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 November 29, 2017, Board of Directors Meeting
1b) Approve Employment Agreement with Chief Executive Officer
1c) Authorize CEO to Approve Agreement with Mail R Us dba Ad-Vantage Marketing Inc., for Printing and Mailing Services
1d) Authorize CEO to Approve Agreement with REACH Strategies for Facilitation Support Services
1e) Adopt Resolution Approving Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent
1f) Adopt Resolution Amending the Adopted Organization Chart to Add the Reclassified Position of Manager of Regulatory and Legislative Affairs, Remove Position of Regulatory/Legislative Analyst, and Amend Salary Ranges
1g) Information Technology Security Audit Update and Results
1h) Approve to Move the Annual Appointment of Chair/Vice Chair, Board Officers, and Committee Assignments to February Board Meeting
1i) October 2017 Treasurer Report
Regular Calendar

2) Confirm Appointments to Customer Program Advisory Group (Action)

3) Approve Method for Adjustment of 2018 Rates (Action)

4) Review Audit and Finance Committee Structure (Action)

5) Approve Scholarship Funding for E-Bike Competition (Action)

6) Executive Committee Report (Discussion)

7) CEO Report (Discussion)

8) Budget for Decarbonization of Existing Power Contracts (Discussion)

9) 2017 Community Engagement Recap (Discussion)

Board Member Announcements and Direction on Future Agenda Items

Adjourn
Silicon Valley Clean Energy Authority
Board of Directors Meeting
Wednesday, November 29, 2017
7:00 pm
City of Mountain View
Council Chambers
500 Castro Street
Mountain View, CA

DRAFT MINUTES

Call to Order
Chair Rennie called the meeting to order at 7:01 p.m.

Roll Call
Present:
Chair Rob Rennie, Town of Los Gatos
Vice Chair Daniel Harney, City of Gilroy
Director Courtenay C. Corrigan, 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 (arrived at 7:02 p.m.)
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:
Director Dave Cortese, County of Santa Clara

Public Comment on Matters Not Listed on the Agenda
Julie Noblitt, Energy and Climate Program Director at Acterra, announced two projects that Acterra is currently working on in Sunnyvale. Noblitt invited Board member suggestions on individuals who should be involved in a community ideation workshop scheduled for February 26 for the City of Sunnyvale’s Climate Action Plan, and provided information on an upcoming Green at Home workshop in Sunnyvale.

Consent Calendar
Director Griffith requested to pull Item 1j; Director Bruins requested to pull Items 1g and 1k.

Chair Rennie opened public comment for those wishing to pull an item from the consent calendar.
No speakers.
Chair Rennie closed public comment for those wishing to pull an item from the consent calendar.

MOTION: Director Bruins moved and Director Gibbons seconded the motion to approve the Consent Calendar with the exception of Items 1g, 1j, and 1k.
The motion carried unanimously with Director Cortese absent.

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
1h) Authorize CEO to Approve Agreement with Pisenti & Brinker, LLP for Financial Audit Services
1i) Authorize CEO to Approve Agreement with Pacific Printing for Printing Services

1g) Authorize CEO to Approve Agreement with Richards, Watson, and Gershon for Legal Services

Director Bruins noted that page five of the contract had a fill-in-the-blank section which was not complete. Interim CEO Don Eckert and General Counsel Greg Stepanicich responded to Board questions regarding whom general counsel reports.

General Counsel Stepanicich suggested the termination clause of the contract be changed to reflect the general counsel termination being a decision of the Board as opposed to the CEO.

MOTION: Director Bruins moved and Director Gibbons seconded the motion to authorize the CEO to approve the agreement with Richards, Watson & Gershon (RWG) for legal services to be retroactive from October 1, 2017 through September 30, 2018, with the fill-in-the-blank on page five of the contract as well as a modification to the termination clause to indicate that the decision for termination lies with the Board.

The motion carried unanimously with Director Cortese absent.

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

Director Griffith noted that classifications originally adopted by resolution in 2016 included salary information and requested resolutions be consistent.

Director Gibbons encouraged staff to put together a checklist to create consistency in the content of every contract.

Interim CEO Eckert responded to Board questions regarding hiring.

MOTION: Director Griffith moved and Director Gibbons seconded the motion to direct staff to bring the item back to the Board after the new CEO is hired with the amendments regarding salary.

The motion carried unanimously with Director Cortese absent.

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

The Board discussed the item; General Counsel Stepanicich responded to Board questions.

MOTION: Director Bruins moved and Director Gibbons seconded the motion to adopt the resolution, 2017-11, as written.
The motion carried unanimously with Director Cortese absent.

Chair Rennie opened public comment for all consent items.
No speakers.
Chair Rennie closed public comment for all consent items.

**Regular Calendar**

Chair Rennie requested to hear Item 9 as the first item on the agenda. Without objection, the Board heard Item 9.

9) **CEO Report (Discussion)**

Interim CEO Eckert presented the CEO report which included a summary of a California Public Utilities Commission workshop held on October 31; Interim CEO Eckert noted he would send a response to the workshop written by CalCCA once finalized. Other items in the report included a potential conflict of interest assessment to be performed by Richards, Watson, and Gershon regarding SVCE’s scheduling coordinator ZGlobal and Regenerate Power, a progress report on the decarbonization of existing power supply contracts, an introduction to Low Carbon Fuel Standard Credits (LCFS), and an opt out report as part of the Community Outreach update. Interim CEO Eckert responded to Board questions.

Director of Marketing and Public Affairs Alan Suleiman provided additional information on LCFS and responded to Board questions.

Hilary Staver, Regulatory and Legislative Affairs, provided information regarding legislation on LCFS; Director Sinks requested a one-pager from staff regarding the importance of LCFS for CCAs to be discussed with California Air Resources Board members.

Staver presented the Regulatory/Legislative update and responded to Board questions.

Interim CEO Eckert welcomed back Board Clerk Andrea Pizano and thanked Eric Acedo for his work in her absence.

Chair Rennie provided comments on the decarbonization of contracts and the decision to conduct a potential conflict of interest assessment.

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

Following Item 9, the Board considered Item 2.

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

Manager of Account Services Don Bray introduced the item and PowerPoint presentation. Manager of Account Services Bray responded to Board questions; Interim CEO Eckert provided additional information and responded to questions.

Board members expressed concern over some customers receiving greater savings than others and discussed various rate scenarios.

Director Bruins requested staff provide modeling and a pie chart of SVCE’s rate schedules distinguishing residential versus commercial.

Chair Rennie opened public comment.
BruceKarney commented on the history of PG&E rate changes and his opinion why SVCE initially adopted to keep commercial rates stable. Karney commented on his belief that SVCE should be crafting a policy that helps achieve the objectives that the cities and County have, to reduce greenhouse gas emissions, and do that with a 1% difference between the competitor’s price to have more money to put into programs. Karney voiced support of a one step process and suggested following PG&E rates. Karney responded to Board questions.

Chair Rennie closed public comment.

MOTION: Director Miller moved and Director Abe-Koga seconded the motion to request staff to do a one step approach and bring back a model that keeps everything flat except for where changes are needed to remain at least 1% less, and make that what is held for the 2018 rate plan.

FRIENDLY AMENDMENT: Director Bruins requested to modify the motion to include direction to staff for scenarios to come back to the Board.

The Board discussed possible scenarios for staff to return with; staff responded to Board questions.

Manager of Account Services Bray summarized Board direction at the request of Chair Rennie; the Board and staff clarified scenarios and responded to questions.

At the request of Chair Rennie to repeat the direction of the Board again, Accounts Manager Bray summarized direction to include the following scenarios:

1) The scenario presented by staff to hold rates
2) Hold the generation rate plus PCIA rate constant; no net increase to what customers have paid this year, reduce rates to absorb the PCIA increase
3) “Peanut butter” model to spread the PCIA and generation rate that would result potentially in increases to some customers

Manager of Account Services Bray noted that staff was directed to also look into the question of sensitivity and contractual agreement as it relates to commercial customers; Director Miller clarified that staff would run into an issue if the wealth is spread evenly and suggested a scenario with the commercial customers being constant, and an additional scenario with the commercial customers being part of the sharing of the wealth.

Director Miller and Director Abe-Koga accepted the modification to the motion to include direction to staff as summarized by Manager of Account Services Bray.

The motion carried unanimously with Director Cortese absent.

Director Miller noted there was additional direction to staff to have a more comprehensive rate policy discussion; Chair Rennie commented the rate discussion should occur when the new CEO is on board. Director Miller added the discussion, possibly at a Spring workshop, could include background information for new Board members, getting to know the CEO, etc. Director Miller noted it would be at the discretion of the Chair.

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)

Interim CEO Eckert presented the item and responded to Board questions. General Counsel Stepanicich responded to Board questions regarding the amendment to the Implementation Plan.

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

MOTION: Director Miller moved and Director Sinks seconded the motion to 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.

The motion carried unanimously with Director Cortese absent.

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

Interim CEO Eckert presented the item and responded to Board questions.

Chair Rennie opened public comment.

No speakers

Chair Rennie closed public comment.

MOTION: Director Corrigan moved and Director Sinks seconded the motion to authorize the CEO to retire the $1.9 million Revolving Line of Credit and pay back the Member Agency loan.

Director Bruins requested to bifurcate the item into two motions.

MODIFIED MOTION: Director Corrigan moved and Director Sinks seconded the motion to authorize the CEO to retire the $1.9 million Revolving Line of Credit.

The motion carried unanimously with Director Cortese absent.

MOTION: Director Corrigan moved and Director Sinks seconded the motion to pay back the Member Agency loan.

Following discussion, Director Corrigan included in the motion the Member Agency loan would be paid back by the end of January 2018.

The motion carried with Director Bruins dissenting, Director Cortese absent.

5) **Approve Customer Programs Advisory Group Charter (Action)**

Interim CEO Eckert introduced the item; Community Outreach Manager Pamela Leonard presented the item and responded to Board questions.

Directors confirmed that the Customer Program Advisory Group (CPAG) members would be active contributors; Director Gibbons suggested the second bullet read, “and generate prospective residential customer programs”; Director Corrigan commented she would like the language changed to reflect producing ideas and suggested using the word “recommendations”.

Chair Rennie opened public comment.

Steve Schmidt, resident of Los Altos Hills, commented on the budget allocation for the CPAG and his belief that there should not be pre-allocated funds.

Staff responded to Board questions; Director Bruins requested the Board have a more thoughtful conversation on financials for commercial programs; Chair Rennie summarized comments on the budget allocation as being a guideline for the committee, and to keep flexibility open for the Board to decide on programs, at which time the allocation may be shifted.
Chair Rennie closed public comment.

**MOTION:** Director Sinks moved and Director Bruins seconded the motion to approve the proposed SVCE Customer Program Advisory Committee Charter.

Director Sinks spoke in support of financial structure and noted the Board retains the financial flexibility. Director Griffith suggested the Board direct the commission to give the Board a recommendation within the strict guidelines provided by the Board, and if they choose they can offer suggestions beyond that.

Director Sinks and Director Bruins approved the addition to the motion to include Director Griffith’s suggestion.

The motion carried unanimously with Director Cortese absent.

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

Interim CEO Eckert introduced Power Contracts & Compliance Specialist Dennis Dyc-O’Neal who presented the item and responded to Board questions.

Board members expressed concern in having a detailed conversation prior to closing deals with the respondents; General Counsel Stepanicich clarified that the direction from the Board would be to commence negotiations with the parties presented, not discuss negotiating positions.

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

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

Community Outreach Manager Leonard presented the item and PowerPoint presentation.

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

**8) Executive Committee Report (Discussion)**

Chair Rennie stated the Executive Committee held a special meeting on November 7 and discussions included the Customer Program Advisory Group charter, formation of a long-term community oversight committee, and power procurement benchmarks for 2019 and beyond. The Committee also received an update from staff on the Joint Request for Offers between SVCE and Monterey Bay Community Power. Chair Rennie noted staff requested to cancel the Executive Committee meeting scheduled for December 5, due to a light agenda and timing of the November and December Board meetings. There were no objections from the Board to cancel the December Executive Committee meeting.

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

The Board requested staff include a Finance and Audit Committee update as a separate item for future Board meetings.

Following Item 8, the Board considered Item 10.
10) September 2017 Treasurer Report (Discussion)

Item 10 was considered following Item 8.

Interim CEO Eckert presented the item and PowerPoint presentation; Interim CEO Eckert responded to Board questions.

Director of Marketing and Public Affairs Suleiman responded to Board questions regarding customer opt outs.

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

Public Comment on Closed Session

No speakers.

Director Griffith requested to hear Board Member Announcements and Direction on Future Agenda Items prior to adjourning to Closed Session. Without objection, the Board considered Board Member Announcements.

Board Member Announcements and Direction on Future Agenda Items

Board Member Announcements and Direction on Future Agenda Items was considered following Public Comment on Closed Session.

Director Griffith questioned the process for appointing the Milpitas representative for the CPAG; the Board and staff discussed the Milpitas representative joining the CPAG in December or January.

Director Corrigan commented that she would like to see cross-promotion with other groups such as libraries and electric vehicles, providing an example of sending SVCE decals, or other ways to cross-promote with agencies to get SVCE messaging out.

Following Board Member Announcements and Direction on Future Agenda Items, the Chair announced a seven minute recess prior to Board members reconvening for closed session at 10:30 p.m. in the Committee Room.

Convene to Closed Session

Public Employee Appointment
Title: Chief Executive Officer

The Board returned to the Council Chambers from Closed Session at 11:04 p.m. with Director Cortese absent.

Report from Closed Session

Chair Rennie stated the Board met in Closed Session and provided direction to staff.

Following the report from closed session, the meeting was adjourned.

Adjourn

Chair Rennie adjourned the meeting at 11:05 p.m.
Staff Report – Item 1b

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

Item 1b: Approve Employment Agreement with Chief Executive Officer

Date: 12/13/2017

RECOMMENDATION
Approve Employment Agreement with a new Chief Executive Officer (CEO) based on the recommendation of the Board’s Ad Hoc CEO Selection Subcommittee.

BACKGROUND
Former CEO Tom Habashi resigned from his position effective September 1, 2017. The Board of Directors formed a four member Ad Hoc CEO Selection Subcommittee (the "Subcommittee") to administer the selection process for a new CEO. Bryce Consulting was hired to work with the Subcommittee to define the candidate profile, develop a recruitment brochure and provide overall professional recruitment assistance. Twenty-seven applications for the CEO position were received. The Subcommittee narrowed the field of applications to seven applicants who were interviewed by an outside expert panel consisting of Shellie Anderson of Bryce Consulting, Shawn Marshall of LEAN Energy, Jan Pepper, CEO of Peninsula Clean Energy and David Brandt, City Manager of Cupertino. The top candidates were identified by the panel and these candidates were interviewed by the Subcommittee. The Subcommittee completed its work by recommending Mr. Girish Balachandran, currently the General Manager for the City of Riverside Public Utility, to be the new CEO of SVCEA.

ANALYSIS & DISCUSSION
The Subcommittee recommends to the Board of Directors the appointment of Girish Balachandran as the new CEO pursuant to the attached employment agreement (See Attachment 1). Mr. Balachandran’s resume indicates deep utility industry, public sector, and executive-level experience that positions him well to serve as SVCE’s CEO.

The terms outlined in the Employment Agreement were benchmarked across operational Community Choice Aggregators (CCAs). As such, the Agreement will provide Mr. Balachandran with an annual salary of $275,000, 200 hours of Paid Time Off (PTO), a $400 per month transportation allowance, and $10,000 in relocation costs. The three-year agreement also details a timeline for the CEO’s performance review at 6 months, 1 year, and annually thereafter.

ATTACHMENTS
1. Employment Agreement
EMPLOYMENT AGREEMENT FOR CHIEF EXECUTIVE OFFICER

THIS EMPLOYMENT AGREEMENT (“Agreement”) is entered by and between the Silicon Valley Clean Energy Authority (“SVCEA”) and Girish Balachandran, an individual (“EMPLOYEE”). SVCEA and EMPLOYEE are sometimes collectively referred to herein as the “PARTIES”. For identification purposes, this Agreement is dated December 13, 2017.

RECITALS

This Employment Agreement is entered into on the basis of the following facts, understandings and intentions of the PARTIES:

A. SVCEA was formed on March 31, 2016 as 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.) with the power to conduct its business and enter into agreements, including employment agreements.

B. EMPLOYEE possesses the skill, experience, ability, background and knowledge to perform the duties and services provided by this Agreement as the Chief Executive Officer of SVCEA.

C. SVCEA desires to employ EMPLOYEE as its Chief Executive Officer on the terms provided by this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual promises and conditions in this Agreement, it is agreed as follows:

1. Incorporation of Recitals. The foregoing Recitals, and each of them, are incorporated herein as though set forth in full.

2. Duties and Authority. SVCEA shall employ EMPLOYEE as the Chief Executive Officer of SVCEA, with the full power and authority to perform all of the duties of the Chief Executive Officer set forth in Exhibit A attached hereto.

3. Restrictions on Outside Business Activities and Conflicts. During his employment, EMPLOYEE shall devote his full energies, interest, abilities, and productive time to the performance of the Agreement and shall not, without SVCEA’s prior written consent, tender to other services of any kind for compensation, or engage in any other business activity in excess of five (5) hours per calendar week. In addition, EMPLOYEE shall not engage in any activity, for compensation or otherwise, that would interfere or conflict with the performance of his duties under this Agreement, including activities that may reasonably be expected to conflict with the Chief Executive Officer’s duties. Without limitation to the foregoing, a conflict includes, but is not limited to, a conflict of interest under the California Political Reform Act, Government Code § 1090 or other state or federal laws.
4. **Term.** Unless earlier terminated as provided in this Agreement, the term of this Agreement shall commence on February 19, 2018 and end on February 18, 2021. If notice of non-renewal is not given by either PARTY three months prior to the termination date, this Agreement shall renew for successive one-year terms, from February 19 to February 18 of succeeding years.

5. **Salary.** Effective February 19, 2018, SVCEA shall pay EMPLOYEE a base salary of $275,000 per year, prorated and paid on SVCEA’s normal paydays, subject to legally permissible or required deductions. EMPLOYEE’s salary is compensation for all hours worked and for all services under this Agreement. EMPLOYEE shall be exempt from overtime pay provisions of California law (if any) and federal law. EMPLOYEE’s salary may be adjusted periodically to reflect cost of living increases and merit increases.

6. **Evaluation of Performance.** The Board shall evaluate the performance of EMPLOYEE at or about six months and at or about one year after the commencement of the term of this Agreement and at each year thereafter. The Board will consider granting an increase in the base salary after the completion of the annual performance evaluations. The granting of a salary increase at such time will be in the discretion of the Board. Evaluations may be conducted or salary increases may be granted more often at the Board’s discretion. EMPLOYEE will request and schedule the minimum required evaluations as appropriate under the SVCEA’s agenda procedures or as otherwise directed by the Board.

7. **Benefits.** During the Term of this Agreement, EMPLOYEE shall be entitled to participate in any group insurance plan (including medical, dental, vision, life and disability, if any), retirement program or similar plan or program of SVCEA established by the Board during the term of this Agreement to the extent EMPLOYEE is eligible under its provisions. EMPLOYEE may elect to receive a $1,000 per month contribution to his 457 Plan in lieu of participating in SVCEA’s group insurance plan. In the event SVCEA establishes a separate benefit program for executive and management employees, EMPLOYEE shall be entitled to participate only in such benefit program. SVCEA may establish additional benefit programs and may modify or eliminate any benefit plan or program in its discretion, in accordance with applicable law. In addition, EMPLOYEE shall be entitled to the following benefits:

   a. **Paid Time Off.** EMPLOYEE will accrue paid time off (PTO) in the amount of 200 hours per year, prorated and credited each pay period. After the employee’s first anniversary EMPLOYEE will accrue an additional 8 hours per year for each year of employment, up to a maximum accrual rate of 240 hours per year. Except as otherwise provided in this Agreement, PTO shall be subject to any SVCEA PTO policy applicable to employees generally.

   b. **Federal Holidays.** EMPLOYEE shall be entitled to all federal holidays or such additional holidays as may be declared by SVCEA.

   c. **Auto and Local Transportation Allowance.** SVCEA shall pay EMPLOYEE an annual transportation allowance of $400 per month, prorated and paid each pay period. The transportation allowance will constitute full compensation for all costs, expenses, mileage allowance, depreciation, maintenance, repairs, insurance, gas, tires, oil and all other incidental expenses associated with the use of EMPLOYEE’s personal automobile on SVCEA
Employment Agreement

Silicon Valley Clean Energy Authority

business or his use of public transportation. Liability insurance maintained by
EMPLOYEE will be primary to any insurance or indemnification provided by
SVCEA.

d. **Professional Organizations.** Subject to availability of funds and with prior
approval, SVCEA agrees to pay or to reimburse EMPLOYEE for any budgeted,
reasonable and necessary membership dues in professional organizations.

8. **Expenses.** During the employment term, and subject to the availability of funds, SVCEA
shall reimburse EMPLOYEE for budgeted and reasonable out-of-pocket expenses incurred in
connection with SVCEA’s business, including reasonable expenses for air travel, food, and
lodging while away from home, subject to such policies as SVCEA may from time-to-time
reasonably establish for its employees. Additionally, EMPLOYEE shall be entitled to Board-
approved or budgeted and reasonable reimbursement for continuing education expenses, and for
attendance at conventions, and conferences. EMPLOYEE may, upon request and prior approval
by the SVCEA Board, be reimbursed for budgeted and reasonable expenses incurred in attending
additional events that are appropriate to SVCEA’s goals.

9. **Relocation Expenses.** SVCEA will pay EMPLOYEE a non-accountable lump-sum
relocation benefit of $10,000.00, to facilitate EMPLOYEE’s move from the Riverside, California
area to a location closer to the Silicon Valley Area. To be eligible for the relocation benefit,
EMPLOYEE must be employed by SVCEA for at least three months and must provide proof of
primary residence within either (i) the service area covered by SVCEA or (ii) a 30 miles radius
of SVCEA’s principal place of business. If EMPLOYEE does not submit the required proof of
primary residence within one year of starting employment, the relocation benefit will be
forfeited.

10. **Termination of Agreement.**

a. **Termination by SVCEA.** EMPLOYEE is employed at the pleasure of the
Board, and is thus an at-will employee. The Board may terminate this Agreement
and employment relationship at any time with or without cause, and with or
without prior notice.

b. **Termination on Resignation.** EMPLOYEE may terminate the Agreement
by giving SVCEA at least 30 days (or more if possible) prior written notice.
SVCEA may accelerate the effective date of resignation to any date after the
receipt of written notice or, upon request, may reduce the notice period, at its
discretion.

c. **Termination on Death.** If EMPLOYEE dies during the term of this
Agreement, this Agreement shall be terminated on the date of EMPLOYEE’s
death. All warrants or checks for accrued salary, accrued PTO or other items
shall be released to the person designated in writing by EMPLOYEE pursuant to
Government Code Section 53245 or, if no designation is made, to EMPLOYEE’s
estate.

11. **Severance.** SVCEA shall pay EMPLOYEE for all services through the effective date of
termination. EMPLOYEE shall have no right to any additional compensation or payment,
except as provided below and except for any accrued and vested benefits.
Employment Agreement

a. If SVCEA terminates this Agreement (thereby terminating EMPLOYEE’s Employment) without cause, SVCEA shall pay EMPLOYEE no severance during the first eight (8) months of employment, SVCEA shall pay EMPLOYEE a lump sum severance benefit equal to two (2) months of his then applicable base salary during the ninth (9th) through eighteenth (18th) months of employment and SVCEA shall pay EMPLOYEE a lump sum severance benefit equal to three (3) months of his then applicable base salary thereafter.

b. If SVCEA terminates this Agreement (thereby terminating EMPLOYEE’s Employment) with cause, EMPLOYEE shall not be entitled to any severance. As used in this Agreement, cause shall mean termination due to:

(1) A conviction, plea bargain, judgment or adverse determination by any court, the State Attorney General, a grand jury, or the California Fair Political Practices Commission involving any felony, intentional tort, crime of moral turpitude or violation of any statute or law constituting misconduct in office, misuse of public funds or conflict of interest;

(2) Conviction of a felony;

(3) Conviction of a misdemeanor arising out of EMPLOYEE’s duties under this Agreement and involving a willful or intentional violation of law;

(4) Willful abandonment of duties;

(5) A pattern of repeated, willful and intentional failure to carry out materially significant and legally constituted policy decisions of the Board made by the Board as a body or persistent and willful violation of properly established rules and procedures; and

(6) Any other action or inaction by EMPLOYEE that materially and substantially harms SVCEA’s interests, materially and substantially impedes or disrupts the performance of SVCEA or that is detrimental to employee safety or public safety.

c. If EMPLOYEE terminates this Agreement (thereby terminating EMPLOYEE’s Employment), EMPLOYEE shall not be entitled to any severance.

d. Any other term of this Agreement notwithstanding, the maximum severance that EMPLOYEE may receive under this Agreement shall not exceed the limitations provided in Government Code Sections 53260 – 53264, or other applicable law. Further, in the event EMPLOYEE is convicted of a crime involving an abuse of office or position, EMPLOYEE shall reimburse the SVCEA for any paid leave or cash settlement (including severance), as provided by Government Code Sections 53243 – 53243.4.


a. **Integration.** Subject to all applicable Government code sections, the Agreement contains the entire agreement between the PARTIES and supersedes
all prior oral and written agreements, understandings, commitments and practices
between the PARTIES before the date of this Agreement. No amendments to this
Agreement may be made except in writing signed by the PARTIES.

b. Severability. If any provision of this Agreement is held invalid or
unenforceable, the remainder of the Agreement shall nevertheless remain in full
force and effect. If any provision is held invalid or unenforceable with respect to
particular circumstances it shall nevertheless remain in full force and effect in all
other circumstances.

c. Notices. Any notices required or permitted under this Agreement must be
in writing and shall be deemed effective on the earlier of personal delivery
(including personal delivery by facsimile or similar means intended to provide
actual delivery on the same day) or the third day following mailing by first class
mail to the recipient. Notice to SVCEA shall be addressed to the Secretary of the
Board of Directors at the SVCEA's then principal place of business. Notice to
EMPLOYEE shall be addressed to his home address, as then shown in SVCEA's
files.

d. Agreement is Binding. This Agreement shall be binding upon and inure to
the benefit of SVCEA, its successor and assigns, and shall be binding upon
EMPLOYEE, his administrators, executors, legatees, heirs, and assigns.

e. Waiver. The failure of either PARTY to insist on strict compliance with
any of the terms, covenants or conditions of this Agreement by the other PARTY
shall not be deemed a waiver of that term, covenant or condition, nor a waiver or
relinquishment of any right or power.

