energy Alliance:

- One of the things I have seen is the energy literacy of decision makers has gone way up, GHG reduction, I think we are not going to meet our goals, take advantage of power in local government to meet GHG reduction goals.



SVCE Regulatory and Legislative Update  
November 2017

Regulatory Update

<p><b>PCIA Reform Rulemaking</b> (R. 17-06-026)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [On July 10<sup>th</sup>, the California Public Utilities Commission (CPUC) released an Order Instituting Rulemaking (OIR) “to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.” The OIR dismisses the investor owned utilities’ (IOUs’) PAM application, and opens a new proceeding to consider reforms to the PCIA more broadly.]</li> <li>➤ <b>On October 23, San Diego Gas and Electric (SDG&amp;E) filed a joint Meet and Confer report on behalf of IOU, CCA, and other parties in the proceeding.</b> This report was the culmination of negotiations between the IOUs and other parties about what confidential data the IOUs would release for use in this proceeding. Data on contracts and other variables are critical to the development, testing, and evaluation of both the current PCIA methodology and proposed PCIA alternatives, so this part of the process was critical to all non-IOU parties and to CCAs in particular. The Meet and Confer report compared the data the IOUs were willing to provide with the data requested by CCAs and other parties, highlighting areas of consensus as well as ongoing disagreements. <b>The next step in the proceeding will be a ruling from Administrative Law Judge (ALJ) Stephen Roscow containing a final decision about which data the IOUs will be forced to provide.</b> Once the data are released, the CalCCA PCIA working group (including SVCE staff) will begin analyzing them and working towards the March 12, 2018 deadline for testimony on proposed PCIA alternatives.</li> <li>➤ <b>The first public workshop required in this proceeding, “Review of Current Methodology,” took place at the California Public Utilities Commission (CPUC) on October 24<sup>th</sup>.</b> Due to the number of communities in southern California that are in the process of starting CCAs, this workshop will be repeated in Los Angeles on December 5<sup>th</sup> and San Diego on December 6<sup>th</sup>. The second workshop, “Data-Based Discussion of Cost Responsibilities and Going-Forward Solutions,” was originally scheduled for mid-November but has been postponed until January 2018. The postponement was designed to create a more productive discussion by giving parties time to receive and process the data before the workshop.</li> </ul>
<p><b>Integrated Resource Planning</b> (R. 16-02-007)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [On September 19<sup>th</sup>, the CPUC released the Proposed Reference System Plan (RSP). The RSP is a statewide study that serves as a benchmark for what the Integrated Resource Plans (IRPs) of all the individual load-serving entities (LSEs) need to achieve in aggregate in order to meet California’s GHG emission reduction goals. The RSP also lays out the IRP compliance process rules, including what an LSE’s IRP must include and how it is to be filed and processed at the CPUC.]</li> <li>➤ <b>On October 26<sup>th</sup>, CalCCA filed opening comments on the RSP.</b> Key points included the need to clarify the IRP filing process to ensure that it does not infringe on CCA procurement autonomy; errors of assumption and method in the RESOLVE model used to build the RSP; the need to ensure that the IRP process does not result in new non-bypassable charges for CCA customers; and concerns with CPUC-mandated accelerated procurement of wind and solar resources in order to capture the federal ITC/PTC tax credits that expire in the early 2020s. CalCCA also filed reply comments reiterating these points and addressing problematic arguments made in other parties’ opening comments, and SVCE staff participated in two ex parte meetings with CPUC staff to discuss these matters further.</li> <li>➤ <b>The next step in this proceeding will be a proposed decision (PD) containing an updated RSP based on stakeholder comments on the draft.</b> This is expected in January 2018, and SVCE will have an opportunity for comments and reply</li> </ul>



	<p>comments on the PD before it goes to be voted on at a Commissioners’ meeting. Once the final RSP is passed by the commissioners, CCAs will need to begin developing their IRPs. IRPs are currently expected to be due in Q2 2018, but the exact date will depend on how soon the PD is released.</p>
<p><b>CCA Rulemaking</b> (R. 03-10-003)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> <i>[On July 7<sup>th</sup>, SVCE and other CCAs filed testimony through CalCCA proposing an updated methodology for calculating the Financial Security Requirement (FSR, aka bond) that new CCAs must pay as insurance against failure and dissolution. In contrast to the IOUs’ argument for including an estimated cost of emergency procurement for involuntarily returning customers, CalCCA proposes that the FSR should cover only the administrative costs of re-incorporation.]</i></li> <li>➤ <b>CalCCA was represented in evidentiary hearings on October 11<sup>th</sup> and 12<sup>th</sup> by Mark Fulmer of MRW &amp; Associates, LLC. Hearings were followed by opening and reply briefs, in which CalCCA continued to defend its proposal.</b> Parties are now awaiting a proposed decision.</li> </ul>
<p><b>Resource Adequacy</b> (R. 17-09-020)</p> <p><b>NEW!</b></p>	<ul style="list-style-type: none"> <li>➤ <b>On September 28<sup>th</sup>, the CPUC issued an Order Instituting Rulemaking (OIR) opening a new Resource Adequacy (RA) proceeding.</b> This proceeding will oversee the RA program for RA compliance years 2019 and 2020. It is the successor to R.14-10-010, a three-year proceeding that covered RA compliance years 2016, 2017, and 2018 and which was closed in June 2017. The OIR for R.17-09-020 indicates that CPUC staff are open to making structural improvements to the RA program, and asks for suggestions from stakeholders on how the program should be modified.</li> <li>➤ <b>On October 30<sup>th</sup>, SVCE and four other CCAs jointly submitted comments on the OIR.</b> The comments suggested several improvements to the RA program that could be made through the new proceeding, including: modifications to the Effective Load Carrying Capacity (ELCC) methodology used to determine the amount of RA credit renewable resources are eligible for (ie Net Qualifying Capacity, or NQC); review of available RA capacity and the opportunity for seller retention of excess volumes; earlier release of annual CAISO studies on local and system-wide RA capacity needs, giving CCAs more time to procure RA resources; and improvements to the coincidence adjustment methodology. <b>The next step will be the release of a Scoping Memo that will lay out the scope and schedule for the rest of the proceeding.</b></li> </ul>
<p><b>Diablo Canyon Closure</b> (A. 16-08-006)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> <i>[In June 2016, PG&amp;E announced its intention to retire its Diablo Canyon nuclear facility when the licenses on the facility’s two reactors expire in 2024 and 2025. PG&amp;E subsequently submitted an application to the CPUC requesting permission to procure replacement energy for the Diablo facility and pass the costs on to ratepayers. After PG&amp;E retracted part of its application due to strong criticism, evidentiary hearings were held in April on the remaining tranche 1, which covers energy efficiency and requests pre-approved cost recovery of about \$1.3 billion from ratepayers. The Joint Opponents, a coalition of thirteen parties including SVCE, CalCCA, and several other individual CCAs, participated in the hearings and filed opening and reply briefs in May and June opposing adoption of tranche 1.]</i></li> <li>➤ <b>On November 8<sup>th</sup>, the CPUC released a Proposed Decision rejecting all tranches of PG&amp;E’s proposed replacement energy procurement.</b> Among other reasons, the decision cites a lack of demonstrated need for replacement energy procurement due to increasing load departure, as well as an attempt by PG&amp;E to apply weaker cost-effectiveness standards to the replacement energy efficiency (EE) procurement proposed in tranche 1 than are otherwise required for ratepayer-funded EE projects. <b>SVCE and the Joint Opponents support the PD in its current form</b>, and on November 20<sup>th</sup> SVCE staff participated in ex parte meetings with representatives of Commissioners Peterman and Rechtschaffen to argue in favor of adopting the PD. The Joint Opponents will also be submitting comments on the PD and participating in upcoming Final Oral Arguments on November 28<sup>th</sup>.</li> </ul>