IN WITNESS WHEREOF, the PARTIES have executed this Agreement.

Silicon Valley Clean Energy Authority

__________________________________
Chair, Board of Directors

DATE: ________________

__________________________________
Employee

Girish Balachandran

DATE: ________________

APPROVED AS TO FORM:

__________________________________
Gregory W. Stepanicich
General Counsel

ATTEST:

__________________________________
Secretary/Clerk
Exhibit A
Scope of Duties

EMPLOYEE will plan, organize, direct, and coordinate all operations of the Silicon Valley Clean Energy Authority; supervise and direct staff and consultant and administrative services to the Board of Directors; support any committees established by the Board of Directors; and perform such other duties and services as directed by the Board of Directors to achieve its key milestones as referenced herein. EMPLOYEE will direct all activities of the SVCEA, including operations, resource procurement and planning, organizational development, finance, regulatory affairs, external communications and strategic planning. More specifically, the duties of the EMPLOYEE will include the following:

- Coordinate all aspects of operating the SVCEA Community Choice Energy program and building it into an innovative enterprise that benefits Silicon Valley residents and businesses by providing electric service at stable rates, while expanding renewable energy and energy efficiency programs.

- Attend all Board of Directors meetings and the meetings of any committees established by the Board and be responsible for the preparation of all necessary staff reports for these meetings.

- Understand and comply with Brown Act, Public Records Act and all other applicable laws governing Authority meetings and operations.

- Develop and maintain rapport with Directors, Authority personnel, stakeholders, and community members.

- Consult with and solicit the cooperation of business and community groups and government agencies in assessing, identifying and analyzing renewable energy and energy conservation needs and objectives across participating communities; and develop and prioritize responsive programs to meet those needs and objectives.

- Develop agreements, methods and procedures to implement, administer and evaluate SVCEA's programs; oversee and direct program compliance reviews; develop process improvement plans and strategies to enhance service delivery; review projects and related records in order to assess the progress of projects and to assure program continuity and compliance.

- In coordination with the Board of Directors, engage in strategic planning and resource planning, and implement the adopted strategic plan and resource plan.

- Analyze the impact of proposed, current and newly-enacted state and federal legislation and CPUC decisions and determine impact on operations; and review economic trends and regulatory changes to determine the impact on operations.

- Prepare and administer the SVCEA budget; establish and maintain accounting systems and procedures in order to effectively monitor revenues and expenses, and to provide internal accounting controls and ensure the financial solvency of the Authority; certify the purchase of supplies, equipment and services; direct the preparation, review and approval of fiscal, special and technical reports, and proposals; research, identify, develop and negotiate public and private funding opportunities in order to support programs; submit grant applications for
Employment Agreement

Silicon Valley Clean Energy Authority

funding and monitor grant compliance.

- Direct the development of a community engagement and public relations program to gather community feedback and share information with the public about Authority operations, services, programs, goals and objectives; provide consultation to individuals, citizen groups, business organizations, consultants and governmental agencies on all matters related to Authority operations.

- Provide professional consultation and program leadership; prepare clear and concise records and reports; effectively assemble, organize and present, in either written or oral form, the logical conclusions and sound recommendations resulting from analysis of administrative, financial, factual or other information derived from a variety of sources; utilize sound judgment, tactfulness, persuasion and authority in the performance of duties; work under pressure, establish priorities and meet deadlines; establish and maintain effective work relationships with subordinates, officials representing jurisdictions participating in SVCEA, representatives of other agencies, administrative personnel and the general public.

- Provide organizational leadership and grow its capacity through the hiring and supervision of staff, including directing and evaluating the work of SVCEA personnel.

- Represent the Authority at governmental hearings, in front of administrative bodies, and at public meetings.
Staff Report – Item 1c

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

Item 1c: Authorize CEO to Approve Amendment to Agreement with Mail R Us dba Ad-Vantage Marketing, Inc., for Printing and Mailing Services

Date: 12/13/2017

RECOMMENDATION
Authorize CEO to approve the first amendment to SVCE’s agreement, as shown in Attachment 1, with Mail R Us dba Ad-Vantage Marketing, Inc., for printing and mailing services to extend the current agreement to September 30, 2018.

BACKGROUND
The Mail R Us dba Ad-Vantage Marketing, Inc. agreement for printing and mailing services was approved at the December 14, 2016 Board of Directors meeting primarily for the notification process. The current agreement is scheduled to expire on December 30, 2017.

ANALYSIS & DISCUSSION
SVCE will continue to utilize Mail R Us dba Ad-Vantage Marketing, Inc. for printing and mailing services. Compensation to Mail R Us dba Ad-Vantage Marketing, Inc., will continue to be based on the pricing section of Exhibit A of the agreement.

The funding for this extension was built into the FY 2017-18 Budget.

ATTACHMENTS
1. First Amendment to Agreement with Mail R Us dba Ad-Vantage Marketing, Inc. for Printing and Mailing Services
2. Agreement with Mail R Us dba Ad-Vantage Marketing, Inc. for Printing and Mailing Services
FIRST AMENDMENT TO AGREEMENT WITH MAIL R US dba AD-VANTAGE MARKETING, INC., FOR PRINTING AND MAILING SERVICES

WHEREAS, the SILICON VALLEY CLEAN ENERGY AUTHORITY ("Authority"), and Mail R Us dba Ad-Vantage Marketing, Inc. ("Contractor") entered into that certain agreement entitled Consulting Services, for Printing and Mailing Services Agreement, effective on December 14, 2016, hereinafter referred to as "Original Agreement"; and

WHEREAS, Authority and Contractor have determined it is in their mutual interest to amend certain terms of the Original Agreement.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, THE PARTIES AGREE AS FOLLOWS:

1. Article 1, (TERM) of the Original Agreement shall be amended to read as follows:

   "The term of this Agreement shall commence on December 14, 2016, and shall terminate on September 30, 2018, unless terminated earlier as set forth herein."

2. This Amendment shall be effective on December 13, 2017.

3. Except as expressly modified herein, all of the provisions of the Original Agreement shall remain in full force and effect. In the case of any inconsistencies between the Original Agreement and this Amendment, the terms of this Amendment shall control.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the dates set forth besides their signatures below.

CONTRACTOR, Mail R Us dba Ad-Vantage Marketing, Inc.

By: [signature]

[employee name]

[date]

SILICON VALLEY CLEAN ENERGY AUTHORITY, A Joint Powers Authority

By: [signature]

Don Eckert

Interim CEO

Date: [date]

RECOMMENDED FOR APPROVAL

Alan Suleiman, Director of Marketing & Public Affairs
AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND
MAIL R US dba AD-VANTAGE MARKETING INC FOR
PRINTING AND MAILING SERVICES

THIS AGREEMENT, is entered into this 14th day of December, 2016, by and between the
SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent joint powers authority, ("Authority"), and MAIL R US dba AD-VANTAGE MARKETING INC. (hereinafter referred to as "Contractor") (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. Contractor 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 Contractor desire to enter into an agreement for printing and mailing 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 14, 2016, and shall terminate on December 30, 2017, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**
Contractor shall perform service set forth in Exhibit "A" of which is attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONTRACTOR**
Contractor shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed three hundred eighty nine thousand nine hundred thirty six dollars ($389,936.00). 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.

4. **TIME IS OF THE ESSENCE**
Contractor and Authority agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**
Contractor 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 Contractor 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 Contractor, 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 Contractor’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 Contractor, 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 Contractor. Payments of the above items, if required, are the responsibility of Contractor.

7. **NO RECOUSE 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**

Contractor agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Contractor’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. Contractor agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**

Contractor shall indemnify, pay the cost of defense, including attorney’s fees, and hold harmless the Authority from all suits, actions or claims of any character brought on account of any injuries or damages received or sustained by Contractor in accordance with the indemnification provision set forth in Exhibit “D”, attached hereto and incorporated herein by reference.

10. **CONFLICT OF INTEREST**

Contractor 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. Contractor 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 Contractor 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.

11. **PROHIBITION AGAINST TRANSFERS**

Contractor 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 Contractor 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 Contractor.

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

12. **SUBCONTRACTOR APPROVAL**

The Contractor shall perform this Agreement. No assignment or subcontracting shall be allowed without the prior written consent of the Authority. In the event of a corporate acquisition and/or merger, the Contractor shall provide written notice to the Authority within thirty (30) business days of Contractor’s notice of such action or upon the occurrence of said action, whichever occurs first. The right to terminate this Agreement, which shall not be unreasonably withheld by the Authority, shall include, but not be limited to, instances in which a corporate acquisition and/or merger represent a conflict of interest or are contrary to any local, state or federal laws. Action by the Authority awarding a (bid/proposal) to a contractor which has disclosed its intent to assign or subcontract in its response to the (bid/proposal), without exception shall constitute approval for purposes of this Agreement.

13. **RECORDS**

Contractor 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. Contractor 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 Contractor receives final payment from Authority for all services required under this agreement.

14. **DESIGN, TESTING, AND OWNERSHIP OF DELIVERABLES**

Testing and Acceptance - Contractor will exercise commercially reasonable efforts to test Deliverables requiring testing, including cross-platform and cross-device testing, and to make all necessary corrections prior to providing Deliverables to Authority. Authority shall notify Contractor, in writing, of any failure of such Deliverable to comply with the specifications set forth in Exhibit A, or of any other objections, corrections, changes or amendments the Authority wishes made to such Deliverable. Any such written notice shall be sufficient to identify with clarity any objection, correction or change or amendment, and Contractor will undertake to remedy the requested Deliverable in a commercially timely manner. Any and all objections, corrections, changes or amendments shall be subject to the terms and conditions of this Agreement.

15. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Joyce Vollmer shall represent Contractor in all matters pertaining to the services to be performed under this Agreement.

16. **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:
Silicon Valley Clean Energy Authority
333 W. El Camino Real
Suite 290
Sunnyvale CA 94087
Attention: Chief Executive Officer

TO CONTRACTOR:
MAIL R US
dba AD-VANTAGE MARKETING INC
455 Tesconi Circle
Santa Rosa, CA 95401
Attention: Dave Rankin

17. DOCUMENTS COMPRISING CONTRACT
The Contract shall include this Agreement for printing and mailing services as well as the following documents which are incorporated herein for reference.
   a. Scope of Services in Exhibit “A”
   b. Contractors Certificate of Insurance as required in Exhibit “B”
   c. Confidentiality and Non-Disclosure Agreement as required in Exhibit “C”
   d. Contractor’s Indemnification and Hold Harmless as required in Exhibit “D”

If there is a conflict between the terms of the Agreement and the above referenced documents, then the conflict shall be resolved as follows: the terms of this Agreement shall prevail over the other documents, and the terms of the remaining documents shall be given preference in their above listed order.

18. TERMINATION
In the event Contractor fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Contractor shall be deemed in default in the performance of this Agreement. If Contractor fails to cure the default within the time specified (which shall not be 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 Contractor 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 Contractor as provided herein. Upon receipt of any notice of termination, Contractor shall immediately discontinue performance.

Authority shall pay Contractor for services satisfactorily performed up to the effective date of termination. Upon termination, Contractor 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 Contractor or given to Contractor, in connection with this Agreement. Such materials shall become the property of Authority.
19. **COMPLIANCE**
 Contractor shall comply with all applicable local, state and federal laws.

20. **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.

21. **ADVERTISEMENT**
 Contractor 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.

22. **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.

23. **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 Contractor.

24. **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.

25. **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.

26. **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.
MAIL R US
dba AD-VANTAGE MARKETING INC

By DAVID RANKIN
Date 1-3-17

SILICON VALLEY CLEAN ENERGY AUTHORITY
A Joint Powers Authority

By Tom Habashi, CEO
Date 12/21/16

APPROVED AS TO FORM:

Counsel for Authority

ATTEST:

Authority Clerk
Exhibit A
Scope of Services

1. Contractor, shall perform services related to the full service printing and mailing of four (4) notices to about 244,000 customers in 3 phases between January 17th, 2017 and November 15th, 2017.

A. Data Processing: $7,000
List set up, checking National Change of Address database, and reporting any changes to SVCE.

B. Production: $29,000
Inkjet Print setup, addressing letter size postcards with addresses, sort and bag, Delivering and mailing from Santa Clara Main processing center.
C. Printing: $58,000
Printing of 6x11 cards, non-gloss with bleeds, FSC Certified paper and soy based ink

D. Postage: $205,936
Standard Regular Auto postage @ $0.211 per piece

2. Ongoing expense for Move-in Notices: $15,000
Printing, mailing and postage for 6x11 cards, non-gloss with bleeds, FSC Certified paper. Sent to addresses of new customers moving into the service territory weekly.

3. Contingency: $75,000
To be used only at the discretion of the SVCE CEO, for additional customer printing and mailing service requirements that may arise throughout 2017. This includes the possibility of mailing a Joint Cost Comparison Mailer.

Total Not to Exceed Amount: $389,936

Contractor shall print out and send out notifications according to the phase-in schedule set forth below. This schedule may be modified with the written approval of the Chief Executive Officer.

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STATEMENT OF PURPOSE
The Silicon Valley Clean Energy Authority (the “Authority”) from time to time enters into agreements, leases and other contracts with Other Parties (as hereinafter defined). Such Agreements shall contain at a minimum risk management/insurance terms to protect the Authority’s interest and to minimize its potential liabilities. Accordingly, the following minimum requirements shall apply:

AUTHORITY DEFINED
The term Authority (wherever it may appear) is defined to mean the Silicon Valley Clean Energy Authority itself, its Board of Directors, employees, volunteers, representatives and agents.

OTHER PARTY DEFINED
The term Other Party (wherever it may appear) is defined to mean the other person or entity which is the counter-party to the Agreement with the Authority and any of such Other Party’s subsidiaries, affiliates, officers, employees, volunteers, representatives, agents, contractors and subcontractors.

LOSS CONTROL/SAFETY
Precaution shall be exercised at all times by the Other Party for the protection of all persons, including employees, and property. The Other Party shall comply with all laws, rules, regulations or ordinances related to safety and health, and shall make special effort to anticipate and detect hazardous conditions and shall take such precautionary and prompt action where loss control/safety measures should reasonably be expected. The Authority may order work to be stopped at any time, without liability, if conditions exist that present immediate danger to persons or property. The Other Party acknowledges that such stoppage, or failure to stop, will not shift responsibility for any damages from the Other Party to the Authority.

INSURANCE – BASIC COVERAGE REQUIRED
The Other Party shall procure and maintain the following described insurance, except for coverage specifically waived by the Authority, on policies and with insurers acceptable to the Authority, and insurers with AM Best ratings of no less than A.

These insurance requirements shall in no way limit the liability of the Other Party. The Authority does not represent these minimum insurance requirements to be sufficient or adequate to protect the Other Party’s interests or liabilities, but are merely minimums.

“Except for worker’s compensation and professional liability, the Other Party’s insurance policies shall be endorsed to name Silicon Valley Clean Energy Authority as additional insured. It is agreed that the Other Party’s insurance shall be deemed primary and non-contributory with respect to any insurance or self-insurance carried by Silicon Valley Clean Energy Authority for liability arising out of the operations of this agreement.”

Except for workers compensation, the Other Party waives its right of recovery against the Authority, to the extent permitted by its insurance policies. The Other Party’s deductibles/self-insured retentions shall be disclosed to the Authority and may
be disapproved by the Authority. They shall be reduced or eliminated at the option of the Authority. The Other Party is responsible for the amount of any deductible or self-insurance retention.

Insurance required of the Other Party or any other insurance of the Other Party shall be considered primary, and insurance of the Authority shall be considered excess, as may be applicable to claims which arise out of the Hold Harmless, Payment on Behalf of Silicon Valley Clean Energy Authority, Insurance, Certificates of Insurance and any Additional Insurance provisions of this agreement, contract, or lease.

Commercial General Liability: This insurance shall be an “occurrence” type policy written in comprehensive form and shall protect the Other Party and the additional insured against all claims arising from bodily injury, sickness, disease, or death of any person other than the Other Party’s employees or damage to property of the Authority or others arising out of any act or omission of the Other Party or its agents, employees, or Subcontractors and to be inclusive of property damage resulting from explosion, collapse, or underground exposures. This policy shall also include protection against claims insured by usual personal liability coverage. ISO occurrence Form CG 0001 or equivalent is required.

The liability limits shall not be less than:

| Bodily Injury and Property Damage | $2,000,000
| Aggregate |

| Commercial General Liability | $1,000,000
| Single Occurrence |

Business Automobile Liability: Business Auto Liability coverage is to include bodily injury and property damage arising out of ownership, maintenance or use of any auto, including owned, non-owned and hired automobiles and employee non-ownership use. ISO Form CA 0001 or equivalent is required.

The liability limits shall not be less than:

| Bodily Injury and Property Damage | $1,000,000
| Single Occurrence |

Worker’s Compensation: Worker’s Compensation coverage to apply for all employees for statutory limits as required by the State of California. If exempt from Worker’s Compensation coverage, as defined by California Law, the Other Party will provide a copy of State Worker’s Compensation exemption. All subcontractors shall be required to maintain Worker’s Compensation. The Other Party shall also purchase any other coverage required by law for the benefit of employees.

Professional Liability Insurance: The Other Party shall carry professional malpractice insurance throughout the term of this Contract and shall maintain such coverage for an extended period of one (1) year after completion and acceptance of any work performed hereunder. At all times throughout the period of required coverage, said coverage shall insure all claims accruing
from the first date of the Contract through the expiration date of the last policy period. In the event that Other Party shall fail to secure and maintain such coverage, Other Party shall be deemed the insurer of such professional malpractice and shall be responsible for all damages suffered by the Authority as a result thereof, including attorney’s fees and costs.

The liability limits shall not be less than: $1,000,000

EVIDENCE/CERTIFICATES OF INSURANCE
Required insurance shall be documented in Certificates of Insurance which provide that the Authority shall be notified at least 30 days in advance of cancellation, nonrenewable, or adverse change.

New Certificates of Insurance are to be provided to the Authority at least 15 days prior to coverage renewals.

If requested by the Authority, the Other Party shall furnish complete copies of the Other Party’s insurance policies, forms and endorsements.

For Commercial General Liability coverage the Other Party shall, at the opinion of the Authority, provide an indication of the amounts of claims payments or reserves chargeable to the aggregate amount of liability coverage.

Receipt of certificates or other documentation of insurance or policies or copies of policies by the Authority, or by any of its representatives, which indicate less coverage than required does not constitute a waiver of the Other Party’s obligation to fulfill the insurance requirements herein.

MAIL R US
dba AD-VANTAGE MARKETING INC

By DAVID RANKIN

Date 1-3-17
Exhibit C
Confidentiality and Non-Disclosure Agreement

This Confidentiality and Non-Disclosure Agreement ("Agreement") is entered into by and between SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent joint powers authority, ("Authority") and MAIL R US dba AD-VANTAGE MARKETING, INC. (hereinafter referred to as "Contractor") as of December 14, 2016 ("Effective Date"). As used herein the Authority and Contractor may each be referred to individually as a "Party" and collectively as "Parties." The provisions of this Agreement govern the disclosure of the Authority's confidential customer information to Contractor ("Disclosure Provisions"). The Parties hereby mutually agree that:

1. Subject to the terms and conditions of this Agreement, current proprietary and confidential information of the Authority regarding customers of the Authority ("Authority Customers") may be disclosed to Contractor from time to time as provided by the Disclosure Provisions and solely for the purposes set forth on Exhibit A. Such disclosure is subject to the following legal continuing representations and warranties by Contractor:

   (a) Contractor represents and warrants that it has all necessary authority to enter into this Agreement, and that it is a binding enforceable Agreement according to its terms;

   (b) Contractor represents and warrants that the authorized representative(s) executing this Agreement is (are) authorized to execute this Agreement on behalf of the Contractor; and

   (c) Contractor confirms its understanding that the information of Authority Customers is of a highly sensitive confidential and proprietary nature, and that such information will be used as contemplated under the Disclosure Provisions solely for the purposes set forth on Exhibit A and that any other use of the information is prohibited.

   (d) Contractor represents and warrants that it will implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal information from unauthorized access, destruction, use, modification, or disclosure, and prohibits the use of the data for purposes not set forth on Exhibit A.

2. The confidential and proprietary information disclosed to Contractor in the course of business may include, without limitation, the following information about Authority Customers: (a) names; (b) addresses; (c) telephone numbers; (d) service agreement numbers; (e) meter and other identification numbers; (f) Authority-designated account numbers; (g) meter numbers; (h) electricity and gas usage (including monthly usage, monthly maximum demand, electrical or gas consumption as defined in Public Utilities Code Section 8380, load, and other data detailing electricity or gas needs and patterns of usage); (i) billing information (including rate schedule, baseline zone, CARE participation,
end use code (heat source) service voltage, medical baseline, meter cycle, bill cycle, balanced payment plan and other plans; (j) payment / deposit status; (k) number of units; and (l) other similar information specific to Authority Customers individually or in the aggregate (collectively, “Confidential Information”). Confidential Information shall also include specifically any copies, drafts, revisions, analyses, summaries, extracts, memoranda, reports and other materials prepared by Contractor or its representatives that are derived from or based on Confidential Information disclosed by the Authority, regardless of the form of media in which it is prepared, recorded or retained.

3. Except for electric and gas usage information provided to Contractor pursuant to this Agreement, Confidential Information does not include information that Contractor proves (a) was properly in the possession of Contractor at the time of disclosure; (b) is or becomes publicly known through no fault of Contractor, its employees or representatives; or (c) was independently developed by Contractor, its employees or representatives without access to any Confidential Information.

4. From the Effective Date, no portion of the Confidential Information may be disclosed, disseminated or appropriated by Contractor, or used for any purpose other than the purposes set forth on Exhibit A.

5. Contractor shall, at all times and in perpetuity, keep the Confidential Information in the strictest confidence and shall take all reasonable measures to prevent unauthorized or improper disclosure or use of Confidential Information. Contractor shall implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal information from unauthorized access, destruction, use, modification, or disclosure and prohibits the use of the data for purposes not set forth on Exhibit A. Specifically, Contractor shall restrict access to Confidential Information, and to materials prepared in connection with the Confidential Information, to those employees or representatives of Contractor who have a “need to know” such Confidential Information in the course of their duties with respect to the Contractor program and who agree to be bound by the nondisclosure and confidentiality obligations of this Agreement. Prior to disclosing any Confidential Information to its employees or representatives, Contractor shall require such employees or representatives to whom Confidential Information is to be disclosed to review this Agreement and to agree to be bound by the terms of this Agreement.

6. Contractor shall be liable for the actions of, or any disclosure or use by, its employees or representatives contrary to this Agreement; however, such liability shall not limit or prevent any actions by the Authority directly against such employees or representatives for improper disclosure and/or use. In no event shall Contractor or its employees or representatives take any actions related to Confidential Information that are inconsistent with holding Confidential Information in strict confidence. Contractor shall immediately notify the Authority in writing if it becomes aware of the possibility of any misuse or misappropriation of the Confidential Information by Contractor or any of its employees or representatives. However, nothing in this Agreement shall obligate the Authority to monitor or enforce the Contractor’s compliance with the terms of this Agreement.
7. Contractor shall comply with the consumer protections concerning subsequent disclosure and use set forth in Attachment B to California Public Utilities Decision No. 12-08-045, and any modifications or successors to that decision.

8. Contractor acknowledges that disclosure or misappropriation of any Confidential Information could cause irreparable harm to the Authority and/or Authority Customers, the amount of which may be difficult to assess. Accordingly, Contractor hereby confirms that the Authority shall be entitled to apply to a court of competent jurisdiction or the California Public Utilities Commission for an injunction, specific performance or such other relief (without posting bond) as may be appropriate in the event of improper disclosure or misuse of its Confidential Information by Contractor or its employees or representatives. Such right shall, however, be construed to be in addition to any other remedies available to the Authority, in law or equity.

9. In addition to all other remedies, Contractor shall indemnify and hold harmless the Authority, its officers, employees, or agents from and against any claims, actions, suits, liabilities, damages, losses, expenses and costs (including reasonable attorneys' fees, costs and disbursements) attributable to actions or non-actions of Contractor and/or its employees and/or its representatives in connection with the use or disclosure of Confidential Information.

10. When Contractor fully performs the purposes set forth on Exhibit A, or if at any time Contractor ceases performance or the Authority requires Contractor cease performance of the purposes set forth on Exhibit A, Contractor shall promptly return or destroy (with written notice to the Authority itemizing the materials destroyed) all Confidential Information then in its possession at the request of the Authority. Notwithstanding the foregoing, the nondisclosure obligations of this Agreement shall survive any termination of this Agreement.

11. This Agreement shall be binding on and inure to the benefit of the successors and permitted assigns of the Parties. This Agreement shall not be assigned, however, without the prior written consent of the non-assigning Party, which consent may be withheld due to the confidential nature of the information, data and materials covered.

12. This Agreement sets forth the entire understanding of the Parties with respect to the subject matter contained herein, and supersedes all prior discussions, negotiations, understandings, communications, correspondence and representations, whether oral or written. This Agreement shall not be amended, modified or waived except by an instrument in writing, signed by both Parties, and, specifically, shall not be modified or waived by course of performance, course of dealing or usage of trade. Any waiver of a right under this Agreement shall be in writing, but no such writing shall be deemed a subsequent waiver of that right, or any other right or remedy.

13. This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without reference to its principles on conflicts of laws.
MAIL R US
dba AD-VANTAGE MARKETING INC

By DAVID RANKIN

Date 1-3-17
Exhibit D
Hold Harmless/Indemnification - Contractor

To the fullest extent permitted by laws and regulations, and in consideration of the amount stated on any Purchase Order, the Contractor shall defend, indemnify, and hold harmless Silicon Valley Clean Energy Authority (the "Authority"), its officers, directors, agents, guests, invitees, and employees from and against all liabilities, damages, losses, and costs, direct, indirect, or consequential (including but not limited to reasonable fees and charges of engineers, architects, attorneys, and other professionals and court and arbitration costs) arising out of or resulting from any acts of negligence, recklessness or intentional wrongful misconduct in the performance of the work by the Contractor, any Subcontractor, or any person or organization directly or indirectly employed by any of them to perform or furnish any of the work or anyone for whose acts any of them may be liable.

In any and all claims against the Authority, or any of its officers, directors, agents, or employees by any employee of the Contractor, any Subcontractor, any person or organization directly or indirectly employed by any of them to perform or furnish any of the work or anyone for whose acts any of the them may be liable, this indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the Contractor or any such Subcontractor or other person or organization under worker’s or workmen’s compensation acts, disability benefit acts, or other employee benefit acts, nor shall this indemnification obligation be limited in any way by any limitation on the amount or type of insurance coverage provided by the Authority, the Contractor, or any of his Subcontractors. To the extent this Indemnification conflicts with any provision of California Law or Statue, this indemnification shall be deemed to be amended in such a manner as to be consistent with such Law or Statue.

Subrogation: The Contractor and his Subcontractors agree by entering into this contract to a Waiver of Subrogation for each required policy herein. When required by the insurer, or should a policy condition not permit Contractor or Subcontractor to enter in to pre-loss agreement to waive subrogation without an endorsement, then Contractor or Subcontractor agrees to notify the insurer and request the policy be endorsed with a Waiver of Transfer or Rights of Recovery Against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy, which includes a condition specifically prohibiting such an endorsement, or voids coverage should Contractor or Subcontractor enter into such an agreement on a pre-loss basis.

Release of Liability: Acceptance by the Contractor of the last payment shall be a release to the Authority and every officer and agent thereof, from all claims and liability hereunder for anything done or furnished for, or relating to the work, or for any act or neglect of the Authority or of any person relating to or affecting the work.

Savings Clause: The parties agree that to the extent the written terms of this Indemnification conflict with any provisions of California laws or statues the written terms of this indemnification shall be deemed by any court of competent jurisdiction to be modified in such a manner as to be in full and complete compliance with all such laws or statues and to contain such
limiting conditions, or limitations of liability, or to not contain any unenforceable, or prohibited term or terms, such that this Indemnification shall be enforceable in accordance with and to the greatest extent permitted by California Law.

MAIL R US
dba AD-VANTAGE MARKETING INC

By [Signature]

Date 1-3-17
Staff Report – Item 1d

To: Silicon Valley Clean Energy Board of Directors
From: Donald Eckert, Interim CEO

Item 1d: Authorize CEO to Approve Agreement with REACH Strategies for Facilitation Support Services
Date: 12/13/2017

RECOMMENDATION
Authorize the CEO to approve agreement with REACH Strategies for facilitation services from December 13, 2017 through September 30, 2018.

BACKGROUND
At the August 9th Board of Directors meeting, staff was directed to provide options to expand public input into the Program investments. At the October 11, 2017 Board of Directors Meeting, staff received direction on the composition of a Customer Program Advisory Group (CPAG) with the Charter of the committee decided at the November 29, 2017 Board of Directors meeting. Staff recommends a professional facilitator to conduct the meetings.

ANALYSIS & DISCUSSION
The scope of work is included as Exhibit A to the Agreement with REACH Strategies (See Attachment 1). The goal is to facilitate a series of productive discussions among staff and the CPAG to generate positive recommendations for potential Silicon Valley Clean Energy (SVCE) programs. REACH Strategies has assisted hundreds of non-profit organizations, businesses, and foundations to create winning social change strategies.

Compensation is not to exceed $35,000. The funding for this agreement was built into the FY 2017-18 Budget.

ATTACHMENTS
1. Agreement with REACH Strategies for Facilitation Support Services
AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND REACH STRATEGIES FOR FACILITATION SUPPORT SERVICES

THIS AGREEMENT, is entered this 13th day of December, 2017, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency, ("Authority"), and REACH STRATEGIES, a California corporation whose address is 100 Shoreline Hwy, Suite 100, Mill Valley, CA 94941 (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 December 13, 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 thirty-five thousand dollars ($35,000.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference. 10% of the not to exceed amount is allowed for unforeseeable conditions encountered.

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 RECOUPSE 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
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. REACH STRATEGIES 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:
Kirk Brown
REACH Strategies
100 Shoreline Hwy, Suite 100
Mill Valley, CA 94941

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**
   REACH STRATEGIES

   By ______________________________
   Title ____________________________
   Date ____________________________

   **SILICON VALLEY CLEAN ENERGY AUTHORITY**
   A Joint Powers Authority

   By ______________________________
   Donald Eckert
   Title: Interim Chief Executive Officer

   Date ____________________________

   **RECOMMENDED FOR APPROVAL**

   ______________________________
   Alan Suleiman, Director of Marketing and Public Affairs
Exhibit A
Scope of Services

Customer Program Advisory Group (CPAG) members are appointed by the SVCE Board of Directors and CEO and will be made up of 15 SVCE residential customers with varying ranges of energy-related expertise, knowledge of SVCE’s work, and the energy industry as a whole. SVCE requires a facilitator that can help guide an efficient and effective process to provide the Board of Directors a list of candidate clean energy programs and priorities for its residential customer community.

SVCE anticipates that the CPAG will meet monthly and will develop a list of candidate programs to present to the Board of Directors no later than June 2018. Given that the group’s assignment will run through September 2018, the CPAG will also have a few months over the summer of 2018 to help shape some program design elements or implementation strategy for the initiatives that are put forward.

The CPAG facilitator will run all meetings, work with SVCE staff in advance to define the process, and ensure that a sound overall process plan for the effort is in place before the group’s first meeting in January 2018. All meetings will be conducted consistent with the requirements set forth in the Brown Act. The facilitator for this project needs to be conversant enough in energy and adept enough at facilitation to help this new group continue moving towards key goals as it reflects on the expert input it receives from SVCE staff. Not getting bogged down or moving beyond the scope of the possible for SVCE will be crucial.

Consultant will develop a strong understanding of SVCE’s goals for the CPAG. Consultant will review materials relevant to the CPAG’s potential work scope (both internal and external to SVCE), and if needed, conduct interviews and hold meetings with select staff identified by SVCE as key contributors to the process (SVCE Board members could also be candidates for interviews during this phase) as well as conduct individual interviews with incoming CPAG participants to assess their individual perspectives on the process ahead. Consultant will work with SVCE to identify a process for the monthly meetings, anticipated topics of discussions and will help SVCE anticipate potential process sticking points and options for addressing those points.

Consultant will work with SVCE to develop approaches for building relationships among CPAG participants, who likely will be unknown to each other before the initial meeting takes place. Using initial interviews and the first meeting to build participant awareness and understanding of the process and the other participants can help the group develop a sense of cohesion and community that will serve its later discussions.

The monthly meeting facilitation process will consist of preparing for, facilitating, and providing report outs on each CPAG meeting. Consultant will work with SVCE to develop specific agendas and desired outcomes for each monthly meeting. Consultant will support advance information sharing about each proposed meeting agenda and relevant background materials. Consultant will facilitate each meeting and will lead discussions with SVCE on the overall approach to the meeting process. Consultant will document each meeting with internal notes for SVCE, notes to CPAG participants, and public documentation (if necessary).
The group’s effort will focus on formulating recommendations into a final list for the Board of Directors. Depending on how the process unfolds, this work could also include facilitating CPAG discussions with SVCE staff on program design and implementation strategy. As required, Consultant will facilitate group discussions, document decisions, and provide information prior to and after each meeting.
Exhibit B
Schedule of Performance

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

<table>
<thead>
<tr>
<th>Task</th>
<th>Timeline</th>
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<tr>
<td>Project Launch:</td>
<td>December 2017-January 2018</td>
</tr>
<tr>
<td>• Finalize contract and work plan</td>
<td></td>
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<tr>
<td>• Set project team, agree on meeting schedule</td>
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<tr>
<td>• Agree on timelines for major activities</td>
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<tr>
<td>Initial Research and Discovery</td>
<td>December 2017-January 2018</td>
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<td>• Internal/external materials audit</td>
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<td>• SVCE staff interviews</td>
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<td>• CPAG stakeholder interviews) e.g., CPAG participants, others as needed or identified by SVCE staff</td>
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<tr>
<td>Set the CPAG Process/Outcomes framework</td>
<td>December 2017-January 2018</td>
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<tr>
<td>• Facilitate SVCE team planning/strategy discussions for the overall CPAG process</td>
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<tr>
<td>• Create a decision making rubric based on SVCE input-guidance</td>
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<tr>
<td>• Develop an overall process design for the CPAG (i.e., anticipated meeting topics/agendas, decision framework, and anticipated outcomes)</td>
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<tr>
<td>Monthly CPAG Meeting</td>
<td>January 2018-June 2018</td>
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<tr>
<td>• Develop monthly meeting agendas, advance materials</td>
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<tr>
<td>• Circulate advance materials</td>
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<tr>
<td>• Facilitate monthly meetings of the CPAG</td>
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<tr>
<td>• Document key notes/outcomes</td>
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<td>• Circulate post meeting materials</td>
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</tr>
<tr>
<td>• Regular check-ins with SVCE staff on process (anticipated at least two meeting per month)</td>
<td></td>
</tr>
<tr>
<td>• Additional CPAG check-ins on key items (if needed)</td>
<td></td>
</tr>
<tr>
<td>Final Outcome</td>
<td>June 2018</td>
</tr>
<tr>
<td>By the end of this process, we will have produced:</td>
<td></td>
</tr>
<tr>
<td>• a set of program recommendations for the SVCE Board;</td>
<td></td>
</tr>
<tr>
<td>• agendas, notes and supporting materials for monthly meetings;</td>
<td></td>
</tr>
<tr>
<td>• public documentation for the CPAG process,</td>
<td></td>
</tr>
</tbody>
</table>
as directed by the SVCE staff team, consistent with the Brown Act:

- recommendations on program design and implementation topics, as applicable given the evolution of the process; and
- a final report of the CPAG process.

| If the process of creating the final deliverable gets held up based on iterations and need for additional discussion, Consultant will work with SVCE to identify the best approach for addressing that need. | June 2018 |
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 Thirty-five thousand dollars ($35,000.00), 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.

<table>
<thead>
<tr>
<th>Task</th>
<th>Not to Exceed Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitation Services</td>
<td>$35,000.00</td>
</tr>
</tbody>
</table>

**Total** $35,000.00

**Rates**
Consultant bills at $225.00 an hour, which would be allocated against tasks as identified by SVCE each month. To begin work, Consultant will invoice for 20% of the anticipated project cost and then bill monthly thereafter based on completed work hours ad project tasks.

**Contingency**
10% of the not to exceed amount is allowed for unforeseeable conditions encountered.

**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 1e

To: Silicon Valley Clean Energy Board of Directors
From: Donald Eckert, Interim CEO

Item 1e: Adopt Resolution Approving Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent

Date: 12/13/2017

RECOMMENDATION
Adopt Resolution 2017-12 approving Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent and authorize submittal to the California Public Utilities Committee (CPUC).

BACKGROUND
At the November 29, 2017 Board of Directors meeting, the Board voted to approve the City of Milpitas joining SVCE. Before providing community choice aggregation services to the City of Milpitas, SVCE must meet certain statutory requirements set forth by the Public Utilities Code. This includes the adoption of the Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent by the governing body, the SVCE Board of Directors, and the submittal of that Plan to the CPUC.

ANALYSIS & DISCUSSION
The addendum will reflect the anticipated changes/consequences associated with the addition of any new members. Other information included to address the expansion to the City of Milpitas includes:

- Program phase-in;
- Customer energy requirements;
- Peak demand;
- Renewable energy purchases; and
- Financial plan.

The format of the addendum (see Attachment 1) addresses all requirements identified in Public Utilities Code Section 366.2(c)(4) including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service.

The CPUC has 90 days to complete a review and certify the Plan but may complete the review sooner.

ATTACHMENTS
1. Resolution 2017-12 Adopting Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent Required by Public Utilities Code Section 366.2(c)(3)
2. SVCE Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent
RESOLUTION NO. 2017-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF SILICON VALLEY CLEAN ENERGY AUTHORITY ADOPTING ADDENDUM NO. 1 TO THE COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT REQUIRED BY PUBLIC UTILITIES CODE SECTION 366.2(c)(3)

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

Section 1. Recitals.

(a) The Silicon Valley Clean Energy Authority (“SVCEA”) is a joint powers authority established on March 31, 2016 for the purpose of studying, promoting, developing, conducting, operating and managing energy and energy-related climate change programs including but not limited to implementing a community choice aggregation program under Public Utilities Code Section 366.2.

(b) The members of SVCEA include the Cities of Campbell, Cupertino, Gilroy, Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale, the Towns of Los Altos Hills and Los Gatos and the County of Santa Clara.

(c) Public Utilities Code Section 366.2 requires that before commencing community choice aggregation services in order to address expansion, SVCEA first must prepare and adopt a Revised Implementation Plan to be filed with the California Public Utilities Commission.

(d) The Board has approved the City of Milpitas becoming a new member of the Authority.

Section 2. Adoption. The Board of Directors hereby adopts the SVCEA Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent.

ADOPTED AND APPROVED this 13th day of December, 2017.

_____________________________
Chair

ATTEST:

_____________________________
Board Clerk
Silicon Valley Clean Energy

ADDENDUM NO. 1 TO THE COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

ADDRESSING SVCE EXPANSION TO THE CITY OF MILPITAS

December 14, 2017

For copies of this document visit svcleanergy.org
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  Program Phase-In ...................................................................................................................................... 4
  Sales Forecast.......................................................................................................................................... 5
  Financial Plan .......................................................................................................................................... 8
  Expansion Addendum Appendices ........................................................................................................... 9
CHAPTER 1 – Introduction

The purpose of this document is to make certain revisions to the Silicon Valley Clean Energy Implementation Plan and Statement of Intent (“Implementation Plan”) in order to address expansion of the Silicon Valley Clean Energy community choice aggregation program (the “CCA Program”, “Program” or “SVCE”) to the City of Milpitas. The Silicon Valley Clean Energy Authority (“SVCEA”) is a public agency located within Santa Clara County, formed for the purpose of implementing the CCA Program, which serves the electric energy requirements of certain residents and businesses within its member municipalities. At the time of initial service commencement, member agencies of SVCEA included eleven (11) municipalities located within the County of Santa Clara (“County”) as well as the unincorporated areas of the County itself (together, the “Members” or “Member Agencies”), which elected to allow SVCEA to provide electric generation service within their respective jurisdictions. The following Members Agencies comprised SVCEA’s initial membership: the Cities of Campbell, Cupertino, Gilroy, Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale, the Towns of Los Altos Hills and Los Gatos, and the unincorporated areas of Santa Clara County. In anticipation of CCA program implementation and in compliance with state law, SVCE submitted its Implementation Plan to the California Public Utilities Commission (“CPUC” or “Commission”) on July 14, 2016. Consistent with its expressed intent, SVCE successfully launched the Program on April 1, 2017 and has been serving customers located within its Member Agencies since that time.

The SVCE program now provides electric generation service to approximately 235,000 electric customers, including a cross section of residential and commercial accounts. During its operating history, non-member municipalities have monitored SVCE’s progress, evaluating the potential opportunity for membership, which would enable customer choice with respect to electric generation service. In response to public interest and SVCE’s successful operations, the City of Milpitas recently requested SVCE membership. SVCE’s Board of Directors approved such membership request at a duly noticed public meeting on November 29, 2017 through the adoption of Resolution No. 2017-13.

This Addendum No. 1 describes SVCE’s expansion plans to include the City of Milpitas. According to the Commission, the Energy Division is required to receive and review a revised SVCE implementation plan reflecting the anticipated changes/consequences associated with the addition of any new members. With this in mind, SVCE has reviewed its certified Implementation Plan and has identified certain information that requires updating to reflect the changes and consequences of adding the City of Milpitas as well as other forecast modifications, which reflect the most recent historical electric energy use within SVCE’s existing service territory. This Addendum No. 1 reflects such changes.

The format of this document addresses all requirements identified in Public Utilities Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service. Furthermore, the format of this document is intended to streamline public review of pertinent changes related to SVCE expansion.
CHAPTER 2 – CHANGES TO ADDRESS SVCE EXPANSION TO THE CITY OF MILPITAS

This Addendum No. 1 addresses the anticipated impacts of SVCE’s planned expansion to the City of Milpitas, as well as other forecast modifications reflecting the most recent historical electric energy use within SVCE’s existing service territory. As a result of this member addition, certain assumptions regarding SVCE’s future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and various other items. The following section highlights pertinent changes related to this planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 1, SVCE represents that such information remains unchanged relative to the July 2016 Implementation Plan, which was certified by the Commission on September 27, 2016.

With regard to the defined terms “Members” and “Member Agencies”, the following Community are now signatories to the SVCE Joint Powers Agreement and represent SVCE’s current membership:

<table>
<thead>
<tr>
<th>Member Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Campbell</td>
</tr>
<tr>
<td>City of Cupertino</td>
</tr>
<tr>
<td>City of Gilroy</td>
</tr>
<tr>
<td>City of Los Altos</td>
</tr>
<tr>
<td>Town of Los Altos</td>
</tr>
<tr>
<td>Town of Los Gatos</td>
</tr>
<tr>
<td>City of Milpitas</td>
</tr>
<tr>
<td>City of Monte Sereno</td>
</tr>
<tr>
<td>City of Morgan Hill</td>
</tr>
<tr>
<td>City of Mountain View</td>
</tr>
<tr>
<td>City of Saratoga</td>
</tr>
<tr>
<td>City of Sunnyvale</td>
</tr>
<tr>
<td>County of Santa Clara (Unincorporated Areas)</td>
</tr>
</tbody>
</table>

Throughout this document, use of the terms Members and Member Agencies shall now include the aforementioned communities. To the extent that discussion addresses the process of aggregation and SVCE organization, each of these communities is now an SVCE Member and the electric customers of such jurisdictions have been or will be offered CCA service consistent with the noted phase-in schedule.

Aggregation Process
SVCE’s aggregation process was discussed in Chapter 2 of SVCE’s July 2016 Implementation Plan. The following verbiage is supplemental to the introductory section of Chapter 2:
SVCE successfully launched its CCA Program on April 1, 2017 after meeting applicable statutory requirements and in consideration of planning elements described in its initial Implementation Plan. At this point in time, SVCE plans to expand agency membership to include the City of Milpitas. The City of Milpitas requested SVCE membership, and SVCE’s Board of Directors subsequently approved its membership request at a duly noticed public meeting on November 29, 2017.

**Program Phase-In**

Program phase-in was discussed in Chapter 5 of SVCE’s July 2016 Implementation Plan. Chapter 5 is replaced in its entirety with the following verbiage:

SVCE will continue to phase-in customers of its CCA Program as communicated in this Implementation Plan. To date, two phases have been successfully implemented, and a third phase will commence in May 2018. The third phase will include service commencement to electric customers located within the City of Milpitas as reflected in the following table.

<table>
<thead>
<tr>
<th>SVCE Phase No.</th>
<th>Status &amp; Description of Phase</th>
<th>Implementation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td><strong>Complete</strong>: All municipal accounts, all small and medium commercial accounts, 20 percent of residential accounts, and all customer accounts that have voluntarily expressed interest in Phase 1 enrollment.</td>
<td>April 1, 2017</td>
</tr>
<tr>
<td>Phase 2</td>
<td><strong>Complete</strong>: All agricultural, large commercial and industrial, and street lighting accounts, as well as the remaining 80 percent of residential accounts.</td>
<td>July 2017</td>
</tr>
<tr>
<td>Phase 3</td>
<td>City of Milpitas expansion: All eligible accounts.</td>
<td>May 2018 (planned)</td>
</tr>
</tbody>
</table>

To the extent that additional customers require enrollment after the completion of Phase 3, SVCEA will evaluate a subsequent phase of CCA enrollment.

SVCEA may also evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

---

1 Phase 3, as described in SVCE’s July 2016 Implementation Plan, was scheduled to occur in October 2017, but was consolidated with Phase 2. As such, SVCE enrolled the customers of its initial Member Agencies over the course of two phases, the first of which commenced in April 2017 and the second of which commenced in July 2017.
Sales Forecast
With regard to SVCE’s sales forecast, which is addressed in Chapter 6, Load Forecast and Resource Plan, SVCE projects that total annual retail sales will increase to approximately 4,171 GWh following Phase 3 expansion. The following tables have also been updated to reflect the impacts of planned expansion to SVCE’s new membership.

Chapter 6, Resource Plan Overview

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SVCE Demand (GWh)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributed Generation</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>11</td>
<td>13</td>
<td>15</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>8</td>
<td>13</td>
<td>17</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td>Losses and UFE</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**SVCE Supply (GWh)**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Renewable Resources</td>
<td>1,054</td>
<td>1,970</td>
<td>2,087</td>
<td>2,098</td>
<td>2,106</td>
<td>2,119</td>
<td>2,129</td>
<td>2,140</td>
<td>2,151</td>
<td>2,162</td>
</tr>
<tr>
<td><strong>Conventional Resources</strong></td>
<td>1,054</td>
<td>1,970</td>
<td>2,083</td>
<td>2,091</td>
<td>2,096</td>
<td>2,100</td>
<td>2,104</td>
<td>2,108</td>
<td>2,113</td>
<td>2,117</td>
</tr>
<tr>
<td><strong>Total Conventional Resources</strong></td>
<td>2,109</td>
<td>3,939</td>
<td>4,170</td>
<td>4,189</td>
<td>4,204</td>
<td>4,219</td>
<td>4,233</td>
<td>4,248</td>
<td>4,263</td>
<td>4,278</td>
</tr>
<tr>
<td><strong>Total Supply</strong></td>
<td>2,109</td>
<td>3,939</td>
<td>4,170</td>
<td>4,189</td>
<td>4,204</td>
<td>4,219</td>
<td>4,233</td>
<td>4,248</td>
<td>4,263</td>
<td>4,278</td>
</tr>
</tbody>
</table>

**Energy Open Position (GWh)**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Chapter 6, Customer Forecast

For Phase 3, the number of accounts switched over to SVCE service will increase again by approximately 712 accounts per day. The number of accounts served by SVCEA at the end of each phase is shown in the table below.