<p><b>AB 1110 Implementation</b></p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [AB 1110 (Ting, Chapter 656, Statutes of 2016) was passed in 2016 for the purpose of augmenting the information available to electricity consumers in the annually-distributed <a href="#">Power Content Label</a> (PCL). AB 1110 requires that starting in 2020, in addition to displaying power mix the PCL will include the greenhouse gas emissions intensity (in lbs CO<sub>2</sub>e/MWh) of each LSE’s portfolio (or, if it offers multiple electricity products, of each individual product). AB 1110 also directs the California Energy Commission (CEC) to develop guidelines on how to treat unbundled RECs when calculating the power mix and GHG intensity metrics. On June 27<sup>th</sup>, the CEC released its proposed implementation plan for AB 1110. The proposal contains several provisions that could threaten SVCE’s claim of being carbon-free. Most importantly, the CEC proposes that for the purposes of calculating carbon intensity, PCC2 (aka “bucket 2”) RECs would have the emissions profile of the substitute energy that firms and shapes the energy product (usually gas) rather than that of the zero-carbon resource that generates the RECs. Secondly, PCC3 (unbundled) RECs would be reported in a footnote but not included in power mix or GHG intensity calculations. MWh for which SVCE has purchased unbundled RECs would thus no longer be carbon-free.]</li> <li>➤ Outreach on these issues by CCA parties to the CEC commissioners and staff continues. <b>CEC staff are making changes to the proposal, but the release date for the updated version has now been pushed back to January 2018.</b></li> </ul>
<p><b>Tree Mortality NBC</b> (A. 16-11-005)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [In 2016, an emergency proclamation by Governor Brown and a bill passed by the legislature (SB 692) separately ordered the IOUs to procure extra energy from biomass in order to dispose of trees killed by the drought. SB 692 explicitly authorizes the IOUs to recover the above-market cost of this procurement through a new non-bypassable charge (NBC), while Governor Brown’s proclamation does not. The IOUs would like to combine the procurement costs of these two mandates and recover both through a single new NBC. On July 14<sup>th</sup>, CalCCA submitted a Motion challenging a pre-hearing conference ruling in which the Administrative Law Judge (ALJ) erroneously determined the IOUs’ proposed combined NBC to be legal and acceptable.]</li> <li>➤ <b>A workshop has been set for December 12<sup>th</sup> to discuss the topic of cost allocation in cases of policy-mandated procurement (such as this one).</b> CalCCA has been asked to give part of the presentation, and SVCE staff are helping prepare this. CPUC staff may be seeking to use this proceeding to set a precedent on how to deal with cost allocation in similar cases. This makes it extra important that this proceeding not result in any new NBCs that do not have a clear basis in statute. SVCE and CalCCA will continue to stay engaged. <b>After the workshop, the next step will be the release of a Scoping Memo laying out the scope and schedule for the rest of the proceeding.</b></li> </ul>
<p><b>Low Carbon Fuel Standard</b></p>	<ul style="list-style-type: none"> <li>➤ <b>SVCE continues to work with the other members of the Smart EV Charging Group coalition to attain LCFS credit eligibility for CCAs.</b> On October 6<sup>th</sup> the group submitted proposed regulatory language allowing CCAs to earn LCFS credits for the difference in carbon intensity between their electricity portfolios and the portfolios of the IOUs that would otherwise be serving their customers. SVCE staff are also working with staff of newer CCAs to help them join this effort.</li> </ul>
<p><b>Transportation Electrification</b> (R. 13-11-007)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [On June 16<sup>th</sup>, SVCE filed an opening brief as part of the joint CCA parties that highlights the need for IOUs to coordinate with CCAs in areas where they are implementing their Priority Review Projects (PRPs, aka proposed transportation electrification pilot projects). This was followed by a reply brief on July 10<sup>th</sup>.]</li> <li>➤ <b>No new news:</b> A Proposed Decision on the approval or rejection of the IOUs’ PRPs was expected in September but has not yet been issued.</li> </ul>



<p><b>Consumer Choice Workshop</b></p> <p><b>New!</b></p>	<p>➤ <b>On October 31<sup>st</sup>, the CPUC held an all-day workshop in Sacramento dedicated to the topic of expanding consumer choice in California’s retail electricity markets.</b> The agenda featured speakers from New York, Texas, Illinois, and the UK, all states/countries that have opened their retail markets to a greater degree than California has. The workshop also featured a “shark tank” panel in which various stakeholders from around the CA energy landscape spoke about how customer choice related to and/or affected their activities. Jan Pepper (CEO of Peninsula Clean Energy) spoke on the panel on behalf of the CCA community, and several SVCE staff were in attendance. CalCCA is also preparing post-workshop comments. <b>This workshop follows the En Banc Hearing on consumer and retail choice held in May 2017, and is the latest step in the CPUC’s guided stakeholder conversation about re-opening retail markets.</b> However, it is unlikely that any substantive action will be taken before the PCIA proceeding concludes late next year.</p>
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**Legislative Update**

Preparations for the 2018 legislative session are in full swing. CCA legislative staff convened on November 9<sup>th</sup> for a day of planning at the CalCCA Legislative Retreat. SVCE staff are also in the process of setting up pre-session meetings with state elected officials serving SVCE’s communities. Board participation in these meetings is extremely impactful, so please keep an eye out for communications regarding scheduling and availability.