![Table showing SVCE Customers for different phases]

<table>
<thead>
<tr>
<th>SVCE Customers</th>
<th>Apr-17</th>
<th>Jul-17</th>
<th>May-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>37,627</td>
<td>209,935</td>
<td>229,200</td>
</tr>
<tr>
<td>Small Commercial</td>
<td>16,497</td>
<td>18,176</td>
<td>20,707</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>2,180</td>
<td>2,245</td>
<td>2,568</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>141</td>
<td>1,255</td>
<td>1,444</td>
</tr>
<tr>
<td>Industrial</td>
<td>&lt;15</td>
<td>33</td>
<td>36</td>
</tr>
<tr>
<td>Street Lighting &amp; Traffic</td>
<td>-</td>
<td>841</td>
<td>873</td>
</tr>
<tr>
<td>Agricultural &amp; Pumping</td>
<td>-</td>
<td>921</td>
<td>877</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>57,192</td>
<td>233,406</td>
<td>255,705</td>
</tr>
</tbody>
</table>

Chapter 6, Sales Forecast

![Table showing SVCE Energy Requirements (GWh) for different years]

<table>
<thead>
<tr>
<th>SVCE Energy Requirements (GWh)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Demand</td>
<td>2,109</td>
<td>3,939</td>
<td>4,175</td>
<td>4,196</td>
<td>4,217</td>
<td>4,238</td>
<td>4,259</td>
<td>4,280</td>
<td>4,302</td>
<td>4,323</td>
</tr>
<tr>
<td>Distributed Generation</td>
<td>0</td>
<td>0</td>
<td>-4</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-4</td>
<td>-3</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Losses and UFE</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Load Requirement</strong></td>
<td>2,109</td>
<td>3,939</td>
<td>4,171</td>
<td>4,190</td>
<td>4,205</td>
<td>4,220</td>
<td>4,236</td>
<td>4,251</td>
<td>4,266</td>
<td>4,281</td>
</tr>
</tbody>
</table>
### Chapter 6, Capacity Requirements

**Silicon Valley Clean Energy**

*Forward Capacity and Reserve Requirements (MW)*

#### 2017 to 2019

<table>
<thead>
<tr>
<th>Month</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>-</td>
<td>607</td>
<td>666</td>
</tr>
<tr>
<td>February</td>
<td>-</td>
<td>625</td>
<td>695</td>
</tr>
<tr>
<td>March</td>
<td>-</td>
<td>539</td>
<td>604</td>
</tr>
<tr>
<td>April</td>
<td>275</td>
<td>623</td>
<td>697</td>
</tr>
<tr>
<td>May</td>
<td>301</td>
<td>721</td>
<td>723</td>
</tr>
<tr>
<td>June</td>
<td>319</td>
<td>847</td>
<td>849</td>
</tr>
<tr>
<td>July</td>
<td>662</td>
<td>833</td>
<td>835</td>
</tr>
<tr>
<td>August</td>
<td>674</td>
<td>830</td>
<td>831</td>
</tr>
<tr>
<td>September</td>
<td>669</td>
<td>929</td>
<td>932</td>
</tr>
<tr>
<td>October</td>
<td>694</td>
<td>783</td>
<td>785</td>
</tr>
<tr>
<td>November</td>
<td>668</td>
<td>736</td>
<td>738</td>
</tr>
<tr>
<td>December</td>
<td>661</td>
<td>737</td>
<td>739</td>
</tr>
</tbody>
</table>

#### Silicon Valley Clean Energy

*Capacity Requirements (MW)*

2017 to 2026

<table>
<thead>
<tr>
<th>Demand (MW)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Demand</td>
<td>604</td>
<td>808</td>
<td>812</td>
<td>816</td>
<td>820</td>
<td>824</td>
<td>829</td>
<td>833</td>
<td>837</td>
<td>841</td>
</tr>
<tr>
<td>Distributed Generation</td>
<td>-</td>
<td>-</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
<td>(8)</td>
<td>(9)</td>
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<tr>
<td>Energy Efficiency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
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<tr>
<td>Losses and UFE</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total Net Peak Demand</td>
<td>604</td>
<td>808</td>
<td>810</td>
<td>813</td>
<td>816</td>
<td>820</td>
<td>824</td>
<td>829</td>
<td>833</td>
<td>837</td>
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<td>Reserve Requirement (%)</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
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<td>Capacity Reserve Requirement</td>
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<td>121</td>
<td>122</td>
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<tr>
<td>Capacity Requirement Including Reserve</td>
<td>694</td>
<td>929</td>
<td>932</td>
<td>935</td>
<td>938</td>
<td>940</td>
<td>943</td>
<td>945</td>
<td>948</td>
<td>951</td>
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#### Silicon Valley Clean Energy

*Local Capacity Requirements (MW)*

2017 to 2026

<table>
<thead>
<tr>
<th>SVCE Peak (MW)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Capacity Requirement (% of Peak)</td>
<td>-</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
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</tr>
<tr>
<td>Greater Bay Area Share of Local Capacity Requirement (%)</td>
<td>-</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
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<tr>
<td>Other PG&amp;E Areas Share of Local Capacity Requirement (%)</td>
<td>-</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
<td>66%</td>
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<tr>
<td>SVCE Local Capacity Requirement Greater Bay (MW)</td>
<td>-</td>
<td>99</td>
<td>99</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>101</td>
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<tr>
<td>SVCE Local Capacity Requirement Other PG&amp;E (MW)</td>
<td>-</td>
<td>192</td>
<td>192</td>
<td>193</td>
<td>194</td>
<td>194</td>
<td>195</td>
<td>195</td>
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<tr>
<td>SVCE Local Capacity Requirement, Total (MW)</td>
<td>-</td>
<td>291</td>
<td>292</td>
<td>293</td>
<td>294</td>
<td>294</td>
<td>295</td>
<td>296</td>
<td>297</td>
<td>298</td>
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Chapter 6, Renewables Portfolio Standards Energy Requirements

RPS Requirements (MWh)
2017 to 2026

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>TOTAL</th>
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<tr>
<td>Annual Procurement Target</td>
<td>569,308</td>
<td>1,142,324</td>
<td>1,294,154</td>
<td>1,384,536</td>
<td>1,463,140</td>
<td>1,542,495</td>
<td>1,622,608</td>
<td>1,703,483</td>
<td>1,785,126</td>
<td>1,867,542</td>
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</tr>
<tr>
<td>% of Current Year Retail Sales</td>
<td>27%</td>
<td>29%</td>
<td>31%</td>
<td>33%</td>
<td>35%</td>
<td>36%</td>
<td>38%</td>
<td>40%</td>
<td>42%</td>
<td>43%</td>
<td></td>
</tr>
</tbody>
</table>

Financial Plan

With regard to SVCE’s financial plan, which is addressed in Chapter 7, Financial Plan, SVCE has updated its expected operating results, which now include projected impacts related to service expansion within SVCE’s new member Community. The following table reflects updated operating projections in consideration of these planned expansions.

Chapter 7, CCA Program Implementation Feasibility Analysis

Silicon Valley Clean Energy
Reserves Summary (January 2017 through December 2020)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>I. RESERVE ADDITIONS</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(A) OPERATING RESERVE CONTRIBUTION</td>
<td>8,072,028</td>
<td>14,980,788</td>
<td>14,876,072</td>
<td>15,324,091</td>
<td>15,784,076</td>
<td>15,807,304</td>
<td>15,389,297</td>
<td>15,801,005</td>
<td>14,215,961</td>
<td>14,643,352</td>
<td>157,304,453</td>
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<tr>
<td>(B) CASH PROFIT/LOSING</td>
<td>5,990,880</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>5,990,880</td>
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<tr>
<td>SUBTOTAL RESERVE ADDITIONS</td>
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<td>14,980,788</td>
<td>14,876,072</td>
<td>15,324,091</td>
<td>15,784,076</td>
<td>15,807,304</td>
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<td>15,801,005</td>
<td>14,215,961</td>
<td>14,643,352</td>
<td>182,649,335</td>
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<td>II. RESERVE SUBTRACTIONS</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>(A) STARTUP FUNDING REMAIN</td>
<td>511,075</td>
<td>2,218,125</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>2,730,000</td>
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<tr>
<td>(B) INWORKING CAPITAL REIMBURSE</td>
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<td>-</td>
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<td>-</td>
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<td>5,000,000</td>
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<tr>
<td>(C) INTEREST PAYMENTS</td>
<td>137,904</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>137,904</td>
</tr>
<tr>
<td>SUBTOTAL RESERVE SUBTRACTIONS</td>
<td>5,649,075</td>
<td>2,218,125</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,867,000</td>
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<tr>
<td>III. RATE STABILIZATION RESERVE BALANCE</td>
<td>7,228,635</td>
<td>19,382,133</td>
<td>34,262,207</td>
<td>49,506,299</td>
<td>65,370,974</td>
<td>78,378,275</td>
<td>91,776,574</td>
<td>105,577,639</td>
<td>119,793,600</td>
<td>154,436,935</td>
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Expansion Addendum Appendices

Appendix A: Resolution No. 2017-13 (Adopting City of Milpitas’ Request for Membership)

Appendix B: Silicon Valley Clean Energy Joint Powers Agreement

Appendix C: Silicon Valley Clean Energy Implementation Plan and Statement of Intent
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 REVISIGN 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.

Chair

ATTEST:

Clerk
Silicon Valley Clean Energy Authority

- Joint Powers Agreement –

Effective March 31, 2016

Among The Following Parties:

City of Campbell
City of Cupertino
City of Gilroy
City of Los Altos
Town of Los Altos Hills
Town of Los Gatos
City of Milpitas
City of Monte Sereno
City of Morgan Hill
City of Mountain View
County of Santa Clara (Unincorporated Area)
City of Saratoga
City of Sunnyvale
SILICON VALLEY CLEAN ENERGY AUTHORITY

JOINT POWERS AGREEMENT

This Joint Powers Agreement (“Agreement”), effective as of March 31, 2016, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit B (“Parties”). The term “Parties” shall also include an incorporated municipality or county added to this Agreement in accordance with Section 3.1.

RECITALS

1. The Parties are either incorporated municipalities or counties sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.

2. The purposes for the Initial Participants (as such term is defined in Section 2.2 below) entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability, energy efficiencies and local economic benefits. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.

3. The Parties desire to establish a separate public agency, known as the Silicon Valley Clean Energy Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.

4. The Initial Participants have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 (“CCA Program”). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.
AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1
CONTRACT DOCUMENTS

1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions
Exhibit B: List of the Parties
Exhibit C: Annual Energy Use
Exhibit D: Voting Shares
Exhibit E: Funding of Initial Costs

1.3 Revision of Exhibits. The Parties agree that Exhibits B, C and D to this Agreement describe certain administrative matters that may be revised upon the approval of the Board, without such revision constituting an amendment to this Agreement, as described in Section 8.4. The Authority shall provide written notice to the Parties of the revision of any such exhibit.

ARTICLE 2
FORMATION OF SILICON VALLEY CLEAN ENERGY AUTHORITY

2.1 Effective Date and Term. This Agreement shall become effective and Silicon Valley Clean Energy Authority shall exist as a separate public agency on March 31, 2016 provided that this Agreement is executed on or prior to such date by at least three Initial Participants after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.4, subject to the rights of the Parties to withdraw from the Authority.

2.2 Initial Participants. Until March 31, 2016, all other Initial Participants may become a Party by executing this Agreement and delivering an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(12) to the Authority. Additional conditions, described in Section 3.1, may apply (i) to either an incorporated municipality or county desiring to become a Party that is not an Initial Participant
and (ii) to Initial Participants that have not executed and delivered this Agreement within the time period described above.

2.3 Formation. There is formed as of the Effective Date a public agency named the Silicon Valley Clean Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.3 may not be amended unless such amendment is approved by the governing boards of all Parties.

2.4 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party and any other powers granted to the Authority under state law to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate as a group in the CCA Program pursuant to Public Utilities Code Section 366.2(c)(12). The Parties intend that subsequent agreements shall define the terms and conditions associated with the actual implementation of the CCA Program.

2.5 Powers. The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:

2.5.1 make and enter into contracts;

2.5.2 employ agents and employees, including but not limited to an Executive Director;

2.5.3 acquire, contract, manage, maintain, and operate any buildings, works or improvements;

2.5.4 acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;

2.5.5 lease any property;

2.5.6 sue and be sued in its own name;

2.5.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Section 53850 et seq. and authority under the Act;
2.5.8 issue revenue bonds and other forms of indebtedness;

2.5.9 apply for, accept, and receive all licenses, permits, grants, loans or other assistance from any federal, state or local public agency;

2.5.10 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;

2.5.11 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority (“Operating Rules and Regulations”); and

2.5.12 make and enter into service, energy and any other agreements necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.

2.6 Limitation on Powers. As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the City of Cupertino and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.

2.7 Compliance with Local Zoning and Building Laws. Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings or structures located, constructed or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed.

ARTICLE 3
AUTHORITY PARTICIPATION

3.1 Addition of Parties. Subject to Section 2.2, relating to certain rights of Initial Participants, other incorporated municipalities and counties may become Parties upon (a) the adoption of a resolution by the governing body of such incorporated municipality or county requesting that the incorporated municipality or county, as the case may be, become a member of the Authority, (b) the adoption by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, of a resolution authorizing membership of the additional incorporated municipality or county, specifying the membership payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12) and execution of this Agreement and other necessary program agreements by the incorporated municipality or county, (d) payment of the membership fee, if any, and (e) satisfaction of any conditions established by the Board.

3.2 Continuing Participation. The Parties acknowledge that membership in the Authority may change by the addition and/or withdrawal or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 3.1.
The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties’ continuing obligations under this Agreement.

ARTICLE 4
GOVERNANCE AND INTERNAL ORGANIZATION

4.1 Board of Directors. The governing body of the Authority shall be a Board of Directors (“Board”) consisting of one Director for each Party appointed in accordance with Section 4.2.

4.2 Appointment and Removal of Directors. The Directors shall be appointed and may be removed as follows:

4.2.1 The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party also shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the Director shall be a member of the governing body of the Party. The person appointed and designated as the alternate Director may be a member of the governing body of the Party, a staff member of the Party, or a member of the public.

4.2.2 The Operating Rules and Regulations, to be developed and approved by the Board in accordance with Section 2.5.11, shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

4.3 Terms of Office. Each regular and alternate Director shall serve at the pleasure of the governing body of the Party that the Director represents, and may be removed as Director by such governing body at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director in accordance with the provisions of Section 4.2 within 90 days of the date that such position becomes vacant.

4.4 Quorum. A majority of the Directors of the entire Board shall constitute a quorum.

4.5 Powers and Function of the Board. The Board shall conduct or authorize to be conducted all business and activities of the Authority, consistent with this Agreement, the Authority Documents, the Operating Rules and Regulations, and applicable law.

4.6 Executive Committee. The Board may establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the executive committee such authority as the Board might otherwise exercise, subject to limitations placed on the
Board’s authority to delegate certain essential functions, as described in the Operating Rules and Regulations. The Board may not delegate to the Executive Committee or any other committee its authority under Section 2.5.11 to adopt and amend the Operating Rules and Regulations.

4.7 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement.

4.8 **Director Compensation.** Compensation for work performed by Directors on behalf of the Authority shall be borne by the Party that appointed the Director. The Board, however, may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors.

4.9 **Board Voting.**

4.9.1 **Percentage Vote.** Except when a supermajority vote is expressly required by this Agreement or the Operating Rules and Regulations, action of the Board on all matters shall require an affirmative vote of a majority of all Directors on the entire Board. A supermajority vote is required by this Agreement for the matters addressed by Sections 3.1, 6.4, 7.1.1, 7.1.2, 7.2, and 8.4. When a supermajority vote is required by this Agreement or the Operating Rules and Regulations, action of the Board shall require an affirmative vote of the specified supermajority of all Directors on the entire Board. All votes taken pursuant to this Section 4.9.1 shall be referred to as a percentage vote. No action can be taken by the Board without an affirmative percentage vote.

4.9.2 **Voting Shares Vote.** In addition to and immediately after an affirmative percentage vote, two or more Directors may request that a vote of the voting shares shall be held. In such event, the corresponding voting shares (as described in Section 4.9.2 and Exhibit D) of all Directors voting in the affirmative shall exceed 50%, or such other higher voting shares percentage expressly required by this Agreement or the Operating Rules and Regulations, of all Directors on the entire Board. All votes taken pursuant to this Section 4.9.2 shall be referred to as a voting shares vote. In the event that any one Director has a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter. When a voting shares vote is held, action by the Board requires both an affirmative percentage vote and an affirmative voting shares vote.

4.9.3 **Voting Shares Formula.** When a voting shares vote is requested by two or more Directors, voting shares of the Directors shall be determined by the following formula:
(Annual Energy Use/Total Annual Energy) multiplied by 100, where (a) “Annual Energy Use” means (i) with respect to the first two years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by the Authority and (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy use are designated in Exhibit C and the initial voting shares are designated in Exhibit D. Both Exhibits C and D shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year subject to the approval of the Board.

4.10 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.).

4.11 **Selection of Board Officers.**

4.11.1 **Chair and Vice Chair.** The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

4.11.2 **Secretary.** The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.11.3 **Treasurer and Auditor.** The Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be a member of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Auditor of the
Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depositary of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer and/or Auditor to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested, the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 6.

ARTICLE 5
IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

5.1 Preliminary Implementation of the CCA Program.

5.1.1 Enabling Ordinance. Prior to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

5.1.2 Implementation Plan. The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.9.

5.1.3 Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

5.2 Authority Documents. The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to the Operating Rules and Regulations, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties’ right to withdraw from the Authority as described in Article 7.
ARTICLE 6
FINANCIAL PROVISIONS

6.1 Fiscal Year. The Authority’s fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

6.2 Depository.

6.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

6.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

6.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

6.3 Budget and Recovery Costs.

6.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time through an Authority Document as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Rules and Regulations.

6.3.2 Funding of Initial Costs. The Initial Participants shall fund the Initial Costs of the Authority in establishing the Authority and implementing the CCA Program as described in Exhibit E to this Agreement. The Initial Participants shall remit to the Authority their respective shares of Phase 2 and 3 Initial Costs as described in Exhibit E within 30 days after the Effective Date. In the event that the CCA Program becomes operational, these Initial Costs paid by the Initial Participants shall be included in the customer charges for electric services as provided by Section 6.3.3 to the extent permitted by law, and the Initial Participants shall be reimbursed by the Authority within four years of the Effective Date. The Authority may establish a reasonable time period over which such costs are recovered. In
the event that the CCA Program does not become operational, the Initial Participants shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.

6.3.3 **CCA Program Costs.** The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric, conservation and energy efficiency services under the CCA Program shall be recovered through charges to CCA customers receiving such electric services or from revenues received from grants or other third-party sources.

6.3.4 **Additional Contributions and Advances.** Pursuant to Government Code Section 6504, the Parties may in their discretion make financial contributions, loans or advances to the Authority for the purposes of the Authority set forth in this Agreement. The repayment of such contributions, loans or advances will be on the written terms agreed to by the Party making the contribution, loan or advance and the Authority.

6.4 **Debt.** The Authority shall not incur any debts, including but not limited to loans and the issuance of bonds, unless approved by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9.

**ARTICLE 7**

**WITHDRAWAL AND TERMINATION**

7.1 **Withdrawal.**

7.1.1 **General Right to Withdraw.** A Party may withdraw its membership in the Authority, effective as of the beginning of the Authority’s fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. By a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, the Board may shorten the 180 day period for a withdrawal under this Section 7.1.1 to become effective.

7.1.2 **Amendment.** Notwithstanding Section 7.1.1, a Party may withdraw its membership in the Authority following an amendment to this Agreement provided that the requirements of this Section 7.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective 180 days after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board’s vote of the Party’s intention to withdraw its membership in the Authority should the amendment be approved by the Board. By a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, the Board may shorten the 180 day period for a withdrawal under this Section 7.1.2 to become effective.

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7.1.3 Liabilities; Further Assurances. A Party that withdraws its membership in the Authority under either Section 7.1.1 or 7.1.2 may be subject to certain liabilities, as described in Section 7.3. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Operating Rules and Regulations shall prescribe the rights, if any, of a withdrawn Party to continue to participate in those Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party.

7.2 Involuntary Termination of a Party. This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or the Authority Documents upon a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, including the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain liabilities, as described in Section 7.3.

7.3 Continuing Liability; Refund. Subject to the provisions of Section 2.3, upon a withdrawal or involuntary termination of a Party pursuant to Sections 7.1 or 7.2, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party’s membership in the Authority through the date of its withdrawal or involuntary termination. Notwithstanding Section 2.3, thereafter, the withdrawing or terminated Party shall be responsible for any damages, losses or costs incurred by the Authority resulting from the Party’s withdrawal, including but not limited to losses from the resale of power contracted for by the Authority to serve the Party’s load. In addition, such Party also shall be responsible for any costs or obligations associated with the Party’s participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party’s liability for the costs described above. Any amount of the Party’s funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party.

7.4 The Right to Withdraw Prior to Program Launch. After receiving bids from power suppliers for the CCA Program, the Authority must provide to the Parties a report from the electrical utility consultant retained by the Authority comparing the Authority’s total estimated electrical rates, the estimated greenhouse gas emissions rate and the amount of
estimated renewable energy to be used with that of the incumbent utility. Within 15 days after receiving this report, any Party may immediately withdraw its membership in the Authority by providing written notice of withdrawal to the Authority if the report determines that any one of the following conditions exists: (1) the Authority is unable to provide total electrical rates, as part of its baseline offering to customers, that are equal to or lower than the incumbent utility, (2) the Authority is unable to provide electricity in a manner that has a lower greenhouse gas emissions rate than the incumbent utility, or (3) the Authority will use less renewable energy than the incumbent utility. Any Party who withdraws from the Authority pursuant to this Section 7.4 shall not be entitled to any refund of the Initial Costs it has paid to the Authority prior to the date of withdrawal unless the Authority is later terminated pursuant to Section 7.5. In such event, any Initial Costs not expended by the Authority shall be returned to all Parties, including any Party that has withdrawn pursuant to this section, in proportion to the contribution that each made. Notwithstanding anything to the contrary in this Agreement, any Party who withdraws pursuant to this section shall not be responsible for any liabilities or obligations of the Authority after the date of withdrawal, including without limitation any liability arising from power purchase agreements entered into by the Authority.

7.5 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 7.1.

7.6 **Disposition of Property upon Termination of Authority.** Upon termination of this Agreement as to all Parties, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any Authority Documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

**ARTICLE 8**

**MISCELLANEOUS PROVISIONS**

8.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation or arbitration in the manner agreed upon by the Party or Parties and the Authority. In the event that nonbinding mediation or arbitration is not initiated or does not result in the settlement of a dispute within 120 days after the demand for mediation or arbitration is made, any Party and the Authority may pursue any remedies provided by law.

8.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et
8.3 **Indemnification of Parties.** The Authority shall acquire such insurance coverage as the Board deems necessary to protect the interests of the Authority, the Parties and the public but shall obtain no less than $2 million dollars in coverage. Such insurance coverage shall name the Parties and their respective Board or Council members, officers, agents and employees as additional insureds. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

8.4 **Amendment of this Agreement.** This Agreement may be amended in writing by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9. The Authority shall provide written notice to the Parties at least 30 days in advance of any proposed amendment being considered by the Board. If the proposed amendment is adopted by the Board, the Authority shall provide prompt written notice to all Parties of the effective date of such amendment along with a copy of the amendment.

8.5 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 8.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party’s contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.

8.6 **Severability.** If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

8.7 **Further Assurances.** Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

8.8 **Execution by Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

8.9 **Parties to be Served Notice.** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 72 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. In addition, a duplicate copy of all notices provided pursuant to this section shall be provided to the Director and Alternate Director for each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

**ARTICLE 9**

**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: [Signature]
Name: Jason T. Baker
Title: Mayor
Date: March 30, 2016
Party: City of Campbell

ATTEST:
By: [Signature]
Name: Wendy Wood
Title: City Clerk, City of Campbell

APPROVED AS TO FORM:
By: [Signature]
Name: William Seligmann
Title: City Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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ARTICLE 9
SIGNATURE

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: __________________________
Name: David Brodahl
Title: City Manager
Date: 3/29/18
Party: Cupertino

ATTEST:
By: __________________________
Name: Grace Schmidt
Title: City Clerk

APPROVED AS TO FORM:
By: __________________________
Name: Colleen Winburn
Title: City Attorney

-14-
counterpart of this Agreement identical in form hereto but having attached to it one or more
signature pages.

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each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the
Authority shall be copied to all Parties.

**ARTICLE 9**

**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement
establishing the Silicon Valley Clean Energy Authority.

By: ____________________________
Name: Gabriel A. Gonzalez
Title: City Administrator
Date: 3/25/2016
Party: City of Gilroy

ATTEST:
By: ____________________________
Name: Shaurie Freels
Title: City Clerk

APPROVED AS TO FORM:
By: ____________________________
Name: Julie Houston
Title: Assistant City Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**

**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: __________________________
Name: Jeannie Bruins
Title: Mayor
Date: March 22, 2016
Party: City of Los Altos

ATTEST:
By: __________________________
Name: JON MAGNUSON
Title: CITY CLERK

APPROVED AS TO FORM:
By: __________________________
Name: Jolie Houston
Title: City Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**

**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: __________________________
Name: John Harpootlian
Title: Mayor
Date: March 31, 2016
Party: Town of Los Altos Hills

ATTEST:
By: __________________________
Name: Deborah Padovan
Title: City Clerk

APPROVED AS TO FORM:
By: __________________________
Name: Steven Mathis
Title: City Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**

**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: ____________________________

Name: Marico Sayoc

Title: Vice Mayor

Date: 3-24-16

Party: Town of Los Gatos

ATTEST:

By: ____________________________

Name: Shelley Neis

Title: Clerk Administrator

APPROVED AS TO FORM:

By: ____________________________

Name: Robert Schultz

Title: Town Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**

**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: [Signature]

Name: Lionel M. Allan

Title: Mayor

Date: 3/31/2016

Party: City of MonteSerenco

ATTEST:

By: [Signature]

Name: Andrea M. Chelemengos

Title: City Clerk

APPROVED AS TO FORM:

By: [Signature]

Name: Kirsten Powell

Title: City Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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ARTICLE 9
SIGNATURE

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: __________________________
Name: Steve Rymer
Title: City Manager
Date: 3/29/16
Party: City of Morgan Hill

ATTEST:
By: __________________________
Name: Irma Torrez
Title: City Clerk

APPROVED AS TO FORM:
By: __________________________
Name: Gary M. Bavor
Title: City Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**

**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

Name: Ken Rosenberg

Title: Vice Mayor

Date: March 30, 2016

Party: City of Mountain

ATTEST:

By: 

Name: Dorrie Brewer

Title: City Clerk

APPROVED AS TO FORM:

By: 

Name: Jannie L. Quinn

Title: City Attorney

FINANCIAL APPROVAL:

By: 

Name: Finance and Administrative Services Director
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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ARTICLE 9

SIGNATURE

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: __________
Name: DAVE CORTESE
Title: PRESIDENT, BOARD OF SUPERVISORS
Date: __________
Party: County of Santa Clara

ATTEST:
By: __________
Name: MEGAN DOYLE
Title: CLERK OF THE BOARD OF SUPERVISORS

APPROVED AS TO FORM:
By: __________
Name: STEVE MITRA
Title: ASST. COUNTY COUNSEL
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

8.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 72 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. In addition, a duplicate copy of all notices provided pursuant to this section shall be provided to the Director and Alternate Director for each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

ARTICLE 9
SIGNATURE

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 
Name: James Lindsay
Title: City Manager
Date: 3/30/14
Party: City of Saratoga

ATTEST:
By: Crystal Bothelio
Name: Crystal Bothelio
Title: City Clerk

APPROVED AS TO FORM:
By: 
Name: Richard Taylor
Title: City Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

8.9 **Parties to be Served Notice.** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 72 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. In addition, a duplicate copy of all notices provided pursuant to this section shall be provided to the Director and Alternate Director for each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

**ARTICLE 9**

**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: [Signature]
Name: Glenn Hendricks
Title: Mayor
Date: MAR 29 2016
Party: City of Sunnyvale

ATTEST:
By: [Signature]
Name: Kathleen Franco Simmons
Title: City Clerk

APPROVED AS TO FORM:
By: [Signature]
Name: John A. Nagel
Title: City Attorney
counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

8.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 72 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. In addition, a duplicate copy of all notices provided pursuant to this section shall be provided to the Director and Alternate Director for each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

ARTICLE 9
SIGNATURE

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: ________________________________
Name: ______________________________
Title: _______________________________
Date: _______________________________
Party: _______________________________

ATTEST:
By: ________________________________
Name: ______________________________
Title: _______________________________

APPROVED AS TO FORM:
By: ________________________________
Name: ______________________________
Title: _______________________________
EXHIBIT A

DEFINITIONS

“AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.)

“Agreement” means this Joint Powers Agreement.

“Annual Energy Use” has the meaning given in Section 4.9.2.

“Authority” means the Silicon Valley Clean Energy Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors of the Authority.

“CCA” or “Community Choice Aggregation” means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

“CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.4 and 5.1.

“Days” shall mean calendar days unless otherwise specified by this Agreement.

“Director” means a member of the Board of Directors representing a Party.

“Effective Date” means the date on which this Agreement shall become effective and the Silicon Valley Clean Energy Authority shall exist as a separate public agency, as further described in Section 2.1.

“Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

“Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of an Executive Director and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority’s initial activities or in support of the negotiation, preparation and approval of power purchase agreements. The Board shall determine the termination date for Initial Costs.

“Initial Participants” means, for the purpose of this Agreement the County of Santa Clara, the Cities of Campbell, Cupertino, Gilroy, Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale, and the Towns of Los Altos Hills and Los Gatos.
“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

“Parties” means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.2 or 3.1 such that it is considered a member of the Authority.

“Party” means, singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.2 or 3.1 such that it is considered a member of the Authority.

“Percentage vote” means a vote taken by the Board pursuant to Section 4.9.1 that is based on each Party having one equal vote.

“Total Annual Energy” has the meaning given in Section 4.9.2.

“Voting shares vote” means a vote taken by the Board pursuant to Section 4.9.2 that is based on the voting shares of each Party described in Section 4.9.3 and set forth in Exhibit D to this Agreement. A voting shares vote cannot take place on a matter unless the matter first receives an affirmative percentage vote in the manner required by Section 4.9.1 and two or more Directors immediately thereafter request such vote.
EXHIBIT B

LIST OF THE PARTIES

City of Campbell
City of Cupertino
City of Gilroy
City of Los Altos
Town of Los Altos Hills
Town of Los Gatos
City of Milpitas
City of Monte Sereno
City of Morgan Hill
City of Mountain View
County of Santa Clara (Unincorporated Area)
City of Saratoga
City of Sunnyvale
**EXHIBIT C**

**ANNUAL ENERGY USE**

This Exhibit C is effective as of November 29, 2017.

<table>
<thead>
<tr>
<th>Party</th>
<th>kWh (2016*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell</td>
<td>206,632,307</td>
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<tr>
<td>Cupertino</td>
<td>234,914,343</td>
</tr>
<tr>
<td>Gilroy</td>
<td>284,334,863</td>
</tr>
<tr>
<td>Los Altos</td>
<td>132,365,808</td>
</tr>
<tr>
<td>Los Altos Hills</td>
<td>43,543,838</td>
</tr>
<tr>
<td>Los Gatos</td>
<td>207,102,990</td>
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<tr>
<td>Milpitas</td>
<td>675,209,553</td>
</tr>
<tr>
<td>Monte Sereno</td>
<td>16,339,961</td>
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<tr>
<td>Morgan Hill</td>
<td>211,478,618</td>
</tr>
<tr>
<td>Mountain View</td>
<td>597,856,147</td>
</tr>
<tr>
<td>Santa Clara County</td>
<td>380,323,888</td>
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<tr>
<td>(Unincorporated)</td>
<td></td>
</tr>
<tr>
<td>Saratoga</td>
<td>122,099,904</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>1,297,588,283</td>
</tr>
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*Data provided by PG&E*
EXHIBIT D

VOTING SHARES

This Exhibit D is effective as of November 29, 2017.

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<thead>
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<th>Party</th>
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<td>Monte Sereno</td>
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<td>Morgan Hill</td>
<td>211,478,618</td>
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<tr>
<td>Mountain View</td>
<td>597,856,147</td>
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<tr>
<td>Santa Clara County</td>
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<tr>
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<tr>
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<tr>
<td>Sunnyvale</td>
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<td><strong>Total</strong></td>
<td><strong>4,409,790,503</strong></td>
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*Data provided by PG&E
**EXHIBIT E**

**FUNDING OF INITIAL COSTS**

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<td>Cupertino</td>
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<td>Gilroy</td>
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<td>Los Altos</td>
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<td>$100,000</td>
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<tr>
<td>Los Altos Hills</td>
<td>--</td>
<td>$25,000</td>
</tr>
<tr>
<td>Los Gatos</td>
<td>--</td>
<td>$100,000</td>
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<tr>
<td>Monte Sereno</td>
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<td>$25,000</td>
</tr>
<tr>
<td>Morgan Hill</td>
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<td>$100,000</td>
</tr>
<tr>
<td>Mountain View</td>
<td>$170,000</td>
<td>$350,000</td>
</tr>
<tr>
<td>Santa Clara County</td>
<td>$170,000</td>
<td>$350,000</td>
</tr>
<tr>
<td>(Unincorporated)</td>
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<tr>
<td>Saratoga</td>
<td>--</td>
<td>$100,000</td>
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<tr>
<td>Sunnyvale</td>
<td>$170,000</td>
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</tr>
<tr>
<td>Total</td>
<td>$680,000</td>
<td>$2,050,000</td>
</tr>
</tbody>
</table>

- (*) Certain Parties have contributed funding prior to the Effective Date of this Agreement, as shown above under Phase 1, to conduct initial legal, technical, and administrative activities in support of the establishment of the Authority. Such activities are part of the Initial Costs described in Section 6.3 of this Agreement.

- (**) Additional costs associated with program launch will be financed and thus are not covered by the Initial Cost Contributions shown here.
SILICON VALLEY CLEAN ENERGY

COMMUNITY CHOICE
AGGREGATION
IMPLEMENTATION PLAN AND
STATEMENT OF INTENT

July 2016
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CHAPTER 1 – Introduction

The Silicon Valley Clean Energy Authority ("SVCEA") is a public agency located within Santa Clara County, formed for the purpose of implementing a community choice aggregation program ("CCA", or “Community Choice Energy” – “CCE” – which has been recently used as an alternative identifying term for the CCA service model), which has been named Silicon Valley Clean Energy (the “Program” or “SVCE”). Member Agencies of SVCEA include eleven (11) municipalities located within the County of Santa Clara (“County”) as well as the unincorporated areas of the County itself (together, the “Members” or “Member Agencies”), which have elected to allow SVCEA to provide electric generation service within their respective jurisdictions. Currently, the following Members Agencies comprise SVCEA:

<table>
<thead>
<tr>
<th>City of Campbell</th>
<th>City of Monte Sereno</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Cupertino</td>
<td>City of Morgan Hill</td>
</tr>
<tr>
<td>City of Gilroy</td>
<td>City of Mountain View</td>
</tr>
<tr>
<td>City of Los Altos</td>
<td>City of Saratoga</td>
</tr>
<tr>
<td>Town of Los Altos Hills</td>
<td>City of Sunnyvale</td>
</tr>
<tr>
<td>Town of Los Gatos</td>
<td>County of Santa Clara (unincorporated areas)</td>
</tr>
</tbody>
</table>

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes SVCEA’s plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of its Member Agencies that currently take bundled electric service from Pacific Gas and Electric Company (“PG&E”). The SVCE Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E’s transmission and distribution system. The planned start date for the Program is April 3, 2017, the first business day in April, 2017. All current PG&E customers within SVCEA’s service area will receive information describing the SVCE Program and will have multiple opportunities to choose to remain full requirement (“bundled”) customers of PG&E, in which case they will not be enrolled. Thus, participation in the SVCE Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out.

Implementation of SVCE will enable customers within SVCEA’s service area to take advantage of the opportunities granted by Assembly Bill 117 ("AB 117"), the Community Choice Aggregation Law. SVCEA’s primary objectives in implementing this Program are to provide cost competitive electric services; reduce electric sector greenhouse gas emissions ("GHGs") within the County; stimulate renewable energy development; promote energy efficiency and demand reduction programs; and sustain long-term rate stability for residents and businesses through local control. The prospective benefits to consumers include increased renewable and other low-GHG emitting energy supplies, stable and competitive electric rates, and the
opportunity for public participation in determining which technologies are utilized to meet local electricity needs.

To ensure successful operation of the Program, SVCEA will solicit energy suppliers and marketers through a competitive process and will negotiate with one or more qualified suppliers throughout the summer and fall of 2016. Final selection of SVCE’s initial energy supplier(s) will be made by SVCEA following administration of the aforementioned solicitation process and related contract negotiations. Information regarding the anticipated solicitation process for SVCE’s initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code provides the relevant legal authority for SVCEA to become a Community Choice Aggregator and invests the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the SVCE Program. The CPUC also has responsibility for registering SVCEA as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On July 13, 2016, SVCEA, at a duly noticed public hearing, considered and adopted this Implementation Plan, through Resolution No. 2016-05 (a copy of which is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E has approved tariffs for imposition of the cost recovery mechanism. Finally, each of SVCEA’s Members has adopted an ordinance to implement a CCA program through its participation in SVCEA, and each of the Members has adopted a resolution permitting SVCEA to provide service within its jurisdiction. With each of these milestones having been accomplished, SVCEA submits this Implementation Plan to the CPUC. Following the CPUC’s certification of its receipt of this Implementation Plan and resolution of any outstanding issues, SVCEA will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by PU Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides SVCEA’s statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;

1 Copies of individual ordinances adopted by SVCEA’s Members are included within Appendix A.
Equitable treatment of all customer classes; and

Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process
Chapter 3: Organizational Structure
Chapter 4: Startup Plan & Funding
Chapter 5: Program Phase-In
Chapter 6: Load Forecast & Resource Plan
Chapter 7: Financial Plan
Chapter 8: Rate setting
Chapter 9: Customer Rights and Responsibilities
Chapter 10: Procurement Process
Chapter 11: Contingency Plan for Program Termination
Appendix A: SVCEA Resolution No. 2016-05 (Adopting Implementation Plan)
Appendix B: SVCEA Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.
### AB 117 Cross References

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<td>Chapter 2: Aggregation Process</td>
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<td>Chapter 9: Customer Rights and Responsibilities</td>
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CHAPTER 2 – Aggregation Process

Introduction
This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Beginning in 2014, the Silicon Valley Community Choice Energy (“SVCE”) Partnership, which included the Cities of Cupertino, Mountain View, and Sunnyvale as well as the County of Santa Clara, began investigating formation of a CCA Program in the County, pursuant to California state law, with the following objectives: 1) provide cost-competitive electric services; 2) reduce greenhouse gas emissions related to the use of electric power within the County; and 3) increase the use of renewable energy resources relative to the incumbent utility. Thereafter, eight additional communities within the County were added to the SVCE Partnership, increasing the Partnership to twelve communities, which comprise SVCEA’s current membership. A technical feasibility study for a CCA Program serving the County was completed for the SVCE Partnership in April 2016.

After nearly two years of collaborative work by representatives of the SVCE Partnership, independent consultants, local experts and stakeholders, SVCEA was formed in March 2016 for purposes of implementing the SVCE Program. Subsequently, SVCEA released a draft Implementation Plan in June 2016, which described the planned organization, governance and operation of the CCA Program. Following consideration of comments related to the draft document, a final Implementation Plan was prepared and duly adopted by SVCEA’s Board of Directors (“Board”).

The SVCE Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the Member Agencies. SVCEA plans to offer choices to eligible customers through creation of innovative programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, energy efficiency, demand responsiveness to promote reductions in peak demand, customized pricing options for large energy users, and support of local renewable energy projects through offering of a standardized power purchasing agreement or Feed-In-Tariff.

Process of Aggregation
Before they are enrolled in the Program, prospective SVCE customers will receive two written notices in the mail, from SVCEA, that will provide information needed to understand the Program’s terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date no later than thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will
be provided to the first phase of customers in January 2017. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by SVCEA. These notices will be sent to customers in subsequent phases twice within 60 days of automatic enrollment.

Customers enrolled in the SVCE Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by SVCEA as well as other charges related to electricity delivery and other utility charges assessed by PG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the SVCE Program without penalty and return to the distribution utility (PG&E). SVCE customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by SVCE but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the SVCE Program and to have agreed to the SVCE Program’s terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

SVCE Customers will pay the generation charges set by SVCEA and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to the Program’s terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

SVCEA’s rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (PG&E). SVCEA will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by SVCEA’s Board.

Initial SVCE Program rates will be established following approval of SVCEA’s inaugural program budget, reflecting final costs from the SVCE Program’s energy supplier(s). SVCEA’s rate policies and procedures are detailed in Chapter 7. Information regarding final SVCE Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once SVCEA gives definitive notice to PG&E that it will commence service, SVCE customers will generally not be responsible for costs associated with PG&E’ future electricity procurement.
contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E’s electric service tariffs, which can be accessed from the utility’s website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers.²

Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to exceed California’s prevailing renewable energy procurement mandate for all enrolled customers. SVCE customers may also voluntarily participate in a 100 percent renewable supply option. To the extent that customers choose SVCE’s 100 percent renewable energy option, the renewable content of SVCE’s aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, SVCEA may consider independent development of new renewable generation resources.

Energy Efficiency Impacts

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the distribution utility are not expected to change as a result of SVCE Program implementation. SVCE customers will continue to pay the public benefits surcharges to the distribution utility, which will fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for the SVCE Program, as described in Chapter 6, will follow SVCEA’s successful application for and administration of requisite program funding (from the CPUC) to independently administer energy efficiency programs within its jurisdiction. Such programs will be in addition to the level of investment that would continue in the absence of SVCEA-administered energy efficiency programs. Thus, the SVCE Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs.

² For PG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in PG&E’s tariffs as separate rates/charges paid by all customers (with limited exceptions).
CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of SVCEA and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of SVCEA are outlined and discussed below.

Organizational Overview
In April 2016, SVCEA formed its Board of Directors to serve as its Governing Board. The Board is responsible for establishing SVCE Program policies and objectives and overseeing SVCEA’s operation. In May of 2016, the Board appointed a Chief Executive Officer to manage the operation of SVCEA in accordance with policies adopted by the Board. When SVCEA receives CPUC certification, the CEO will proceed to appoint staff and contractors to manage SVCEA’s activities. These activities include support services (administration, finance and IT), marketing and public affairs (community outreach, key account management and customer advocacy), Supply acquisition (energy trading, contract negotiation and system development) and Legal and government affairs.

Governance
The SVCE Program will be governed by SVCEA’s Board, which shall include one appointed designee from each of the Members. SVCEA is a joint powers agency created in March 2016 and formed under California law. The Members of SVCEA include eleven (11) municipalities located within the County as well as the unincorporated areas of the County, all of which have elected to allow SVCEA to provide electric generation service within their respective jurisdictions. SVCEA is the CCA entity that will register with the CPUC, and it is responsible for implementing and managing the program pursuant to SVCEA’s Joint Powers Agreement (“JPA Agreement”). SVCEA’s Board is comprised of representatives appointed by each of the Members in accordance with the JPA agreement. The SVCE Program will be operated under the direction of a Chief Executive Officer (“CEO”) appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board’s primary duties are to establish program policies, approve rates and provide policy direction to the CEO, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has elected a Chairman and Vice Chairman and has established an Executive Committee. In the future, the Board may also establish other committees and sub-committees, as needed, to address issues that require greater expertise in particular areas. SVCEA may also form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect SVCEA and its customers and would provide analytical support and recommendations to the Board in these regards.
Management
In May 2016, SVCEA’s Board appointed a CEO, who has management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs as well as SVCEA’s General Counsel. In serving SVCEA, the CEO may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, may be performed initially by third-party contractors.

Major functions of SVCEA that will be managed by the CEO are summarized below.

Administration
SVCEA’s CEO will be responsible for managing the organization’s human resources and administrative functions and will coordinate with the Board, as necessary, with regard to these functions. The functional area of administration will include oversight of employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues.

Finance
The CEO is also responsible for managing the financial affairs of SVCEA, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. SVCEA will have the flexibility to consider rate adjustments within certain ranges, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as economic development or low income subsidy programs, provided that the overall revenue requirement is achieved.

SVCEA may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than is currently available.

SVCEA’s finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the SVCE Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier’s financial condition and/or credit rating are identified, SVCEA will be able to take appropriate action, as would be provided for in the electric supply agreement(s).
**Marketing & Public Affairs**

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. SVCEA will conduct program marketing to raise consumer awareness of the SVCE Program and to establish the SVCE “brand” in the minds of the public, with the goal of retaining and attracting as many customers as possible into the SVCE Program. Communications will also be directed at key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance SVCEA’s ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. SVCEA will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the SVCE Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through the distribution utility’s billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and SVCEA, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of SVCEA.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. SVCEA will initially contract with a third party, who has demonstrated the necessary experience and administers an appropriate customer information system to perform the customer account and billing services functions.

**Power Resources & Energy Programs**

SVCEA must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. SVCEA’s long term resource plans (addressing the 10-20 year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. SVCEA may develop and administer complementary energy programs that may be offered to SVCE customers, including green pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching goals and objectives of SVCEA.
SVCEA will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Such integrated resource plans will also conform to applicable requirements imposed by the State of California. Integrated resource planning efforts of SVCEA will make maximum use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by SVCEA on an annual basis.

**Electric Supply Operations**

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- **Electricity Procurement** – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- **Risk Management** – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.
- **Load Forecasting** – develop load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- **Scheduling Coordination** – scheduling and settling electric supply transactions with the CAISO.

SVCEA will initially contract with one or more experienced and financially sound third party energy services providers to perform most of the electric supply operations for the SVCE Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

**Local Energy Programs**

A key focus of the SVCE Program will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs and other energy programs responsive to community interests. These programs are likely to be phased in during the first several years of operations. The implementation of such programs will follow the identification of requisite funding sources.

SVCEA will eventually administer energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-resources. SVCEA will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory, including the CPUC application process for third party...
administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by SVCE customers.

Governmental Affairs & General Counsel
The SVCE Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California’s Renewables Portfolio Standard (“RPS”), and overall representation on issues that will impact SVCEA, its Members and customers. SVCEA will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission.

Under the direction of its General Counsel, SVCEA may retain outside legal services, as necessary, to administer SVCEA, review contracts, and provide overall legal support related to activities of the SVCE Program.
CHAPTER 4 – Startup Plan & Funding

This Chapter presents SVCEA’s plans for the start-up period, including necessary expenses and capital outlays. As described in the previous Chapter, SVCEA may utilize a mix of staff and contractors in its CCA Program implementation.

Startup Activities

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
  - Electric supplier and scheduling coordinator
  - Data management provider (if separate from energy supply)
- Define and execute communications plan
  - Customer research/information gathering
  - Media campaign
  - Key customer/stakeholder outreach
  - Informational materials and customer notices
  - Customer call center
- Post CCA bond and complete requisite registration requirements
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Other costs related to starting up the SVCE Program will be the responsibility of the SVCE Program’s contractors (and are assumed to be covered by any fees/charges imposed by such contractors). These may include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

Staffing and Contract Services

Personnel in the form of SVCEA staff or contractors will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements would include a CEO, a General Counsel, and other personnel needed to support regulatory, procurement, finance, and communications activities.
For budgetary purposes, it is assumed that nine full-time equivalents (staff or contracted professional services) supporting the above listed activities would be engaged during the initial start-up period. Following this period, additional staff and/or contractors will be retained, as needed, to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

**Capital Requirements**

The Start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Based on SVCEA’s anticipated start-up activities and phase-in schedule, a total need of $22.73 million has been identified to support the aforementioned functions. The finance plan in Chapter 7 provides some additional detail regarding SVCEA’s expected capital requirements and general Program finances.

Related to SVCEA’s initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations (as well as operating reserve deposits that will likely be required by SVCEA’s power supplier(s)); 2) requisite deposit with the California Independent System Operator prior to commencing market operations; 3) CCA bond (posted with the CPUC); and 4) PG&E service fee deposit.

Operating revenues from sales of electricity will be remitted to SVCEA beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility’s standard meter reading cycle of 30 days and a 30 day payment/collections cycle. SVCEA will need working capital to support electricity procurement and costs related to program management, which is included in SVCEA’s initial $22.73 million capital requirement.

**Financing Plan**

SVCEA’s initial capital requirement will be provided via terms loans from the Member Agencies and/or conventional financing methods (e.g., bank loans and/or lines of credit); subsumed in the initial capital requirement is SVCEA’s initial start-up funding ($2.73 million), which has been provided by the Member Agencies in accordance with SVCEA’s JPA Agreement – such amounts are to be repaid by SVCEA no later than March 31, 2020. For all other amounts borrowed, SVCEA will make repayments (including any interest, as applicable) over an assumed 5-year term, commencing in January 2018. SVCEA will recover the principal and interest costs associated with the start-up funding via retail generation rates charged SVCE customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first several years of operations.
SVCEA will roll out its service offering to customers over the course of three or more phases:

- **Phase 1.** All municipal accounts, all small and medium commercial accounts, 20 percent of residential accounts, and all customer accounts that have voluntarily expressed interest in Phase 1 enrollment.
- **Phase 2.** All large commercial and industrial accounts as well as 35 percent of residential accounts.
- **Phase 3.** All agricultural and street lighting accounts as well as the remaining 45 percent of residential accounts.
- **Phase 4.** Any remaining accounts, if necessary.