## **Community Outreach Update November 2017**

### **1. Opt Outs by Reason**

When customers Opt Out of Silicon Valley Clean Energy, they are required to submit a reason for their Opt Out. These are the available selections:

- Rate/Cost concerns
- Service/Billing concerns
- Dislike being automatically enrolled
- Renewable energy reliability concerns
- Concerns about government-run power agency
- Decline to provide
- Other

The top two reasons selected are "Dislike being automatically enrolled" and "Rate/Cost concerns". Analyzing the "Other" reasons, which is the next largest selection, more than a third of the responses relate to a general support and loyalty to PG&E.

The rate or cost concerns selection continues to grow as more customers notice the Silicon Valley Clean Energy Generation Charge on their bills. Staff is continuing to focus messaging that further explains how to understand your bill, and we are developing new tools and a video to address this.

### **2. Business Outreach**

Staff was invited to attend an employee outreach event at Genentech in mid-October. Although the company is based in South San Francisco, they have many employees who live in the SVCE service area, so it was a worthwhile event.

An ongoing project is to feature business customers, in addition to residential, who would like to be featured in Community Profiles. The profiles highlight the importance and value of having clean energy for their businesses. These profiles will continue to be shared in the SVCE monthly newsletter, and soon, a dedicated webpage.

SVCE continues to engage with our local chambers of commerce and is in the process of joining some of the regional chambers such as SVO, Hispanic and Rainbow chambers.

### **3. Enrollment Notifications, Upgrade and Opt Out Update**

Current enrollment notifications that are being sent are post-enrollment notices for the October NEM enrollees, and pre-enrollment notices for the January NEM enrollment.

Below is the number of GreenPrime Upgrades and Opt Outs as of Nov. 17, as well as the total opt out percentage in overall accounts, and opt out percentage by load.

	Upgrade	Opt Out	Opt Out by Account Type	Total Opt Out, All Accounts	Opt Out Percentage by Load
<b>Residential</b>	834	6,148	2.75%	2.72%	2.75%
<b>Commercial</b>	1500	639	2.49%		8.4%

#### **4. Member Agency Working Group Update**

The October SVCE Member Agency Working Group (MAWG) meeting covered the following topics:

- SVCE Community outreach update, including the expected vote by Milpitas to join SVCE
- Presentation about SVCE’s anticipated emission factor, which was the same presentation provided to the board at the Oct. 24 special meeting
- The City of Cupertino shared a presentation about their latest sustainability planning and research process
- Further discussion on the SVCE program measurement criteria

A key topic for the November meeting will be to explore how the MAWG and SVCE might work in the future to develop and/or advance model ordinances focused on electrification and decarbonization.

#### **5. Media**

Press releases:

- [Why SVCE Support ‘Solar+’, published 11-13-2017](#)

News mentions:

- [Opinion: Paris climate accord is alive and well in U.S., The Mercury News, 11-06-2017](#)
- [Consultant at heart of SoCal investigation has ties to buyer, seller in Silicon Valley solar deal, The Desert Sun, 11-09-2017](#)
- [News Briefs: Energy advisory, finances and wine stroll fire donations, Saratoga News/Mercury News, 11-11-2017](#)

	DEC	JAN	FEB	MAR	APR	MAY
<b>MILESTONES</b>						
	<b>December 13, 2017</b>	<b>January 10, 2018</b>	<b>February 14, 2018</b>	<b>March 14, 2018</b>	<b>April 11, 2018</b>	<b>May 9, 2018</b>
<b>ADMINISTRATION, POLICIES</b>	Fiscal Year-End Review	Approve Updates to 2018 Electric Rates		Community Power Purchase Program		
	Approve Community Members to Customer Program Advisory Group					
	IT Security Audit Results					
<b>STAFFING</b>						
<b>CONTRACTS</b>						



## TREASURER REPORT

**Fiscal Year to Date  
As of September 30, 2017**

*(Preliminary & Unaudited)*

**Issue Date: November 29, 2017**

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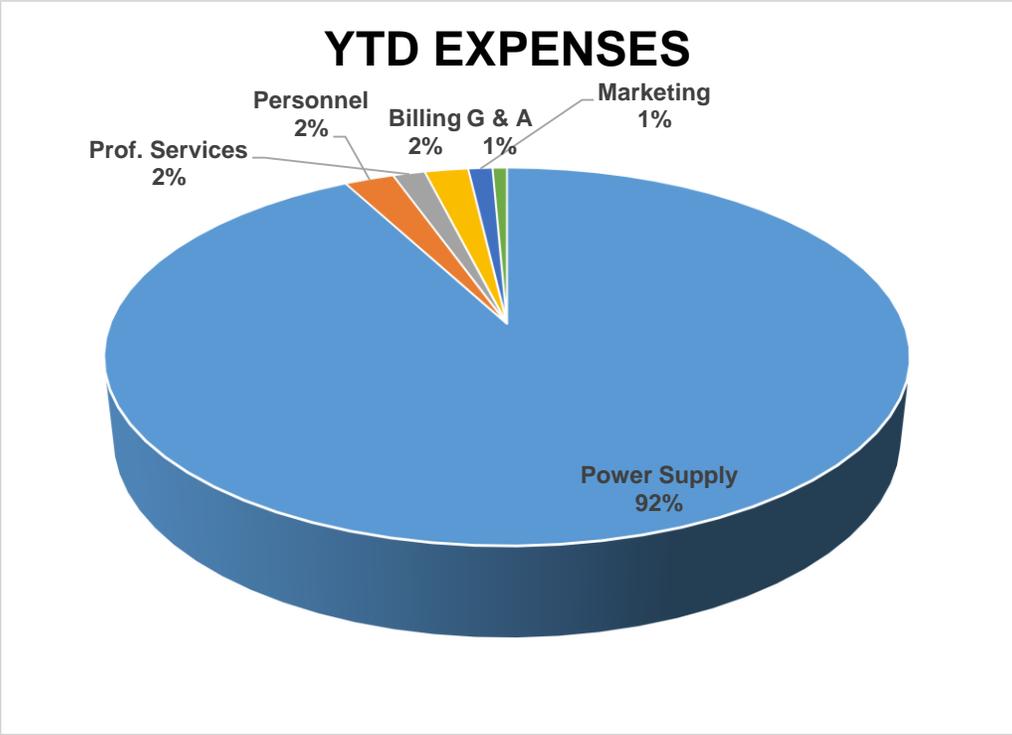
**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**Financial Statement Highlights (\$ in 000's)**

**Financial Highlights for the month of September 2017:**

*SVCE will begin its initial financial audit for FY 2016-17 and March 2016 through September 2017. Results of the audit should be available February 2018.*

- > SVCE operations resulted in net gain for the month of \$7.7 million, bringing the year-to-date to \$29.7 million.
  - o Energy Sales year-to-date are \$94.1 million, or 9% below budget based on lower than forecast MWh sales.
  - o Year-to-date change in net assets is within 2% of the budget.
  - o Gross Margin year-to-date is 35.5%
- > Retail MWh sales are 4% less than budget year-to-date.
  - o Actuals will be trued up in December when more accurate meter data is available.
  - o Residential load was approximately 34% with the remainder Commercial, Industrial, Street Lighting and Agriculture.
- > Power Supply
  - o SVCE was a net buyer of power from CAISO during the month.
  - o Partially offsetting Power Supply costs was \$0.3 million gain from Congestion Revenue Rights
  - o Power Supply costs are 11% below budget year-to-date based on lower than projected load to serve.
- > Financing - SVCE made no draws against the Lines of Credit in September.
  - o As of the end of the year, SVCE has outstanding debt of \$2.7 from the Member Agency Loan and \$2.9 million on the Revolving Line of Credit.
  - o Staff forecasts no further draws against lines of credit will be needed.

Change in Net Assets	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Actual	(42)	(190)	(252)	(261)	(464)	(391)	69	5,114	4,227	5,472	8,611	7,770	29,662	30,207
Power Supply Costs	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Energy & REC's	-	-	-	-	-	-	6,202	11,146	10,467	13,172	12,321	11,668	64,977	
Capacity	-	-	-	-	-	-	95	247	356	863	904	974	3,439	
CAISO Charges	-	-	-	-	-	-	139	168	332	251	484	911	2,284	
NEM credits	-	-	-	-	-	-	-	54	72	56	90	32	305	
Charge/Credit (IST/Net Rev)	-	-	-	-	-	-	(3,292)	(5,244)	(4,475)	(2,365)	2,223	1,451	(11,702)	
Net Power Costs	-	-	-	-	-	-	3,144	6,370	6,752	11,978	16,022	15,037	59,303	66,671
Other	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Capital Expenditures	24	3	131	10	6	2	-	8	-	-	4	2	191	250
Energy Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	400
Load Statistics - MWh	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Retail Sales Actual	-	-	-	-	-	-	64,381	132,105	152,417	227,475	316,453	293,680	1,186,512	
Retail Sales Budget	-	-	-	-	-	-	70,835	139,852	147,248	236,688	311,145	330,922	1,236,689	1,236,689



Other Statistics and Ratios	
Working Capital	\$25,847,927
Current Ratio	1.8
Contribution Margin	\$33,477,807
Expense Coverage Days	42
Return on Assets	48%
Outstanding Debt	\$5,630,000
Average Cost of Debt	5.1%
Debt Service Coverage	18.9
Total Accounts	246,857
Opt-Out Accounts	6,056
Opt-Up Accounts	2,295

**SILICON VALLEY CLEAN ENERGY AUTHORITY**

**STATEMENT OF NET POSITION**

**As of September 30, 2017**

**ASSETS**

**Current Assets**

Cash & Cash Equivalents	\$ 16,843,516
Accounts Receivable, net of allowance	21,419,511
Energy Settlements Receivable	266,328
Accrued Revenue	14,714,734
Other Receivables	629,502
Prepaid Expenses	133,566
Restricted cash - lockbox	2,500,000
<b>Total Current Assets</b>	<b>56,507,157</b>

**Noncurrent assets**

Capital assets, net of depreciation	167,506
Deposits	3,366,360
Restricted cash - debt collateral	1,900,000
<b>Total Noncurrent Assets</b>	<b>5,433,866</b>

**Total Assets**

**61,941,023**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	745,144
Accrued Cost of Electricity	25,988,111
Accrued Interest Payable	7,226
Accrued Payroll & Benefits	85,023
Other Accrued Liabilities	118,400
User Taxes and Energy Surcharges due to other gov'ts	815,326
Notes Payable to Bank	2,900,000
<b>Total Current Liabilities</b>	<b>30,659,230</b>

**Noncurrent Liabilities**

Loans Payable to JPA members	2,730,000
<b>Total Noncurrent Liabilities</b>	<b>2,730,000</b>

**Total Liabilities**

**33,389,230**

**NET POSITION**

Net investment in capital assets	167,506
Unrestricted (deficit)	28,384,287
<b>Total Net Position</b>	<b>\$ 28,551,793</b>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**October 1, 2016 through September 30, 2017**

**OPERATING REVENUES**

Electricity Sales, Net	\$ 93,847,248
GreenPrime electricity premium	<u>260,090</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>94,107,338</u></b>

**OPERATING EXPENSES**

Cost of Electricity	59,302,601
Staff Compensation and benefits	1,511,113
Data Manager	1,038,131
Service Fees - PG&E	288,799
Consultants and Other Professional Fees	635,679
Legal	340,770
Communications & Noticing	739,675
General & Administrative	417,157
Depreciation	<u>23,082</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>64,297,007</u></b>
<b>OPERATING INCOME(LOSS)</b>	<b><u>29,810,331</u></b>

**NONOPERATING REVENUES (EXPENSES)**

Interest Income	1,078
Interest and related expenses	(76,033)
Financing costs	<u>(73,218)</u>
<b>TOTAL NONOPERATING EXPENSES</b>	<b><u>(148,173)</u></b>

**CHANGE IN NET POSITION**

	29,662,158
Net Position at beginning of period	<u>(1,110,365)</u>
<b>Net Position at end of period</b>	<b><u>\$ 28,551,793</u></b>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**

**STATEMENT OF CASH FLOWS**  
**October 1, 2016 through September 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from electricity sales	\$ 57,704,129
Tax and surcharge receipts from customers	1,347,845
Energy settlements received	14,770,083
Payments to purchase electricity	(48,350,900)
Payments for staff compensation and benefits	(1,445,854)
Payments for consultants and other professional services	(1,396,536)
Payments for legal fees	(360,234)
Payments for communication and noticing	(731,762)
Payments for general and administrative	(502,580)
Tax and surcharge payments to other governments	(893,056)