This approach provides SVCEA with the ability to initiate its program with sufficient economic scale before building to full program integration for an expected customer base of approximately 210,000 accounts, post customer opt-out. SVCEA will offer service to all customers on a phased basis, which is expected to be completed within seven months of initial service to Phase 1 customers.

Phase 1 of the Program is targeted to begin on or about April 3, 2017, subject to a decision to proceed by SVCEA. During Phase 1, SVCEA anticipates serving approximately 57,000 accounts, comprised of all municipal accounts, small and medium commercial accounts, and a certain portion of residential accounts, totaling nearly 1,100 GWh of annual energy sales. SVCEA is currently refining the potential composition of Phase 1 accounts in consideration of cost of service and customer load characteristics as well as other operational considerations. Specific accounts to be included in Phase 1 will approximate thirty (30) percent of SVCEA’s total customer load and will be specifically defined after further analysis and consideration by SVCEA.

SVCEA may provide the opportunity for future customers of SVCE to make a positive election to enroll in Phase 1, even if that customer is not initially scheduled to be offered service during Phase 1. This accelerated enrollment opportunity would open during summer 2016 and close on November 1, 2016.

Phase 2 of the Program will commence following successful operation of the SVCE Program over an approximate 3-month term, which corresponds with an expected Phase 2 service commencement date occurring on or about July 3, 2017. It is anticipated that approximately 67,000 additional customers, comprised of large commercial and industrial customers as well as additional residential accounts, will be included in Phase 2, with annual energy consumption approximating 1,750 GWh, or fifty (50) percent of SVCEA’s total prospective customer load.
Following the successful completion of Phase 1 and Phase 2 customer enrollments, SVCEA will commence the process of completing the CCA roll out to all remaining customers in Phase 3, which is expected to occur on or about October 2, 2017. This phase is expected to comprise the remaining residential accounts within SVCEA’s service territory as well as all agricultural and street lighting accounts. Phase 3 will total approximately 87,000 accounts with annual energy consumption of approximately 595 GWh, or twenty (20) percent of SVCEA’s total prospective customer load.

To the extent that additional customers require enrollment after the completion of Phase 3, SVCEA will evaluate a subsequent phase of CCA enrollment.

SVCEA may also evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.
CHAPTER 6 - Load Forecast & Resource Plan

Introduction
This Chapter describes the planned mix of electric resources that will meet the energy demands of SVCE customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key polices are as follows:

- SVCEA will seek to increase use of renewable energy resources and reduce reliance on fossil-fueled electric generation for purposes of reducing electric sector GHG emissions.
- SVCEA will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- SVCEA will apply for the administration of energy efficiency program funding to help customers reduce energy costs through administration of enhanced customer energy efficiency, distributed generation, and other demand reducing programs.
- SVCEA will benefit the area’s economy through investment in local infrastructure, projects and energy programs.

SVCEA’s initial resource mix will include a proportion of renewable energy exceeding California’s prevailing RPS procurement mandate. As the SVCE Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the SVCE Program to achieve increased renewable energy content over time. SVCEA’s aggressive commitment to renewable generation adoption may involve both direct investment in new renewable generating resources, partnerships with experienced public power developers/operators and purchases of renewable energy from third party suppliers.

The plan described in this section would accomplish the following:

- Procure energy through one or more contracts with experienced, financially stable energy suppliers sufficient to offer two distinct generation rate tariffs: 1) 100 percent renewable energy, offered to SVCE customer on a voluntary basis; and 2) a default SVCE service option that includes a proportion of renewable energy exceeding California’s prevailing renewable energy procurement mandate.
- Continue increasing renewable energy supplies over time, subject to resource availability, economic viability and applicable compliance mandates.
- To the extent that SVCEA is successful in applying for administration of public funding to support locally administered efficiency programs, it will attempt to reduce net electricity purchases within the region.
- Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff; a standardized power purchase agreement or “Feed-In Tariff”; and other creative, customer-focused programs targeting increased access to local renewable energy sources.

SVCEA will comply with regulatory rules applicable to California load serving entities. SVCEA will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. SVCEA will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve SVCEA’s customers, even if there were a need for the SVCE Program to cease operations and return customers to PG&E. In addition, SVCEA will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS (33 percent renewable energy by 2020, increasing to 50 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

Resource Plan Overview
To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to SVCEA’s status as a California load serving entity, SVCEA’s resource plan includes a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of SVCEA’s resource plan is to reduce electric sector GHG emissions while offering competitive generation rates to participating customers. The planned power supply is initially comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by SVCEA.

Once the SVCE Program demonstrates it can operate successfully, SVCEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by SVCEA or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of SVCEA’s electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the SVCE Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, SVCEA may consider partnering with an experienced public power developer and could enter into a long-term (20-to-30 year) power purchase
agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the SVCE Program’s operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract. This option may be preferable to SVCEA as it works to achieve increasing levels of renewable energy supply to its customers.

SVCEA’s resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, SVCEA will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources.

SVCEA’s indicative resource plan for the years 2017 through 2026 is summarized in the following table. Note that SVCE’s projections reflect a portfolio mix of 40% renewable resources and 60% conventional resources. Subject to the availability of funds, a sizable percentage of the conventional resources reflected in the following table will be replaced with GHG-free resources.

### Silicon Valley Clean Energy
#### Proposed Resource Plan
##### (GWH)
##### 2017 to 2026

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>SVCE Demand (GWh)</td>
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<td>Retail Demand</td>
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<td>-3,473</td>
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<td>-3,525</td>
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<td>Distributed Generation</td>
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<td>4</td>
<td>5</td>
<td>7</td>
<td>9</td>
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<td>12</td>
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<td>7</td>
<td>11</td>
<td>14</td>
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<td>Total Demand</td>
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<td>SVCE Supply (GWH)</td>
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<tr>
<td>Renewable Resources</td>
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<td>Total Renewable Resources</td>
<td>712</td>
<td>1,413</td>
<td>1,459</td>
<td>1,505</td>
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<td>1,645</td>
<td>1,693</td>
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<td>Conventional Resources</td>
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<td>2,231</td>
<td>2,200</td>
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<td>2,069</td>
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<td>Total Supply</td>
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<td>3,701</td>
<td>3,714</td>
<td>3,727</td>
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### Supply Requirements

The starting point for SVCEA’s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program’s “load profile”. The electric sales forecast and load profile will be affected by SVCEA’s plan to introduce the SVCE Program to customers in phases and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. SVCEA’s phased roll-out plan and assumptions regarding customer participation rates are discussed below.
**Customer Participation Rates**

Customers will be automatically enrolled in the SVCE Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. SVCEA anticipates an overall customer participation rate of approximately 85 percent of PG&E bundled service customers, based on reported opt-out rates for the Marin Clean Energy, Sonoma Clean Power and Lancaster Choice Energy CCA programs. It is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part due to the fact that SVCEA will offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as SVCEA’s public outreach and market research efforts continue to develop.

**Customer Forecast**

Once customers enroll in each phase, they will be switched over to service by SVCEA on their regularly scheduled meter read date over an approximately thirty day period. Approximately 1,906 service accounts per day will be switched over during the first month of service. For Phase 2, the number of accounts switched over to SVCE service will increase to about 2,153 accounts per day. For Phase 3, the number of accounts switched over to SVCE service will increase again to about 2,778 accounts per day. The number of accounts served by SVCEA at the end of each phase is shown in the table below.

<table>
<thead>
<tr>
<th>Silicon Valley Clean Energy</th>
<th>Enrolled Retail Service Accounts</th>
<th>Phase-In Period (End of Month)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Apr-17</td>
<td>Jul-17</td>
</tr>
<tr>
<td>SVCE Customers</td>
<td></td>
<td></td>
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<tr>
<td>Residential</td>
<td>37,627</td>
<td>103,475</td>
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<tr>
<td>Small Commercial</td>
<td>16,497</td>
<td>16,497</td>
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<tr>
<td>Medium Commercial</td>
<td>2,180</td>
<td>2,180</td>
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<tr>
<td>Large Commercial</td>
<td>141</td>
<td>1,007</td>
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<tr>
<td>Industrial</td>
<td>&lt;15</td>
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<tr>
<td>Street Lighting &amp; Traffic</td>
<td>743</td>
<td>743</td>
</tr>
<tr>
<td>Agricultural &amp; Pumping</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57,192</strong></td>
<td><strong>123,939</strong></td>
</tr>
</tbody>
</table>

SVCEA assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (0.5% annual growth) over the noted
planning horizon. While the successful operating track record of California CCA programs continues to grow, there is a relatively short history with regard to CCA operations, which makes it fairly difficult to anticipate the actual levels of customer participation within the SVCE Program. SVCEA believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Santa Clara County and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by SVCEA for each of the next ten years is shown in the following table:

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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>188,136</td>
<td>189,077</td>
<td>190,022</td>
<td>190,972</td>
<td>191,927</td>
<td>192,887</td>
<td>193,851</td>
<td>194,820</td>
<td>195,794</td>
<td>196,773</td>
</tr>
<tr>
<td>Small Commercial</td>
<td>16,497</td>
<td>16,579</td>
<td>16,662</td>
<td>16,746</td>
<td>16,829</td>
<td>16,914</td>
<td>16,998</td>
<td>17,083</td>
<td>17,169</td>
<td>17,254</td>
</tr>
<tr>
<td>Medium Commercial</td>
<td>2,180</td>
<td>2,191</td>
<td>2,202</td>
<td>2,213</td>
<td>2,224</td>
<td>2,235</td>
<td>2,247</td>
<td>2,258</td>
<td>2,269</td>
<td>2,280</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>1,007</td>
<td>1,012</td>
<td>1,017</td>
<td>1,022</td>
<td>1,027</td>
<td>1,032</td>
<td>1,038</td>
<td>1,043</td>
<td>1,048</td>
<td>1,053</td>
</tr>
<tr>
<td>Industrial</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Street Lighting &amp; Traffic</td>
<td>1,376</td>
<td>1,383</td>
<td>1,390</td>
<td>1,397</td>
<td>1,404</td>
<td>1,411</td>
<td>1,418</td>
<td>1,425</td>
<td>1,432</td>
<td>1,439</td>
</tr>
<tr>
<td>Agricultural &amp; Pumping</td>
<td>814</td>
<td>819</td>
<td>823</td>
<td>827</td>
<td>831</td>
<td>835</td>
<td>839</td>
<td>843</td>
<td>848</td>
<td>852</td>
</tr>
<tr>
<td>Total</td>
<td>210,048</td>
<td>211,098</td>
<td>212,154</td>
<td>213,214</td>
<td>214,280</td>
<td>215,352</td>
<td>216,429</td>
<td>217,511</td>
<td>218,598</td>
<td>219,691</td>
</tr>
</tbody>
</table>

**Sales Forecast**

SVCEA’s forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. Annual energy requirements are shown below.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Requirements (GWh)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Demand</td>
<td>1,779</td>
<td>3,438</td>
<td>3,455</td>
<td>3,473</td>
<td>3,490</td>
<td>3,507</td>
<td>3,525</td>
<td>3,543</td>
<td>3,560</td>
<td>3,578</td>
</tr>
<tr>
<td>Distributed Generation</td>
<td>0</td>
<td>0</td>
<td>-4</td>
<td>-5</td>
<td>-7</td>
<td>-9</td>
<td>-11</td>
<td>-12</td>
<td>-14</td>
<td>-16</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-3</td>
<td>-7</td>
<td>-11</td>
<td>-14</td>
<td>-18</td>
<td>-21</td>
</tr>
<tr>
<td>Losses and UFE</td>
<td>107</td>
<td>206</td>
<td>207</td>
<td>208</td>
<td>209</td>
<td>210</td>
<td>210</td>
<td>211</td>
<td>212</td>
<td>212</td>
</tr>
<tr>
<td>Total Load Requirement</td>
<td>1,886</td>
<td>3,644</td>
<td>3,659</td>
<td>3,675</td>
<td>3,688</td>
<td>3,701</td>
<td>3,714</td>
<td>3,727</td>
<td>3,740</td>
<td>3,753</td>
</tr>
</tbody>
</table>

**Capacity Requirements**

The CPUC’s resource adequacy standards applicable to the SVCE Program require a demonstration one year in advance that SVCEA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, SVCEA must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.
A portion of SVCEA’s capacity requirements must be procured locally, from the Greater Bay area as defined by the CAISO and another portion must be procured from local reliability areas outside the Greater Bay Area. SVCEA would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on SVCEA’s forecasted peak load. SVCEA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

SVCEA is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO’s flexible resource adequacy framework.

The estimated forward resource adequacy requirements for 2017 through 2019 are shown in the following tables:

<table>
<thead>
<tr>
<th>Month</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>-</td>
<td>681</td>
<td>682</td>
</tr>
<tr>
<td>February</td>
<td>-</td>
<td>705</td>
<td>706</td>
</tr>
<tr>
<td>March</td>
<td>-</td>
<td>606</td>
<td>607</td>
</tr>
<tr>
<td>April</td>
<td>275</td>
<td>677</td>
<td>678</td>
</tr>
<tr>
<td>May</td>
<td>301</td>
<td>702</td>
<td>703</td>
</tr>
<tr>
<td>June</td>
<td>319</td>
<td>765</td>
<td>767</td>
</tr>
<tr>
<td>July</td>
<td>662</td>
<td>790</td>
<td>792</td>
</tr>
<tr>
<td>August</td>
<td>674</td>
<td>786</td>
<td>788</td>
</tr>
<tr>
<td>September</td>
<td>669</td>
<td>787</td>
<td>789</td>
</tr>
<tr>
<td>October</td>
<td>694</td>
<td>695</td>
<td>696</td>
</tr>
<tr>
<td>November</td>
<td>668</td>
<td>668</td>
<td>669</td>
</tr>
<tr>
<td>December</td>
<td>661</td>
<td>662</td>
<td>663</td>
</tr>
</tbody>
</table>

SVCEA’s plan ensures that sufficient reserves will be procured to meet its peak load at all times. SVCEA’s projected annual capacity requirements are shown in the following table:

---

3 The figures shown above are estimates. SVCEA’s resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC’s resource adequacy compliance process.
Local capacity requirements are a function of the PG&E area resource adequacy requirements and SVCEA’s projected peak demand. SVCEA will need to work with the CPUC’s Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of SVCEA’s annual local capacity requirement for the ten-year planning period ranges from approximately 247 MW to 253 MW as shown in the following table:

<table>
<thead>
<tr>
<th>Demand (MW)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Demand</td>
<td>604</td>
<td>687</td>
<td>691</td>
<td>694</td>
<td>698</td>
<td>701</td>
<td>705</td>
<td>708</td>
<td>712</td>
<td>715</td>
</tr>
<tr>
<td>Distributed Generation</td>
<td>-</td>
<td>-</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
<td>(8)</td>
<td>(9)</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Losses and UFE</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Net Peak Demand</td>
<td>604</td>
<td>687</td>
<td>689</td>
<td>691</td>
<td>693</td>
<td>695</td>
<td>696</td>
<td>698</td>
<td>700</td>
<td>702</td>
</tr>
<tr>
<td>Reserve Requirement (%)</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Capacity Reserve Requirement</td>
<td>91</td>
<td>103</td>
<td>103</td>
<td>104</td>
<td>104</td>
<td>104</td>
<td>104</td>
<td>105</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td>Capacity Requirement Including Reserve</td>
<td>694</td>
<td>780</td>
<td>792</td>
<td>795</td>
<td>797</td>
<td>799</td>
<td>801</td>
<td>803</td>
<td>805</td>
<td>807</td>
</tr>
</tbody>
</table>

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

SVCEA will coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to SVCEA during CCA program phase-in. For system resource adequacy requirements, SVCEA will make month-ahead showings for each month that SVCEA plans to serve load, and load migration issues would be addressed through the CPUC’s approved procedures. SVCEA will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).
Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, SVCEA will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining SVCEA’s renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to SVCE.

California’s RPS program is currently undergoing reform. On October 7, 2015, Governor Brown signed Senate Bill 350 (“SB 350”; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased California’s RPS procurement target from 33 percent by 2020 to 50 percent by 2030 amongst other clean-energy initiatives. Many details related to SB 350 implementation will be developed over time with oversight by designated regulatory agencies. However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 50 percent procurement mandate – for planning purposes, SVCEA has assumed straight-line annual increases (1.7 percent per year) to the RPS procurement target beginning in 2021, as the state advances on the 50 percent RPS. SVCEA will also adopt an integrated resource plan in compliance with SB 350 – SVCEA understands that various details related to this planning requirement have yet to be developed, and SVCEA intends to monitor and participate, as appropriate, in pertinent proceedings to promote the preparation and submittal of a responsive planning document. Furthermore, SVCEA will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

SVCEA’s Renewables Portfolio Standards Requirement

SVCEA’s annual RPS procurement requirements, as specified under California’s RPS program, are shown in the table below. When reviewing this table, it is important to note that SVCEA projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity, resulting in only a slight upward trend in projected retail electricity sales.
CHAPTER 6 - Load Forecast & Resource Plan

Silicon Valley Clean Energy
RPS Requirements (MWh)
2017 to 2026

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales</td>
<td>1,778,887</td>
<td>3,438,203</td>
<td>3,455,394</td>
<td>3,472,671</td>
<td>3,490,034</td>
<td>3,507,484</td>
<td>3,525,022</td>
<td>3,542,647</td>
<td>3,560,360</td>
<td>3,578,162</td>
</tr>
<tr>
<td>Annual Procurement Target</td>
<td>480,299</td>
<td>997,079</td>
<td>1,071,172</td>
<td>1,145,981</td>
<td>1,211,042</td>
<td>1,276,724</td>
<td>1,343,033</td>
<td>1,409,973</td>
<td>1,477,549</td>
<td>1,545,766</td>
</tr>
<tr>
<td>% of Current Year Retail Sales*</td>
<td>27%</td>
<td>29%</td>
<td>31%</td>
<td>33%</td>
<td>35%</td>
<td>36%</td>
<td>38%</td>
<td>40%</td>
<td>42%</td>
<td>43%</td>
</tr>
</tbody>
</table>

*Note: Specific details related to SB 350 implementation have yet to be identified. For purposes of this table, SVCEA assumed a straight-line increase from California’s 33 percent RPS procurement mandate in 2020 to California’s new, 50 percent RPS procurement mandate in 2030.

Purchased Power
Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of SVCE Program operation. SVCEA will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including SVCEA’s desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the Program. SVCEA

Renewable Resources
SVCEA will initially secure necessary renewable power supply from its third party electric supplier(s). SVCEA may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by SVCEA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by SVCEA, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission’s RPS rules and any additional guidelines ultimately adopted by SVCEA. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of SVCEA’s load zone, as defined by the CAISO.

Energy Efficiency
SVCEA’s energy efficiency goals will reflect a strong commitment to increasing energy efficiency within the County, expanding beyond the savings achieved by PG&E’s programs. To promote the achievement of this goal, SVCEA plans to complete the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by SVCE customers. To the extent that SVCEA is successful in this application process, receiving funding to administer additional energy efficiency programs within the region, it will seek to maximize end-use customer energy
efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace SVCEA’s need for traditional electric procurement activities. Additional details related to SVCEA’s energy efficiency plan will be developed once SVCE Program phase-in is underway.

With regard to SVCEA’s anticipated energy efficiency savings, a reasonable baseline assumption (for efficiency savings related to the demand-side portion of the SVCE resource plan) appears to be steady growth towards 0.5 percent of SVCEA’s projected energy sales by 2024. For example, the National Action Plan for Energy Efficiency states among its key findings “consistently funded, well-designed efficiency programs are cutting annual savings for a given program year of 0.15 to 1 percent of energy sales.”4 The American Council for an Energy-Efficient Economy (ACEEE) reports for states already operating substantial energy efficiency programs that an energy efficiency goal of one percent, as a percentage of energy sales, is a reasonable level to target.5 These savings would be in addition to the savings achieved by PG&E administered programs. Achieving this goal would mean at least a doubling of energy savings relative to the status quo (without the program administered by SVCEA). It is assumed that energy efficiency programs of SVCEA will focus on closing the gap between the vast economic potential of energy efficiency within the County and what is typically achieved.

**Demand Response**

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., SVCEA), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California’s resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be counted for local capacity requirements. This resource plan anticipates that SVCEA’s demand response programs would partially offset its local capacity requirements beginning in 2020.

PG&E offers several demand response programs to its customers, and SVCEA intends to recruit those customers that have shown a willingness to participate in utility programs into similar programs offered by SVCEA. SVCEA may also adopt a demand response program that enables

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it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in SVCEA’s demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. SVCEA may utilize experienced third party contractors to design, implement and administer its demand response programs.

_Distributed Generation_

Consistent with SVCEA’s policies and the state’s Energy Action Plan, clean distributed generation is a component of the integrated resource plan. SVCEA will work to promote deployment of photovoltaic (PV) systems within SVCEA’s service territory, with the goal of optimizing the use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. SVCEA also plans to implement a net energy metering program and a feed-in-tariff to promote local investment in distributed generation.

There are clear environmental benefits and strong customer interest in distributed PV systems. To support such systems, SVCEA may provide direct financial incentives from revenues funded by customer rates to further support use of solar power and/or other renewable resources within the local area. With regard to SVCE’s prospective net energy metering program, it is anticipated that SVCEA would eventually adopt a program that would allow participating customers to sell excess energy produced by customer-sited renewable generating sources to SVCEA. Such a program would be generally consistent with principles identified in Assembly Bill 920 (“AB 920”), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by net energy metered facilities located within the service territories of California’s large investor owned utilities, including PG&E. However, SVCEA may choose to offer enhanced compensation structures, relative to those implemented as a result of AB 920, as part of the direct incentives that may be established to promote distributed generation development within Santa Clara County. To the extent that incentives offered by SVCEA improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the County would increase.
CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the SVCE Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis
SVCEA’s cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the SVCE Program’s monthly costs and revenues and specifically accounts for the phased enrollment of SVCE Program customers described in Chapter 5.

Cost of CCA Program Operations
The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- Scheduling Coordination;
- Grid Management and other CAISO Charges;
- CCA Bond and Security Deposit;
- Pre-Startup Cost Reimbursement; and
- Debt Service.

Revenues from CCA Program Operations
The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that SVCEA charges a standard, default electricity tariff similar to the generation rates of PG&E for each customer class and an optional 100% renewable energy tariff at a premium reflective of incremental renewable power costs. More detail on SVCE Program rates can be found in Chapter 8.
Cash Flow Analysis Results
The results of the cash flow analysis provide an estimate of the level of capital required for SVCEA to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by SVCEA, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, was determined to be $22.73 million. Working capital requirements peak soon after enrollment of the Phase 1 customers.

CCA Program Implementation Pro Forma
In addition to developing a cash flow analysis which estimates the level of working capital required to move SVCE through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for debt service are included as a cost item.

The results of the pro forma analysis are shown in the following tables. In particular, the summary of CCA program startup and phase-in addresses projected SVCE Program operations for the period beginning January 2017 through December 2026. SVCEA has also included a summary of Program reserves, which are expected to accrue over this same period of time.

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6 Costs projected for staffing & professional services and other administrative & general relate to energy procurement, administration of energy efficiency and other local programs, generation development, customer service, marketing, accounting, finance, legal and regulatory activities necessary for program operation.
The surpluses achieved during the phase-in period serve to build SVCEA’s net financial position and credit profile and to provide operating reserves for SVCEA in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time. In addition, financial surpluses could be used to increase renewable and GHG-free resources within SVCEA’s resource mix.

**SVCE Financings**

It is anticipated that one or more financings, inclusive of prospective direct term loans between SVCEA and its Member Agencies, will be necessary to support SVPC Program implementation. Subsequent capital requirements will be self-funded from SVCEA’s accrued financial reserves. The anticipated financing approach is described below.

**CCA Program Start-up and Working Capital**

As previously discussed, the anticipated start-up and working capital requirements for the SVCE Program are $22.73 million. This amount is dependent upon the electric load served by SVCEA, actual energy prices, payment terms established with the third-party supplier, and program rates. This figure would be refined during the startup period as these variables become known. Once the SVCE Program is up and running, these costs would be recovered from customers through retail rates.
It is assumed that this financing will be primarily secured via term loans from the Member Agencies and/or via a short term loan or letter of credit, which would allow SVCEA to draw cash as required. Requisite financing would need to be arranged no later than the fourth quarter of 2016.

**Renewable Resource Project Financing**

SVCEA may consider project financings for renewable resources, likely local wind, solar, biomass and/or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful SVCE Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. SVCEA’s ability to directly finance projects will likely require a track record of five to ten years of successful program operations demonstrating strong underlying credit to support the financing; direct financing undertaken by SVCEA would not be expected to occur sooner than 2023.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs, and would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of SVCEA.
CHAPTER 8 – Rate Setting, Program Terms and Conditions

Introduction
This Chapter describes the initial policies proposed for SVCEA in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by SVCEA’s Board. SVCEA would retain authority to modify program policies from time to time at its discretion.