**Net cash provided (used) by operating activities** **20,141,135**

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Proceeds from bank notes	4,400,000
Proceeds from loans from JPA members	165,591
Payments of deposits and collateral	(8,237,800)
Principal payments on loan	(1,500,000)
Deposits and collateral returned	500,000
Interest and related expense payments	(68,807)
Finance costs	(73,218)

**Net cash provided (used) by non-capital financing activities** **(4,814,234)**

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	<b><u>(190,588)</u></b>
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**CASH FLOWS FROM CAPITAL AND RELATED**

Interest income received	<b><u>1,078</u></b>
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Net change in cash and cash equivalents	15,137,391
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Cash and cash equivalents at beginning of year	<u>1,706,125</u>
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<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 16,843,516</u></b>
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**SILICON VALLEY CLEAN ENERGY AUTHORITY**

**STATEMENT OF CASH FLOWS (Continued)**  
**October 1, 2016 through September 30, 2017**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (loss)	\$ 29,810,331
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities</b>	
Depreciation expense	23,082
Revenue reduced for uncollectible accounts	472,900
(Increase) decrease in net accounts receivable	(21,892,412)
(Increase) decrease in energy settlements receivable	(266,328)
(Increase) decrease in other receivables	(629,501)
(Increase) decrease in accrued revenue	(14,714,734)
(Increase) decrease in prepaid expenses	(108,191)
Increase (decrease) in accounts payable	590,189
Increase (decrease) in accrued payroll & benefits	74,534
Increase (decrease) in energy settlements payable	-
Increase (decrease) in accrued cost of electricity	25,988,111
Increase (decrease) in accrued liabilities	(22,172)
Increase (decrease) taxes and surcharges due to other governments	815,326
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 20,141,135</u></b>

**SILICON VALLEY CLEAN ENERGY**  
**BUDGETARY COMPARISON SCHEDULE**  
October 1, 2016 through September 30, 2017

	FYTD <u>Actual</u>	FYTD <u>Budget</u>	<u>Variance</u> \$	%	FY 2016-17 <u>Budget</u>	% Budget <u>Spent</u>
<b>REVENUES &amp; OTHER SOURCES</b>						
Energy Sales	\$ 93,847,248	\$ 103,303,000	\$ (9,455,752)	-9%	\$ 103,303,000	
Green Prime Premium	260,090	247,000	13,090	5%	247,000	
Investment Income	1,078	16,000	(14,922)	-93%	16,000	
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b><u>94,108,416</u></b>	<b><u>103,566,000</u></b>	<b><u>(9,457,584)</u></b>	<b><u>-9%</u></b>	<b><u>103,566,000</u></b>	
<b>EXPENDITURES &amp; OTHER USES</b>						
<b>CURRENT EXPENDITURES</b>						
Power Supply	59,302,601	66,671,000	7,368,399	11%	66,671,000	89%
Data Management	1,038,131	1,030,000	(8,131)	-1%	1,030,000	101%
PG&E Fees	288,799	430,000	141,201	33%	430,000	67%
Salaries & Benefits	1,511,113	1,902,000	390,887	21%	1,902,000	79%
Professional Services	976,449	1,398,000	421,551	30%	1,730,000	56%
Marketing & Promotions	484,314	485,000	686	0%	235,000	206%
Notifications	255,361	410,000	154,639	38%	410,000	62%
Office Lease	210,973	245,000	34,027	14%	245,000	86%
General & Administrative	206,184	207,000	816	0%	125,000	165%
<b>TOTAL CURRENT EXPENDITURES</b>	<b><u>64,273,925</u></b>	<b><u>72,778,000</u></b>	<b><u>8,504,075</u></b>	<b><u>12%</u></b>	<b><u>72,778,000</u></b>	<b><u>88%</u></b>
<b>OTHER USES</b>						
Customer Programs	-	400,000	400,000	0%	400,000	0%
Office Equipment	190,588	250,000	59,412	24%	250,000	76%
CPUC Deposit	100,000	100,000	-	0%	100,000	100%
<b>TOTAL OTHER USES</b>	<b><u>290,588</u></b>	<b><u>750,000</u></b>	<b><u>459,412</u></b>	<b><u>61%</u></b>	<b><u>750,000</u></b>	<b><u>39%</u></b>
<b>DEBT SERVICE</b>						
Financing	73,218	77,000	3,782	5%	77,000	95%
Interest	76,033	84,000	7,967	9%	84,000	91%
<b>TOTAL DEBT SERVICE</b>	<b><u>149,251</u></b>	<b><u>161,000</u></b>	<b><u>11,749</u></b>	<b><u>7%</u></b>	<b><u>161,000</u></b>	<b><u>93%</u></b>
<b>Total Expenditures, Other Uses &amp; Debt Service</b>	<b><u>64,713,764</u></b>	<b><u>73,689,000</u></b>	<b><u>8,975,236</u></b>	<b><u>12%</u></b>	<b><u>73,689,000</u></b>	<b><u>88%</u></b>
<b>Net Increase(Decrease) in Available Fund Balance</b>	<b><u>\$ 29,394,652</u></b>	<b><u>\$ 29,877,000</u></b>	<b><u>\$ (482,348)</u></b>	<b><u>-2%</u></b>	<b><u>\$ 29,877,000</u></b>	

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Net Increase (decrease) in available fund balance per budgetary comparison schedule	\$ 29,394,652
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position	
Subtract depreciation expense	(23,082)
Add back capital asset acquisitions	190,588
Add back collateral deposits	<u>100,000</u>
<b>Change in Net Position</b>	<b><u>29,662,158</u></b>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**October 1, 2016 through September 30, 2017**

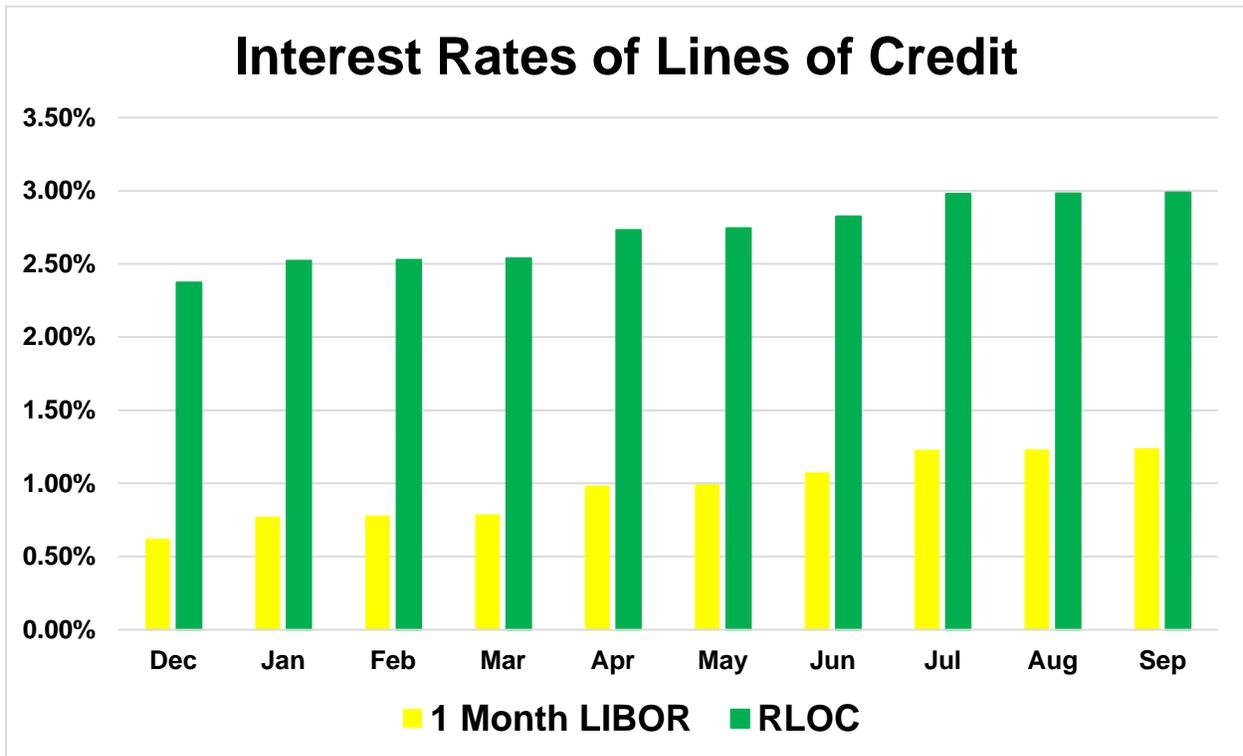
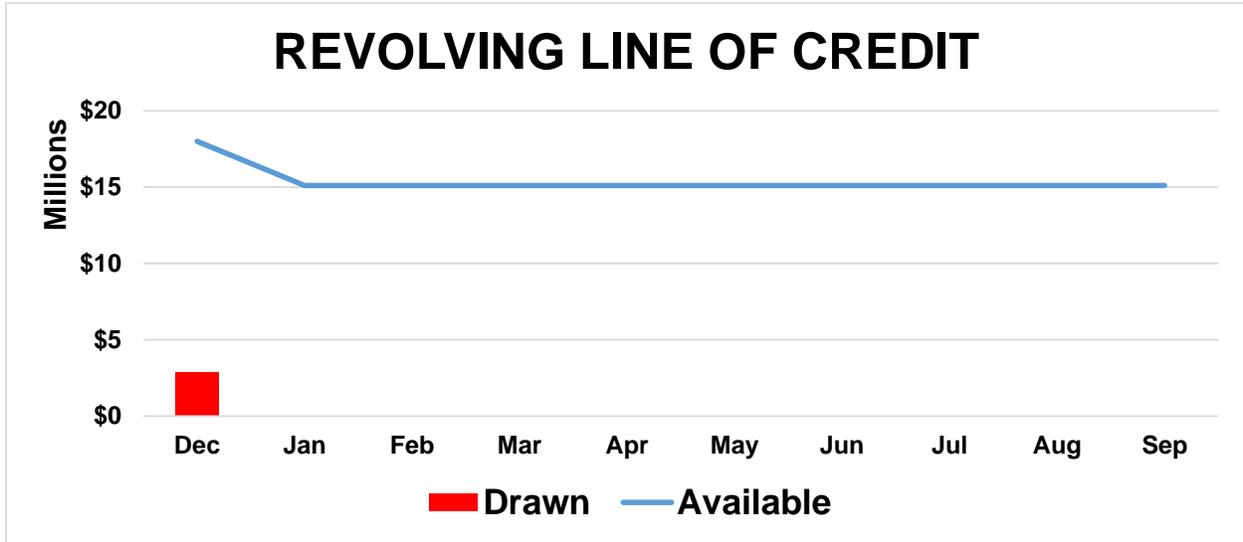
	October	November	December	January	February	March	April	May	June	July	August	September	YTD
<b>OPERATING REVENUES</b>													
Electricity sales, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,590,587	\$ 11,950,163	\$ 11,496,728	\$ 18,021,184	\$ 25,320,919	\$ 23,467,667	\$ 93,847,248
Green electricity premium	-	-	-	-	-	-	-	40,298	47,461	48,590	61,428	62,313	260,090
Total operating revenues	-	-	-	-	-	-	3,590,587	11,990,461	11,544,189	18,069,774	25,382,347	23,529,980	94,107,338
<b>OPERATING EXPENSES</b>													
Cost of electricity	-	-	-	-	-	-	3,144,030	6,370,292	6,751,773	11,977,621	16,022,168	15,036,717	59,302,601
Staff compensation and benefits	21,312	20,014	64,175	111,207	120,565	163,943	143,130	171,190	168,949	138,050	215,466	173,112	1,511,113
Data manager	-	-	-	-	-	-	75,000	75,000	75,000	265,349	265,000	282,782	1,038,131
Service fees - PG&E	-	-	-	920	-	1,840	-	36,138	23,572	30,493	110,771	85,065	288,799
Consultants and other professional fees	10,390	109,598	54,286	59,881	46,797	69,341	46,862	51,088	37,933	43,314	41,161	65,028	635,679
Legal	-	42,240	49,129	23,269	84,141	36,732	2,610	36,623	(7,390)	13,097	39,904	20,415	340,770
Communications and noticing	6,990	17,857	-	48,304	135,705	73,751	63,254	72,431	220,097	30,761	31,800	38,725	739,675
General and administration	3,067	-	7,427	13,501	62,184	35,255	35,813	51,498	38,959	85,872	35,193	48,388	417,157
Depreciation	-	281	356	1,946	2,223	2,394	2,455	2,617	2,617	2,676	2,676	2,841	23,082
Total operating expenses	41,759	189,990	175,373	259,028	451,615	383,256	3,513,154	6,866,877	7,311,510	12,587,233	16,764,139	15,753,073	64,297,007
Operating income (loss)	(41,759)	(189,990)	(175,373)	(259,028)	(451,615)	(383,256)	77,433	5,123,584	4,232,679	5,482,541	8,618,208	7,776,907	29,810,331
<b>NONOPERATING REVENUES (EXPENSES)</b>													
Interest income	-	-	-	-	-	-	228	256	379	215	-	-	1,078
Interest and related expense	-	-	-	(2,368)	(11,952)	(7,840)	(9,013)	(9,736)	(9,642)	(10,607)	(7,648)	(7,227)	(76,033)
Financing costs	-	-	(77,000)	-	-	-	-	-	3,782	-	-	-	(73,218)
Total nonoperating revenues (expenses)	-	-	(77,000)	(2,368)	(11,952)	(7,840)	(8,785)	(9,480)	(5,481)	(10,392)	(7,648)	(7,227)	(148,173)
<b>CHANGE IN NET POSITION</b>	<b>\$ (41,759)</b>	<b>\$ (189,990)</b>	<b>\$ (252,373)</b>	<b>\$ (261,396)</b>	<b>\$ (463,567)</b>	<b>\$ (391,096)</b>	<b>\$ 68,648</b>	<b>\$ 5,114,104</b>	<b>\$ 4,227,198</b>	<b>\$ 5,472,149</b>	<b>\$ 8,610,560</b>	<b>\$ 7,769,680</b>	<b>\$ 29,662,158</b>