Rate Policies
SVCEA will establish rates sufficient to recover all costs related to operation of the SVCE Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by SVCEA. As a general policy, rates will be uniform for all similarly situated customers enrolled in the SVCE Program throughout the service area of SVCEA.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option (default service offering), including a proportionate quantity of renewable energy in excess of California’s prevailing renewable energy procurement mandate;
- 100 percent renewable energy supply option (voluntary service offering);
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness
The primary goal is to offer competitive rates for electric services that SVCEA would provide to participating customers. For participants in SVCEA’s standard Tariff, the goal would be for SVCE Program rates to be initially one percent below, subject to actual energy product pricing and decisions of SVCEA’s Board, similar generation rates offered by PG&E. For voluntary participants in the SVCE Program’s 100 percent renewable energy Tariff, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such customers – based on current estimates, the anticipated cost premium for the SVCE Program’s 100 percent renewable supply option would be 5 to 10 percent relative to the default SVCE tariff.
Competitive rates will be critical to attracting and retaining key customers. In order for SVCEA to be successful, the combination of price and value must be perceived as superior when compared to the bundled utility service alternative. As planned, the value provided by the SVCE Program will include a higher proportion of renewable energy and reduced GHG emissions relative to the incumbent utility, enhanced energy efficiency and customer programs, community focus, local investment and control.

As previously discussed, the SVCE Program will increase renewable energy supply to program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for SVCE Program customers will be the standard Tariff, which will increase renewable energy supply while maintaining generation rates that are generally comparable to PG&E’s. The initial renewable energy content provided under SVCE’s standard Tariff will exceed California’s prevailing renewable energy procurement mandate, and SVCEA will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. SVCEA will also offer its customers a voluntary 100% renewable energy Tariff, which will supply participating customers with 100 percent renewable energy at rates that reflect SVCE’s cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the standard Tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

**Rate Stability**

SVCEA will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent SVCE Program rates from directly tracking similar rates offered by the distribution utility, PG&E, and may result in differences from the general rate-related targets initially established for the SVCE Program. SVCEA will attempt to maintain general rate parity with PG&E to ensure that SVCE Program rates are not drastically different from the competitive alternative.

**Equity among Customer Classes**

SVCE’s initial rates will be set at 1% below similar rates offered by PG&E. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by SVCEA.

**Customer Understanding**

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the SVCE
Program’s customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

**Revenue Sufficiency**
SVCE Program rates must collect sufficient revenue from participating customers to fully fund SVCEA’s annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of costs of the SVCE Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in SVCEA’s rate stabilization fund may be used from time to time to augment operating revenues.

**Rate Design**
SVCEA will generally match the rate structures from the utilities’ standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the SVCE Program.

**Custom Pricing Options**
SVCEA may work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. SVCEA may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

**Net Energy Metering**
As planned, customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from SVCEA. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The PG&E net metering tariff (NEM) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule E-NEM. The objective is that SVCEA’s net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility’s portion of the bill. SVCEA plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by SVCEA.

**Disclosure and Due Process in Setting Rates and Allocating Costs among Participants**
Initial program rates will be adopted by SVCEA following the establishment of the first year’s operating budget prior to initiating the customer notification process. Subsequently, SVCEA will prepare an annual budget and corresponding customer rates. Any proposed rate
adjustment will be made to the Board of Directors and ample time will be given to affected customers to provide comment on the proposed rate changes.

After proposing a rate adjustment, SVCEA will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer’s monthly electricity bill (on the page addressing SVCEA charges). The notice will provide a summary of the proposed rate adjustment and will include a link to the SVCE Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of SVCEA to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.
CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the SVCE Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the SVCE Board from time to time.

By adopting this Implementation Plan, SVCEA will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. SVCEA retains authority to modify program policies from time to time at its discretion.

Customer Notices
At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. SVCEA will likely use its own mailing service for requisite enrollment notices rather than including the notices in PG&E’s monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying SVCEA using the SVCE Program’s designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they would be transferred to the SVCE Program’s call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after SVCE service commences. Opt-out requests made on or before the sixtieth day following start of SVCE Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by SVCEA during the time the customer took service from the SVCE Program, but will otherwise not be subject to any penalty or transfer fee from SVCEA.

Customers who establish new electric service accounts within the Program’s service area will be automatically enrolled in the SVCE Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing SVCEA’s privacy policy regarding customer usage information. SVCEA will have the authority
to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the SVCE Program’s customer base.

Termination Fee
Customers that are automatically enrolled in the SVCE Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which SVCEA reserves the right to impose, if deemed necessary. Customers that relocate within SVCEA’s service territory would have SVCE service continued at their new address. If a customer relocating to an address within SVCEA’s service territory elected to cancel CCA service, the Termination Fee could be applied. Program customers that move out of SVCEA’s service territory would not be subject to the Termination Fee. If deemed applicable by SVCEA, PG&E would collect the Termination Fee from returning customers as part of SVCEA’s final bill to the customer.

For illustrative purposes, SVCEA Termination Fee could vary by customer class as set forth in the table below, subject to a final determination by SVCEA.

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$5</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>$25</td>
</tr>
</tbody>
</table>

*Note that SVCEA has yet to adopt a Schedule of Fees for Service Termination. The fees reflected in this table are representative of similar charges adopted by California’s operating CCA programs.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by SVCEA subject to applicable customer noticing requirements.

Customers electing to terminate service after the initial notification period would be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by PG&E and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

Customer Confidentiality
SVCEA will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. SVCEA will maintain the confidentiality of individual customers’ names, service addresses, billing addresses, telephone numbers, account numbers,
and electricity consumption, except where reasonably necessary to conduct business of SVCEA or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable SVCEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. SVCEA will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at SVCEA’s discretion.

Responsibility for Payment
Customers will be obligated to pay SVCE Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, SVCEA will not be able to direct that electricity service be shut off for failure to pay SVCE bills. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

Customer Deposits
Under certain circumstances, SVCE customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the SVCE Program. A deposit would be required for an applicant who previously had been a customer of PG&E or SVCEA and whose electric service has been discontinued by PG&E or SVCEA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally a customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment\(^7\). Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

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\(^7\) A customer whose service is discontinued by SVCEA is returned to PG&E generation service.
CHAPTER 10 - Procurement Process

Introduction
This Chapter describes SVCEA’s initial procurement policies and the key third party service agreements by which SVCEA will obtain operational services for the SVCE Program. By adopting this Implementation Plan, SVCEA will have approved the general procurement policies contained herein to be effective at Program initiation. SVCEA retains authority to modify Program policies from time to time at its discretion.

Procurement Methods
SVCEA will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that SVCEA will generally utilize Competitive Procurement methods for services but may also utilize Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

SVCEA will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at SVCEA’s discretion. Authority for terminating agreements will generally mirror the authority for entering into such agreements.

Key Contracts

Electric Supply Contract
SVCEA will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet SVCE customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. SVCEA may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. SVCEA would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

SVCEA will solicit the services of a certified Scheduling Coordinator to schedule loads and resources to meet SVCE customer demand. SVCEA may designate the primary supplier to be responsible for day-to-day energy supply operations of the SVCE Program and for managing the predominant supply risks for the term of the contract. The primary supplier may also contribute to meeting the Program’s renewable energy supply goals. However, additional suppliers may be identified to supplement requisite renewable energy supplier of the SVCE
program. Finally, the primary supplier may be responsible for ensuring SVCEA’s compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

As this point in time, SVCEA has not yet commenced the requisite competitive solicitation process to identify its initial energy supplier(s). However, SVCEA anticipates executing the electric supply contract for Phase 1 loads in late-2016. The contract for Phase 2 and Phase 3 loads will be executed contemporaneously or shortly thereafter.

**Data Management Contract**

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with PG&E, billing, remittance processing, and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract may be separate from the electric supply contract. It is anticipated that a single contractor will be selected to perform all of the data management functions.\(^8\)

The data manager is responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract gives SVCEA greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue. The data management contract will also require that services be provided consistent with SVCEA’s customer confidentiality policies as described earlier in this Chapter, and the contractor will be required to provide, prior to contract award, adequate assurances to SVCEA that appropriate data security measures are employed.

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\(^8\) The contractor providing data management may also be the same entity as the contractor supplying electricity for the program.
As this point in time, SVCEA has not yet commenced the requisite competitive solicitation process to identify its data management services provider. However, it is anticipated that SVCE will execute a contract for data management services in September or October, 2016.

**Electric Supply Procurement Process**

In the third quarter of 2016, SVCEA plans to solicit proposals for shaped energy, renewable energy, carbon free energy, resource adequacy capacity, and scheduling coordinator services from a highly qualified pool of suppliers. Contract negotiations will commence immediately following proposal evaluation. Following the identification of short-listed energy services provider candidates, SVCEA will update the Commission regarding its selection process. It is anticipated that final supplier selection will be made by SVCEA in late 2016.
CHAPTER 11 – Contingency Plan for Program Termination

Introduction
This Chapter describes the process to be followed in the case of SVCE Program termination. By adopting the original Implementation Plan, SVCEA will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that SVCEA would terminate the SVCE Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed termination plan follows the requirements set forth in PG&E’s tariff Rule 23 governing service to CCAs. SVCEA retains authority to modify program policies from time to time at its discretion.

Termination by SVCE
SVCEA will offer services for the long term with no planned Program termination date. In the unanticipated event that SVCEA decides to terminate the Program, each of its Member Agencies would be required to adopt a termination ordinance or resolution and provide adequate notice to SVCEA consistent with the terms set forth in the JPA Agreement. Following such notice, SVCEA’s Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that SVCEA affirmatively votes to proceed with JPA termination, SVCEA would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice would be provided to PG&E and the CPUC before transferring customers, and SVCEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred en masse on the date of their regularly scheduled meter read date.

SVCEA will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. SVCEA will post financial security in the
appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

**Termination by Members**
The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.
CHAPTER 12 – Appendices

Appendix A: SVCEA Resolution No. 2016-05 (Adopting Implementation Plan)

Appendix B: Silicon Valley Clean Energy Authority Joint Powers Agreement
Staff Report – Item 1f

To: Silicon Valley Clean Energy Board of Directors
From: Donald Eckert, Interim CEO

Item 1f: Adopt Resolution Amending the Adopted Organization Chart to Add the Reclassified Position of Manager of Regulatory and Legislative Affairs, Remove Position of Regulatory/Legislative Analyst, and Amend Salary Ranges

Date: 12/13/2017

RECOMMENDATION
Adopt Resolution 2017-10 amending the organization chart to include the addition of the reclassified position of Manager of Regulatory and Legislative Affairs and amending salary ranges to reflect the 3% across-the-board increase.

BACKGROUND
At the September 13, 2017 Board of Directors meeting, staff presented a proposed organization chart which included the reclassification of the Regulatory/Legislative Analyst position to Manager of Regulatory and Legislative Affairs. Staff also proposed a 3% across-the-board salary increase as part of the Recommended Fiscal Year 2017-18 Operating Budget.

ANALYSIS & DISCUSSION
The reclassification of the Regulatory/Legislative Analyst position to Manager of Regulatory and Legislative Affairs was based on the incumbent’s performance, the importance of this role to the success of Silicon Valley Clean Energy (SVCE) and the incremental duties the incumbent has assumed.

The minimum and maximum salary ranges have been adjusted by 3% to reflect the across-the-board increase that was approved by the Board at the September 13, 2017 Board of Directors meeting.

ATTACHMENTS
1. Resolution 2017-10, Amending the Organization Chart, Job Classifications and Salary Schedule
2. Job Classification Summary – Manager of Regulatory and Legislative Affairs
RESOLUTION NO. 2017-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY AMENDING THE ORGANIZATION CHART, JOB CLASSIFICATIONS AND SALARY SCHEDULE

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, under Section 2.5.2 of the Joint Powers Agreement creating the Authority, the Authority has the power to employ agents and employees; and

WHEREAS, Board of Directors adopted Resolution No. 2016-06 on August 10, 2016 establishing an Organization Chart for the Authority and salary ranges for the established positions; and

WHEREAS, Board of Directors adopted Resolution No. 2017-07 on June 14, 2017 amending the adopted Organization Chart to delete one Community Outreach Specialist and add one additional Account Services Representative.

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

Section 1. The Authority’s Organization Chart is amended to add the position of Manager of Regulatory & Legislative Affairs, remove the position of Regulatory/Legislative Analyst, and modify the salary ranges for all positions as shown below:

<table>
<thead>
<tr>
<th>Title</th>
<th>Minimum Salary (Annual $)</th>
<th>Maximum Salary (Annual $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Representative I</td>
<td>64,890</td>
<td>101,970</td>
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<tr>
<td>Account Representative II</td>
<td>77,868</td>
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<tr>
<td>Account Services Manager</td>
<td>103,824</td>
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<tr>
<td>Administrative Analyst</td>
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<tr>
<td>Administrative Assistant</td>
<td>51,912</td>
<td>81,576</td>
</tr>
<tr>
<td>Board Clerk / Executive Assistant</td>
<td>95,172</td>
<td>149,556</td>
</tr>
<tr>
<td>Community Outreach Manager</td>
<td>103,824</td>
<td>163,152</td>
</tr>
<tr>
<td>Community Outreach Specialist</td>
<td>56,238</td>
<td>88,374</td>
</tr>
<tr>
<td>Director of Administration &amp; Finance</td>
<td>138,432</td>
<td>217,536</td>
</tr>
<tr>
<td>Director of Marketing &amp; Public Affairs</td>
<td>138,432</td>
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</tr>
<tr>
<td>Director of Power Resources</td>
<td>164,388</td>
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</tr>
<tr>
<td>Finance Manager</td>
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<td>176,748</td>
</tr>
<tr>
<td>Title</td>
<td>Minimum Salary (Annual $)</td>
<td>Maximum Salary (Annual $)</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>General Counsel &amp; Director of Government Affairs</td>
<td>190,344</td>
<td>299,112</td>
</tr>
<tr>
<td>Manager of Regulatory &amp; Legislative Affairs</td>
<td>115,824</td>
<td>175,152</td>
</tr>
<tr>
<td>Power Contracts &amp; Compliance Manager</td>
<td>129,780</td>
<td>203,940</td>
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<tr>
<td>Power Resource Planning &amp; Programs Analyst</td>
<td>95,172</td>
<td>149,556</td>
</tr>
</tbody>
</table>

Section 2. The positions to be hired between the adoption of this Resolution and June 30, 2018 shall be as shown in Attachment 1: SVCEA Organization Chart.

Section 3. The Chief Executive Officer shall create and maintain as needed job descriptions for each classification.

Section 4. The Chief Executive Officer is authorized to initiate recruitments.

ADOPTED AND APPROVED this 13th day of December, 2017.

Chair

ATTEST:

Clerk

Attachment 1: SVCEA Organization Chart
JOB DESCRIPTION

MANAGER OF REGULATORY AND LEGISLATIVE AFFAIRS

Summary
The Manager of Regulatory and Legislative Affairs ("Manager") has responsibility for a wide range of Silicon Valley Clean Energy (SVCE) regulatory and legislative matters, with particular emphasis on representation of SVCE’s interests at the California Public Utilities Commission (CPUC) and in the California legislature. The Manager is involved in all stages of regulatory proceedings, including evaluating proposed regulatory policies to assess their impacts on SVCE, developing SVCE positions on issues, and producing analyses, written reports, and presentation materials to support SVCE’s position. The Manager may be assigned to assist in the work of other SVCE teams, and in that role may represent SVCE in administrative proceedings before applicable regulatory agencies. This position performs related work and other analytic tasks for SVCE as required.

Job Description
The Manager of Regulatory and Legislative Affairs works independently to perform assignments under the general direction of the Chief Executive Officer. The incumbent participates as an SVCE representative before various regulatory agencies, including the CPUC, in matters affecting community choice aggregators (CCAs) and other electric utilities, including in ratemaking proceedings, rulemakings, and proposed rules and regulations. The Manager is tasked with reviewing and drafting comments and briefs; providing technical and/or analytic input on regulatory matters; preparation of data requests, testimony, and hearing exhibits, participation in administrative hearings; and researching and preparing legislative policy responses at the State and local levels.

Supervisory Responsibilities
The Manager of Regulatory and Legislative Affairs is responsible for guiding and supervising the work of the Associate Regulatory/Legislative Analyst(s) and keeping the Chief Executive Officer appraised of said work. The Manager is also responsible for managing contracts and relationships with any external contractors SVCE hires whose work pertains to regulatory and legislative matters.

Essential Duties and Responsibilities (Illustrative Only)
- Develop high-level policy and responses for key regulatory issues affecting SVCE, including strategy and prioritization of regulatory and legislative action for CEO consideration.
- Represent SVCE in regulatory proceedings through preparation of data requests, written responses, position papers, analytical models, testimony, and exhibits.
- Track, review, analyze and summarize filings prepared by utilities and other entities that could impact SVCE and its customers.
- Track, analyze and interpret regulatory proposals, legislation, and other policy issues with an eye toward impact on and response from SVCE.
- Under direction of the Chief Executive Officer, work closely with technical experts and external regulatory counsel to develop effective and persuasive communications before the CPUC, CA Energy Commission, CA Legislature and any other legal or regulatory body as may be needed.
- Represent SVCE in the California Community Choice Association (CalCCA), helping to shape CalCCA action and ensure that CalCCA is accurately representing SVCE’s needs and priorities.
- Establish and maintain relationships with the offices of elected officials representing SVCE’s service territory in order to educate them about CCA issues and facilitate legislative advocacy.
Minimum Qualifications

Experience/Education

Education and experience equal to a Master’s degree in economics, business administration, environmental science, or public policy, and a minimum of four (4) years of progressively responsible experience in regulatory and legislative affairs at an electric utility or regulatory agency with emphasis on electric procurement issues, energy efficiency or closely related field.

Knowledge of:
- California electric utility regulatory issues, CPUC regulatory practices, protocols, and procedures.
- California utility rate design, electric resource planning, demand resource solutions and regulatory relations.
- California legislative process and protocols
- Communications portals and web-based resources for regulatory and legislative activity
- Depending upon the assignment, principles and practices in the areas of energy efficiency, energy resources and procurement, or other to be determined areas.

Ability to:
- Manage multiple priorities and quickly adapt to changing priorities in a fast paced dynamic environment.
- Take responsibility and work independently, as well as coordinate team efforts within SVCE and the greater CCE community.
- Superior writing skills, especially related to regulatory filings, briefings, legislation, and related regulatory and legislative correspondence
- Orally communicate complex topics in easy to understand presentations before the Board, staff and other audiences
- Be thorough and detail-oriented.
- Work accurately and swiftly under pressure.
- Demonstrate patience, tact, and courtesy at all times
- Manage staff in a professional, efficient, and effective manner
- Coordinate productively with regulatory/legislative staff at other CCAs

Working Conditions

The physical demands described here are representative of those required for the position. Position requires sitting, walking, standing, bending, and twisting in the performance of daily activities. The position requires hand manipulation and repetitive hand movement and fine coordination in using a computer keyboard. The position requires near and far vision in reading reports and use of a computer. Acute hearing is required in supporting meetings and providing phone and in-person customer service. The position occasionally requires lifting and/or moving objects up to 20 pounds. SVCE will make reasonable accommodation of the known physical or mental limitations of a qualified applicant with a disability upon request.

Licenses/Certificates:
Possession and continued maintenance of a valid class C California driver's license or the ability to provide alternate transportation as approved by the CEO and a safe driving record.
To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

Item 1g: Information Technology Security Audit Update and Results

Date: 12/13/2017

BACKGROUND
In November 2017, Silicon Valley Clean Energy engaged with TeamLogic IT to provide a security assessment of SVCE’s computer network, security policies and security practices. TeamLogic IT performed a business needs analysis that looked at the criticality of services, sensitivity of data, as well as current practices and procedures.

In addition, a network vulnerability scan was performed which looked at a broad range of IT topics from a security perspective to identify possible weaknesses and areas of vulnerability. This scan was an extensive probe of all SVCE systems visible on the internal network, and as viewed from the Internet. The goal of this scan was to uncover known vulnerabilities in all of SVCE’s network systems.

ANALYSIS & DISCUSSION
This report is a high-level snapshot of a comprehensive IT security audit. Detailed findings were not included in this report to preserve the integrity of SVCE’s security.

Findings
TeamLogic IT found several major areas of focus to improve the IT security at SVCE. The audit results and recommendations will be discussed in two parts: (1) vulnerability and (2) security recommendations.

Vulnerability
External - A Qualys vulnerability scan was run against the public (Internet-facing) side of SVCE’s firewall. The vulnerability scan returned no significant findings on this interface, meaning SVCE’s firewall is most likely not sharing vulnerable services on its public (Internet) interface.

Internal - The results of the first audit (10/06/2017) can be seen in the first two figures below. SVCE received an overall security score of 2.2 out of 5 (5 being the worst). TeamLogic IT classified the score as a “good” score but identified several vulnerabilities which needed to be remediated. It is important to know that a “0” score is impossible to obtain, but SVCE is striving to get as close to 0 as possible.
SVCE focused on remediating the severity 5 and severity 4 items as these left SVCE the most vulnerable. Staff worked with product vendors to ensure that each vulnerability was addressed correctly.

The final security scan that was ran on 12/4/2017 came back with a 1.8 score showing that the most severe vulnerabilities have been remediated. Three severity 4 vulnerabilities remain on the report. Since the last scan, one of the items has been remediated. The last two 4’s will remain until the vendor has a solution. The remaining severity 3, severity 2 and severity 1 items will be addressed as fixes from the manufacturer become available. These items are currently at an allowable state as they allow minimal vulnerability opportunities.
Security Recommendations

These items are not tied to network resources but deal with recommendations ranging from Group Policy auto screen lock to confidential document disposal protocols. We have reviewed the recommendations by TeamLogic IT and implemented/corrected each item.

Some examples of the remediations completed include:

- office alarm system
- document disposal service
- data breach insurance policy
- lockdown of critical networking equipment
- virus and malware real-time protection services
- encryption of all employee computer system hard drives

The audit also led us to validate and update our current IT policies to meet industry standards. To ensure SVCE employees are following the best IT Security practices, a mandatory staff training was held, and each employee signed a proof of acknowledgement and understanding of the following policies:

ITP1, Information Systems Use Policy
ITP2, E-mail Use Policy
ITP4, Internet Usage Policy
ITP7, Password Protection Policy
ITP14, Workstation Security (For HIPPA) Policy
ITP15, Clean Desk Policy

These signed documents will be added to each SVCE employee file and accountability will be monitored through network tools and reporting metrics. We will incorporate this policy training for each new hire as they onboard.

CONCLUSION

TeamLogic IT is impressed with the aggressiveness and progress that SVCE has made to remediate and implement the security changes that were recommended. TeamLogic IT is confident that SVCE has a
strong security foundation moving forward. SVCE will continue performing bi-annual security scans and remediating issues as they arise. SVCE will continue to take a proactive approach in managing our IT security.
Staff Report – Item 1h

To: Silicon Valley Clean Energy Board of Directors
From: Donald Eckert, Interim CEO

Item 1h: Approve to Move the Annual Appointment of Chair/Vice Chair, Board Officers, and Committee Assignments to February Board Meeting

Date: 12/13/2017

RECOMMENDATION
Approve to move the annual appointment of Chair/Vice Chair, Board officers, and Committee members to the February regular Board meetings beginning in 2018.

BACKGROUND & DISCUSSION
At the June 8, 2016 Board of Directors meeting, the Board approved Resolution 2016-04 approving SVCE’s Operating Rules and Regulations (ORR). The ORR states that the Board shall appoint Board officers and Committee members in an annual meeting in January.

As member agencies will not have confirmed all of their appointments for the 2018 Board of Directors by the January 2018 Board meeting, staff recommends amending the ORR to move the annual appointment of Board officers and Committee members to the February regular Board meetings beginning in 2018.

CONCLUSION
If approved, a resolution will be brought to the Board for approval at the January 2018 Board meeting to amend the ORR to move the annual appointment of Chair/Vice Chair, Board officers, and Committee members to the February regular Board meetings beginning in 2018.
TREASURER REPORT

Fiscal Year to Date
As of October 31, 2017

(Preliminary & Unaudited)

Issue Date: December 13, 2017

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</tr>
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<td>Statement of Revenues, Expenses &amp; Changes in Net Position</td>
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<td>Statement of Cash Flows</td>
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<td>Actuals to Budget Report</td>
<td>8-9</td>
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<td>Monthly Change in Net Position</td>
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<td>Accounts Receivable Aging Report</td>
<td>15</td>
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</tbody>
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SILICON VALLEY CLEAN ENERGY AUTHORITY
Financial Statement Highlights ($ in 000’s)

Financial Highlights for the month of October 2017:
SVCE began its initial financial audit for FY 2016-17 and March 2016 through September 2017 in December. Results of the audit should be available February 2018.

> SVCE operations resulted in net gain for the first month of the fiscal year of $6.7 million.
  o Energy sales had an unfavorable variance for the month of 11% compared to budget.
  o Contribution Margin for the month was $7.1 million.