# PERSONNEL REPORT

HEADCOUNT				
<u>Position</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
Chief Executive Officer	1	0	1	
Account Representative I / II	2	2	0	
Account Services Manager	1	1	0	
Administrative Analyst	2	2	0	
Administrative Assistant	1	1	0	
Board Clerk/Executive Assistant	1	1	0	
Community Outreach Manager	1	1	0	
Community Outreach Specialist	1	1	0	
Director of Administration & Finance	1	1	0	
Director of Marketing & Public Affairs	1	1	0	
Director of Power Resources	1	0	1	
Finance Manager	1	0	1	
General Counsel & Director of Government Affairs	1	0	1	
Power Contracts & Compliance Specialist	1	1	0	
Power Resource Planning & Programs Analyst	2	0	2	
Regulatory/Legislative Analyst	<u>1</u>	<u>1</u>	<u>0</u>	
<b>Total</b>	<b><u>19</u></b>	<b><u>13</u></b>	<b><u>6</u></b>	

CONTINGENT POSITIONS			
<u>Position</u>	<u>Hours</u>		<u>% YTD Spent</u>
	<u>FY2016-17 Budget</u>	<u>FY2016-17 Actual</u>	
Interns / Part-Time	4,300	1,850	43%

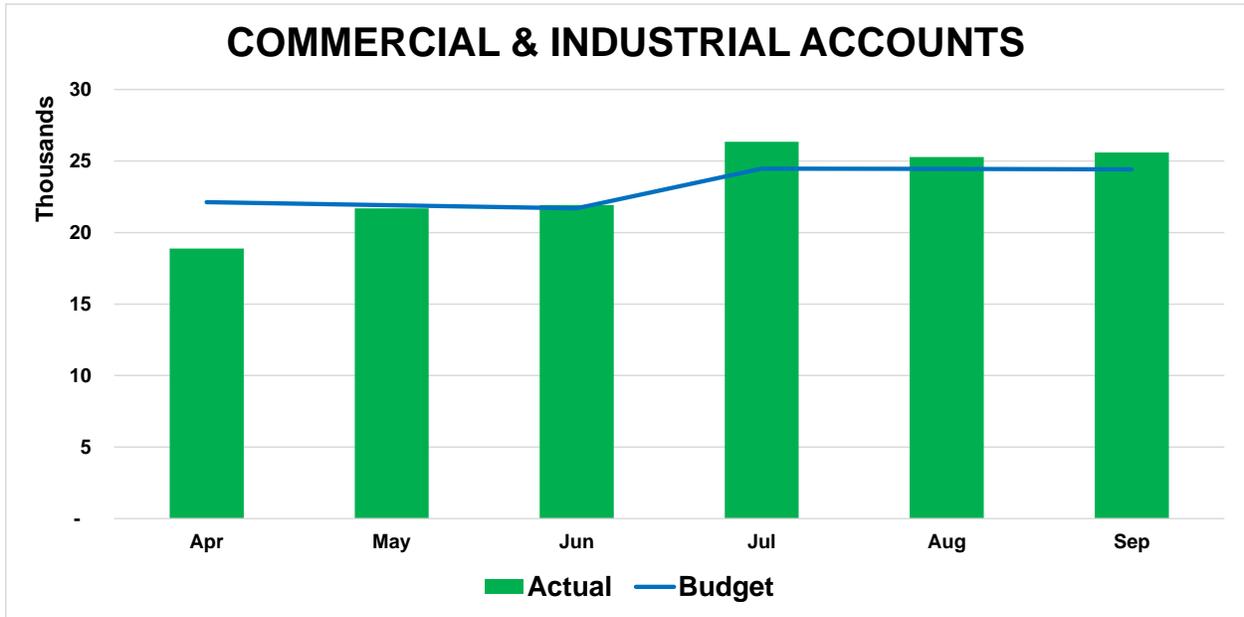
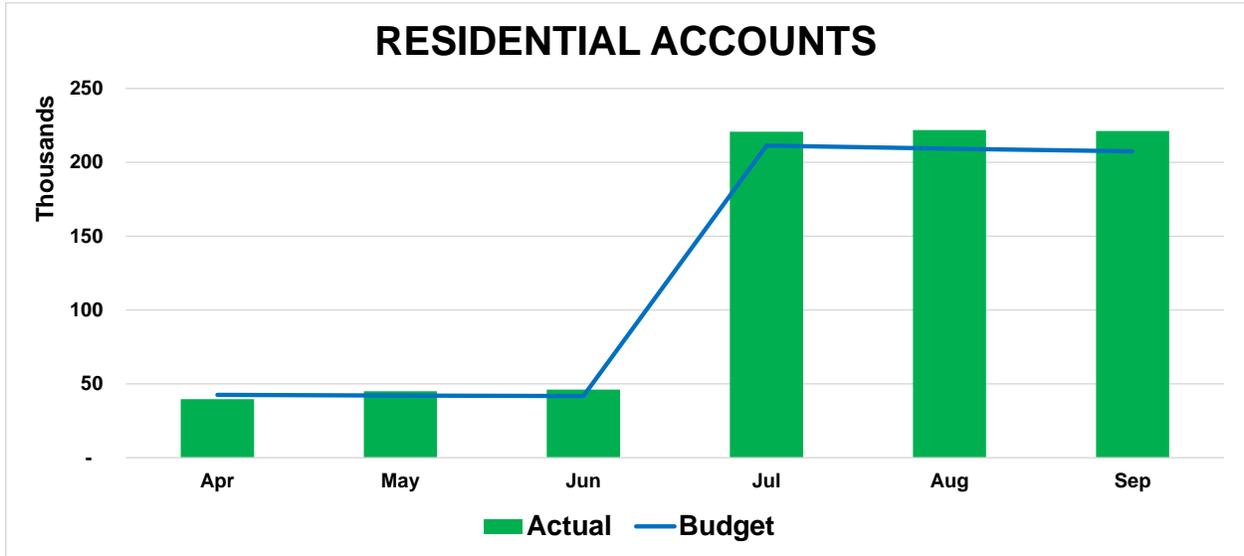
# FINANCING REPORT



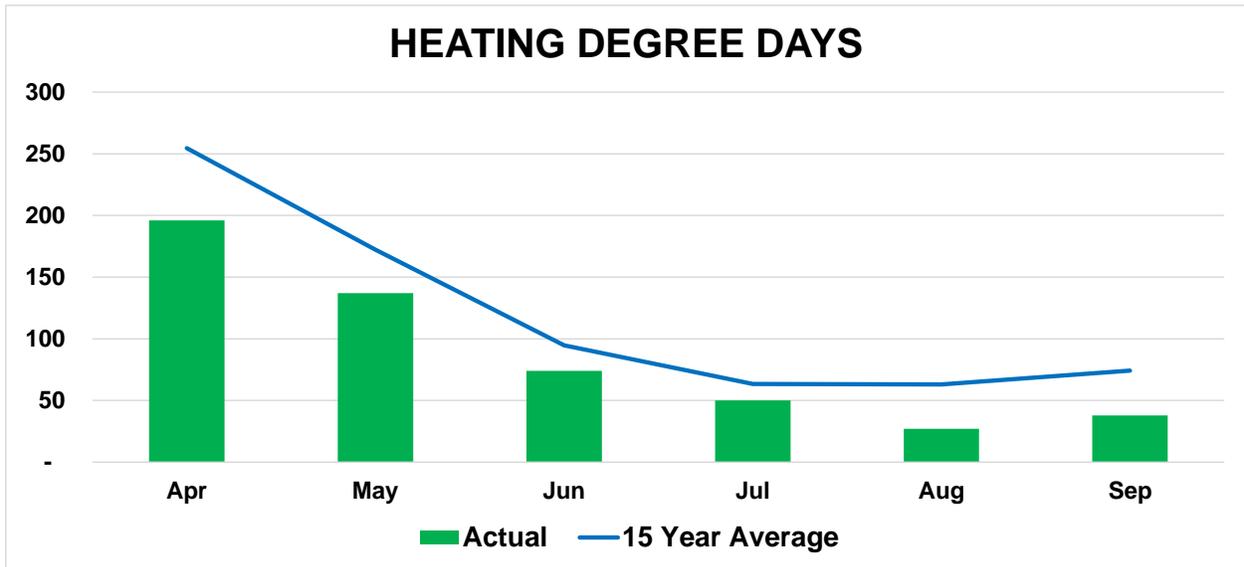
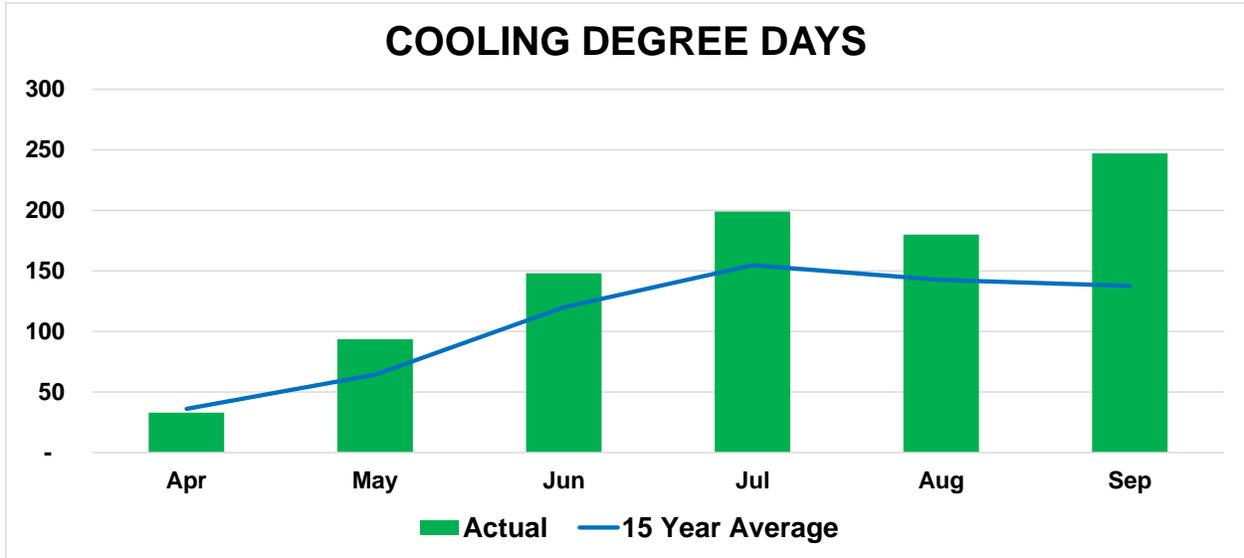
#### Non-Revolving Line of Credit

Year-to-date advances of \$1.5 million were repaid during August. There is currently \$0.5 million remaining of credit remaining that SVCE is not paying interest on and will expire at the end of 2017.

# CUSTOMER ACCOUNTS



# WEATHER STATISTICS



**SILICON VALLEY CLEAN ENERGY AUTHORITY  
ACCOUNTS RECEIVABLE AGING REPORT**

	Total	Days				
		0-30	31-60	61-90	90-120	Over 120
<b>Accounts Receivable</b>	<b>\$19,607,838</b>	\$18,795,944	\$599,424	\$145,947	\$37,746	\$28,776
<b>Period %</b>	<b>100%</b>	95.9%	3.1%	0.7%	0.2%	0.1%