> Retail MWh sales had an unfavorable variance to budget of 7%.
  o Most CCA’s in the Region over-forecasted October based on last October’s weather.
  o Residential load was approximately 32% 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 Power Supply costs had a favorable variance for the month of 4% mostly due to less than anticipated load to serve.

> Programs
  o There was no programs investment during the month.
  o Staff is expecting to initiate a Customer Programs Advisory Group meeting in January to develop recommendations.

> Financing - SVCE made no draws against the Lines of Credit in October.
  o At the November Board of Director meeting, SVCE received approval to retire the Line of Credit and repay the Member Agency Loan
  o The Revolving Line of Credit balance will be paid down in December and the Member Agency Loan will be repaid in January.

<table>
<thead>
<tr>
<th>Change in Net Assets</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Total</th>
<th>Budget</th>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,725</td>
<td>42,617</td>
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<table>
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<th>Power Supply Costs</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Total</th>
<th>Budget</th>
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<tbody>
<tr>
<td>Energy &amp; REC’s</td>
<td>13,251</td>
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<td>13,251</td>
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<td>Capacity</td>
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<td>275</td>
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<td>CAISO Charges</td>
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<td>-</td>
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<td>NEM Expense</td>
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<td>-</td>
<td>44</td>
<td>-</td>
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<td>Charge/Credit (IST/Net Rev)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>591</td>
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<tr>
<td>Net Power Costs</td>
<td>15,195</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>15,195</td>
<td>18,368</td>
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<table>
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<tr>
<th>Other</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Total</th>
<th>Budget</th>
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<tbody>
<tr>
<td>Capital Expenditures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>50</td>
</tr>
<tr>
<td>Energy Programs</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>4,780</td>
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<table>
<thead>
<tr>
<th>Load Statistics - MWh</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Total</th>
<th>Budget</th>
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<tbody>
<tr>
<td>Retail Sales Actual</td>
<td>278,214</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>278,214</td>
<td></td>
</tr>
<tr>
<td>Retail Sales Budget</td>
<td>301,503</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>301,503</td>
<td>3,553,990</td>
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</table>

Item 1
Other Statistics and Ratios

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
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<tbody>
<tr>
<td>Working Capital</td>
<td>$32,766,709</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>2.0</td>
</tr>
<tr>
<td>Contribution Margin</td>
<td>$7,082,606</td>
</tr>
<tr>
<td>Expense Coverage Days</td>
<td>55</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>51%</td>
</tr>
<tr>
<td>Outstanding Debt</td>
<td>$5,630,000</td>
</tr>
<tr>
<td>Debt Service Coverage</td>
<td>15.4</td>
</tr>
<tr>
<td>Total Accounts</td>
<td>247,737</td>
</tr>
<tr>
<td>Opt-Out Accounts</td>
<td>6,617</td>
</tr>
<tr>
<td>Opt-Up Accounts</td>
<td>2,320</td>
</tr>
</tbody>
</table>

![YTD EXPENSES Pie Chart]

- **Power Supply**: 96.0%
- **Billing**: 1.8%
- **Prof. Services**: 0.5%
- **Marketing**: 0.1%
- **G & A**: 0.4%

![Retail Sales - Month]
- **Actual**: 22.6
- **Budget**: 25.5
- **FY16/17**: 0

![Retail Sales - YTD]
- **Actual**: 22.6
- **Budget**: 25.5
- **FY16/17**: 0

![O&M - Month]
- **Actual**: 15.8
- **Budget**: 16.8
- **FY16/17**: 0.0

![O&M - YTD]
- **Actual**: 15.8
- **Budget**: 16.8
- **FY16/17**: 0.0
## ASSETS

### Current Assets
- Cash & Cash Equivalents: $28,245,857
- Accounts Receivable, net of allowance: 19,020,282
- Accrued Revenue: 13,508,733
- Other Receivables: 629,502
- Prepaid Expenses: 71,841
- Restricted cash - lockbox: 2,500,000

**Total Current Assets**: $63,976,215

### Noncurrent assets
- Capital assets, net of depreciation: 164,744
- Deposits: 3,366,360
- Restricted cash - debt collateral: 1,900,000

**Total Noncurrent Assets**: $5,431,104

**Total Assets**: $69,407,319

## LIABILITIES

### Current Liabilities
- Accounts Payable: 772,698
- Accrued Cost of Electricity: 26,486,622
- Accrued Interest Payable: 7,442
- Accrued Payroll & Benefits: 136,476
- Other Accrued Liabilities: 37,633
- User Taxes and Energy Surcharges due to other gov'ts: 868,635
- Notes Payable to Bank: 2,900,000

**Total Current Liabilities**: $31,209,506

### Noncurrent Liabilities
- Loans Payable to JPA members: 2,730,000

**Total Noncurrent Liabilities**: $2,730,000

**Total Liabilities**: $33,939,506

## NET POSITION
- Net investment in capital assets: 164,744
- Unrestricted (deficit): 35,303,069

**Total Net Position**: $35,467,813
## SILICON VALLEY CLEAN ENERGY AUTHORITY

### STATEMENT OF REVENUES, EXPENSES 
AND CHANGES IN NET POSITION
October 1, 2017 through October 31, 2017

### OPERATING REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Sales, Net</td>
<td>$22,523,034</td>
</tr>
<tr>
<td>GreenPrime electricity premium</td>
<td>32,946</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>22,555,980</strong></td>
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</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Electricity</td>
<td>15,195,616</td>
</tr>
<tr>
<td>Staff Compensation and benefits</td>
<td>196,743</td>
</tr>
<tr>
<td>Data Manager</td>
<td>276,838</td>
</tr>
<tr>
<td>Service Fees - PG&amp;E</td>
<td>920</td>
</tr>
<tr>
<td>Consultants and Other Professional Fees</td>
<td>78,816</td>
</tr>
<tr>
<td>Legal</td>
<td>-</td>
</tr>
<tr>
<td>Communications &amp; Noticing</td>
<td>16,594</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>55,285</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,762</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>15,823,574</strong></td>
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</tbody>
</table>

**OPERATING INCOME(LOSS)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
</table>

### NONOPERATING REVENUES (EXPENSES)

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>-</td>
</tr>
<tr>
<td>Interest and related expenses</td>
<td>(7,442)</td>
</tr>
<tr>
<td><strong>TOTAL NONOPERATING EXPENSES</strong></td>
<td><strong>(7,442)</strong></td>
</tr>
</tbody>
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### CHANGE IN NET POSITION

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position at beginning of period</td>
<td>28,742,849</td>
</tr>
<tr>
<td><strong>Net Position at end of period</strong></td>
<td><strong>$35,467,813</strong></td>
</tr>
</tbody>
</table>
CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales $26,370,891
Tax and surcharge receipts from customers 558,375
Energy settlements received 420,660
Payments to purchase electricity (14,851,436)
Payments for staff compensation and benefits (145,290)
Payments for consultants and other professional services (445,072)
Payments for legal fees -
Payments for communication and noticing -
Payments for general and administrative (44,173)
Tax and surcharge payments to other governments (454,468)

Net cash provided (used) by operating activities $11,409,487

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Payments of deposits and collateral -
Principal payments on loan -
Deposits and collateral returned -
Interest and related expense payments (7,226)

Net cash provided (used) by non-capital financing activities (7,226)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets -

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest income received -

Net change in cash and cash equivalents 11,402,261
Cash and cash equivalents at beginning of year 16,843,596

Cash and cash equivalents at end of period $28,245,857
### RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

 Operating Income (loss) $ 6,732,406  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation expense</td>
<td>2,762</td>
</tr>
<tr>
<td>Revenue reduced for uncollectible accounts</td>
<td>113,347</td>
</tr>
<tr>
<td>(Increase) decrease in net accounts receivable</td>
<td>2,284,574</td>
</tr>
<tr>
<td>(Increase) decrease in energy settlements receivable</td>
<td>266,328</td>
</tr>
<tr>
<td>(Increase) decrease in other receivables</td>
<td>-</td>
</tr>
<tr>
<td>(Increase) decrease in accrued revenue</td>
<td>1,467,589</td>
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<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>-</td>
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<tr>
<td>Increase (decrease) in accounts payable</td>
<td>(77,524)</td>
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<tr>
<td>Increase (decrease) in accrued payroll &amp; benefits</td>
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<tr>
<td>Increase (decrease) in energy settlements payable</td>
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<tr>
<td>Increase (decrease) in accrued cost of electricity</td>
<td>(364,051)</td>
</tr>
<tr>
<td>Increase (decrease) in accrued liabilities</td>
<td>16,733</td>
</tr>
<tr>
<td>Increase (decrease) taxes and surcharges due to other governments</td>
<td>53,308</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td><strong>$ 11,409,487</strong></td>
</tr>
</tbody>
</table>
## SILICON VALLEY CLEAN ENERGY
### BUDGETARY COMPARISON SCHEDULE
October 1, 2016 through October 31, 2017

### REVENUES & OTHER SOURCES

<table>
<thead>
<tr>
<th>Item</th>
<th>FYTD Actual</th>
<th>FYTD Budget</th>
<th>Variance</th>
<th>% Budget Spent</th>
<th>FY 2017-18 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Sales</td>
<td>$22,523,034</td>
<td>$25,438,874</td>
<td>$(2,915,840)</td>
<td>-11%</td>
<td>$239,014,712</td>
</tr>
<tr>
<td>Green Prime Premium</td>
<td>32,946</td>
<td>36,917</td>
<td>(3,971)</td>
<td>-11%</td>
<td>443,005</td>
</tr>
<tr>
<td>Investment Income</td>
<td>-</td>
<td>16,667</td>
<td>(16,667)</td>
<td>-100%</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES &amp; OTHER SOURCES</strong></td>
<td><strong>22,555,980</strong></td>
<td><strong>25,492,458</strong></td>
<td><strong>(2,936,478)</strong></td>
<td><strong>-12%</strong></td>
<td><strong>239,657,717</strong></td>
</tr>
</tbody>
</table>

### EXPENDITURES & OTHER USES

#### CURRENT EXPENDITURES

<table>
<thead>
<tr>
<th>Item</th>
<th>FYTD Actual</th>
<th>FYTD Budget</th>
<th>Variance</th>
<th>% Budget Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Supply</td>
<td>15,195,616</td>
<td>15,907,981</td>
<td>712,365</td>
<td>4%</td>
</tr>
<tr>
<td>Data Management</td>
<td>276,838</td>
<td>265,342</td>
<td>(11,496)</td>
<td>-4%</td>
</tr>
<tr>
<td>PG&amp;E Fees</td>
<td>920</td>
<td>101,522</td>
<td>100,602</td>
<td>99%</td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>196,743</td>
<td>348,936</td>
<td>152,193</td>
<td>44%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>78,816</td>
<td>123,583</td>
<td>44,767</td>
<td>36%</td>
</tr>
<tr>
<td>Marketing &amp; Promotions</td>
<td>3,362</td>
<td>24,583</td>
<td>21,221</td>
<td>86%</td>
</tr>
<tr>
<td>Notifications</td>
<td>13,232</td>
<td>2,500</td>
<td>(10,732)</td>
<td>-429%</td>
</tr>
<tr>
<td>Lease</td>
<td>25,707</td>
<td>25,375</td>
<td>(332)</td>
<td>-1%</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>29,578</td>
<td>14,675</td>
<td>(14,903)</td>
<td>-102%</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT EXPENDITURES</strong></td>
<td><strong>15,820,812</strong></td>
<td><strong>16,814,497</strong></td>
<td><strong>993,685</strong></td>
<td><strong>6%</strong></td>
</tr>
</tbody>
</table>

#### OTHER USES

<table>
<thead>
<tr>
<th>Item</th>
<th>FYTD Actual</th>
<th>FYTD Budget</th>
<th>Variance</th>
<th>% Budget Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Programs</td>
<td>-</td>
<td>398,358</td>
<td>398,358</td>
<td>0%</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>-</td>
<td>4,167</td>
<td>4,167</td>
<td>100%</td>
</tr>
<tr>
<td>CPUC Deposit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL OTHER USES</strong></td>
<td>-</td>
<td><strong>402,525</strong></td>
<td><strong>402,525</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### DEBT SERVICE

<table>
<thead>
<tr>
<th>Item</th>
<th>FYTD Actual</th>
<th>FYTD Budget</th>
<th>Variance</th>
<th>% Budget Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>7,442</td>
<td>10,875</td>
<td>3,433</td>
<td>32%</td>
</tr>
<tr>
<td>Principal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL DEBT SERVICE</strong></td>
<td><strong>7,442</strong></td>
<td><strong>10,875</strong></td>
<td><strong>3,433</strong></td>
<td><strong>32%</strong></td>
</tr>
</tbody>
</table>

### Total Expenditures, Other Uses & Debt Service

<table>
<thead>
<tr>
<th>FYTD Actual</th>
<th>FYTD Budget</th>
<th>Variance</th>
<th>% Budget Spent</th>
<th>FY 2017-18 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,828,254</td>
<td>17,227,897</td>
<td>1,399,643</td>
<td>8%</td>
<td>199,767,265</td>
</tr>
</tbody>
</table>

### Net Increase(Decrease) in Available Fund Balance

<table>
<thead>
<tr>
<th>FYTD Actual</th>
<th>FYTD Budget</th>
<th>Variance</th>
<th>% Budget Spent</th>
<th>FY 2017-18 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,727,726</td>
<td>$8,264,561</td>
<td>$(1,536,835)</td>
<td>-19%</td>
<td>$39,890,452</td>
</tr>
</tbody>
</table>
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 $ 6,727,726

Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position

  Subtract depreciation expense  (2,762)
  Add back capital asset acquisitions  -
  Add back collateral deposits  -

Change in Net Position  6,724,964
### SILICON VALLEY CLEAN ENERGY AUTHORITY

#### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**October 1, 2017 through October 31, 2017**

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td>$22,523,034</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$22,523,034</td>
</tr>
<tr>
<td>Green electricity premium</td>
<td>32,946</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32,946</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>22,555,980</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,555,980</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of electricity</td>
<td>15,195,616</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15,195,616</td>
</tr>
<tr>
<td>Staff compensation and benefits</td>
<td>196,743</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>196,743</td>
</tr>
<tr>
<td>Data manager</td>
<td>276,838</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>276,838</td>
</tr>
<tr>
<td>Service fees - PG&amp;E</td>
<td>920</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>920</td>
</tr>
<tr>
<td>Consultants and other professional fees</td>
<td>78,816</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>78,816</td>
</tr>
<tr>
<td>Legal</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Communications and noticing</td>
<td>16,594</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16,594</td>
</tr>
<tr>
<td>General and administration</td>
<td>55,285</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>55,285</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,762</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,762</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>15,823,574</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15,823,574</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>6,732,406</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,732,406</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONOPERATING REVENUES (EXPENSES)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Interest and related expense</td>
<td>(7,442)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(7,442)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>(7,442)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(7,442)</td>
</tr>
</tbody>
</table>

| CHANGE IN NET POSITION                        | $6,724,964 | -        | -        | -       | -        | -     | -     | -   | -    | -    | -      | -          | $6,724,964 |
## PERSONNEL REPORT

### HEADCOUNT

<table>
<thead>
<tr>
<th>Position</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Account Representative I / II</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Account Services Manager</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Administrative Analyst</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Board Clerk/Executive Assistant</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Community Outreach Manager</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Community Outreach Specialist</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Director of Administration &amp; Finance</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Director of Marketing &amp; Public Affairs</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Director of Power Resources</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>General Counsel &amp; Director of Government Affairs</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Power Contracts &amp; Compliance Specialist</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Power Resource Planning &amp; Programs Analyst</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Manager of Regulatory &amp; Legislative Affairs</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Associate Regulatory Analyst</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21</strong></td>
<td><strong>13</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>

### CONTINGENT POSITIONS

<table>
<thead>
<tr>
<th>Position</th>
<th>FY2017-18 Budget</th>
<th>FY2017-18 Actual</th>
<th>% YTD Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Fellows / Part-Time</td>
<td>$144,000</td>
<td>62,257</td>
<td>43%</td>
</tr>
</tbody>
</table>
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.
WEATHER STATISTICS

COOLING DEGREE DAYS

HEATING DEGREE DAYS
## ACCOUNTS RECEIVABLE AGING REPORT

<table>
<thead>
<tr>
<th>Days</th>
<th>Total</th>
<th>0-30</th>
<th>31-60</th>
<th>61-90</th>
<th>90-120</th>
<th>Over 120</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$19,637,891</td>
<td>$18,825,998</td>
<td>$599,424</td>
<td>$145,947</td>
<td>$37,746</td>
<td>$28,776</td>
</tr>
<tr>
<td>Period %</td>
<td>100%</td>
<td>95.9%</td>
<td>3.1%</td>
<td>0.7%</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

---

**SILICON VALLEY CLEAN ENERGY AUTHORITY**

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**Accounts Receivable**

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**Item 1i**
Staff Report – Item 2

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

Item 2: Confirm Appointments to Customer Program Advisory Group

Date: 12/13/2017

RECOMMENDATION

Approve the appointment of selected applicants to serve on the Silicon Valley Clean Energy (SVCE) Customer Program Advisory Group (CPAG).

BACKGROUND

The SVCE Board of Directors voted to form the CPAG 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

At the October 11, 2017 Board of Directors meeting, the Board confirmed the process that each board member would select their community representative from applications submitted by November 17, 2017. Staff provided board members access to all applications received for their respective communities.

ANALYSIS & DISCUSSION

The following community members were selected for the CPAG. Included is information about their occupation and experience as it relates to community service or the energy industry. The Chief Executive Officer was given three at-large members to appoint, but since no applications were received for Gilroy or Morgan Hill, the CEO was allocated five at-large members to appoint.

Board Appointments

- **Campbell – My Nguyen, VP Quality, Thin Film Electronics** (mobile marketing and smart-packaging solutions using printed electronics technology)
  - Previously worked in the solar industry, volunteers with Habitat for Humanity

- **Cupertino – Gary Latshaw, Retired Physics Professor**
  - Member of Sierra Club, Cupertino Rotary, Carbon Free Silicon Valley, Citizens’ Climate Lobby, SV350, Climate Reality Project, Securethefuture2100.org.

- **Los Altos – Donald Weiden, Civil Engineer, Kennedy/Jenks Consultants, Inc.** (engineering and scientific solutions for water, environmental, energy projects)
  - Member of the City of Los Altos Environmental Commission, Sierra Club and GreenTown Los Altos.
• **Los Altos Hills – Peter Evans**, *Founder and President, New Power Technologies* (provides advanced power grid management solutions to utilities)
  o Served as an appointed commissioner on one or more Los Altos Hills committees, ran as a candidate for city council in 2016, elected board member for Purissima Hills Water District, founder and board member of Bullis Charter School, involved with Silicon Valley Leadership Group and Joint Venture Silicon Valley.

• **Los Gatos – George Parton**, *ARCO ampm franchise business consultant, BP America, Inc.*
  o Volunteer with the Community Emergency Response Team (CERT) and Reading Partners. Professionally, provides business coaching to help franchisee owners grow gas station and convenience store businesses.

• **Monte Sereno – Bryan Mekechuk**, *CPA, Management Consultant*
  o Los Gatos Little League, cub scout leader, took Leadership Los Gatos, currently on board of an HOA, completing a single-family residence that is registered under the LEED for Homes program that will obtain Platinum certification.

• **Mountain View – Jeff Homan**, *Systems Engineer, Logyx, LLC (business technology solutions)*
  o Member of the Community Emergency Response Team (CERT) for Mountain View in the Slater neighborhood group, Homeowner’s Association secretary, Mountain View Little League coach. Member of the International Council on Systems Engineering, and in the process of installing a solar energy and battery storage system at his home.

• **Saratoga – Sandeep Muju**, *Engineer turned Business Professional, Self-Employed*
  o Served as executive director of the SJSU Research Foundation from 2015-2017, prior experience on education oversight committees in Southern California, as well as serving in volunteer and mentorship capacities. Currently serves as Board Advisor with Kumbaya, a solar energy based company with a humanitarian purpose. Previously worked for solar panel manufacturing company (Moser Baer).

• **Sunnyvale – Douglas Kunz**, *Software Product Manager, Stella Technology* (integration and collaboration solutions for the next generation, “healthcare-connected” network)
  o Treasurer and "Safe Routes to Schools" chair for the Cumberland Elementary School PTA, Assistant Cubmaster for Cub Scout Pack 409, general member of Sunnyvale Cool, SPUR, and the Washington Park Neighborhood Association. Serves as an alternate member of the City of Sunnyvale’s Climate Action Plan 2.0 Advisory Committee.

• **Unincorporated Santa Clara County (Burbank Neighborhood) – Tristan Mecham**, *Environmental compliance and sustainability, Locus Technologies* (environmental management software)
  o Involved with community associations, worked in energy and environment for seven years on carbon footprinting, renewable energy analysis, waste reduction and water usage programs.

**CEO Appointments**

• **Cupertino – Tara Sreekrishnan**, *Legislative Advisor, City of Berkeley*
  o Volunteer at Deer Hollow Farms at Rancho San Antonio County Park, grassroots organizer, on local, statewide and federal campaigns. Written laws about combating climate change, implementing community choice aggregation, preserving open spaces, and protecting the environment. Helped to organize a "Legacy Business" program to support and promote small, locally-owned businesses that have operated for over 15 years.

• **Gilroy/Unincorporated Santa Clara County – Pamela Garcia** (technically lives in unincorporated county), *President, Simmitri, Inc. (energy efficiency services company)*
  o Member of Morgan Hill and Gilroy Chamber of Commerce for 20 years. Served on Gilroy Chamber Board of Directors for three years and as a member of the Morgan Hill Chamber
environmental committee for six years. Member of Gilroy Rotary, and serving on the Heritage Bank Advisory Board, (South County), and New Hope Community Church Board and finance committee.

- **Mountain View – Robert Brewer, Software Engineer, Tableau Software**
  - Career in academia was focused on energy conservation, energy literacy, and encouraging peak shifting behavior using skills in human computer interaction and software engineering. Has experience serving on corporate boards.

- **Sunnyvale – James Tuleya, Community Programs Director, Home Energy Analytics**
  - Chair of the Board of Carbon Free Silicon Valley, member of the leadership teams of Sunnyvale Cool and the Silicon Valley Climate Action Alliance, Vice Chair of Sunnyvale's Climate Action Plan 2.0 Advisory Committee, as Sunnyvale Cool's Renewable Energy Working Group Lead, created the Solar Sunnyvale customer outreach and discount program, regular volunteer with Hidden Villa, Charles Street Community Gardens, American Red Cross, and volunteered for a city council election campaign and a State Assembly campaign.

- **Sunnyvale – Tara Martin-Milius, Executive Director, Leadership Sunnyvale**
  - Actively involved with San Miguel Neighbors Association, the Sunnyvale Democratic Club Board, Sunnyvale Rotary, UU Fellowship Social Justice committee, SCCWD Environmental Resources Committee, Sunnyvale Historical Society Board, former Sunnyvale City Council Member, Green@Home volunteer.
To: Silicon Valley Clean Energy Board of Directors
From: Donald Eckert, Interim CEO

Item 3: Approve Method for Adjustment of 2018 Rates
Date: 12/13/2017

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.

At the August 9, 2017 SVCE Board 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. The Board also approved a two-step rate update process. SVCE rates would be updated effective January 1, 2018 based on estimated PG&E rates for 2018, and then updated again effective February 1, where necessary, after PG&E’s 2018 rates are published January 1, 2018.

However, in early September 2017, PG&E’s estimated rates for 2018 were updated significantly 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. Furthermore, in early 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 are not scheduled to be published until January 1, 2018.

Based upon the 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.
At the November 29, 2017 SVCE Board meeting, staff recommended that SVCE generation rates be maintained 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 would be lowered to be exactly 1% below PG&E’s corresponding generation rate, including surcharges (PCIA and Franchise Fee) - consistent with how rates were set at SVCE launch.

Staff also suggested that the Board consider postponing rate changes until February 1, 2018. Thus the changes could be made in one step versus two, based on PG&E’s actual rates to be released January 1, 2018.

After discussion, the Board directed staff to make rate changes in one step, effective February 1st. The Board also asked that staff present a ‘side by side’ analysis of multiple scenarios for updating rates in 2018:

<table>
<thead>
<tr>
<th>Rate Setting Scenario</th>
<th>Description</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Minimum of at least [x]% savings v/v PG&amp;E in 2018</td>
<td>Maintain all SVCE generation rates at 2017 levels, except where necessary to maintain a minimum [x]% lower price differential versus PG&amp;E, inclusive of PCIA</td>
<td>Min 1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Min 2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Min 3%</td>
</tr>
<tr>
<td>2) Absorb increase in PG&amp;E’s PCIA for 2018</td>
<td>Lower all SVCE generation rates as necessary to absorb increase in PG&amp;E PCIA rates for 2018 – thus keeping SVCE’s 2018 generation rate plus PCIA equivalent to 2017</td>
<td>Absorb</td>
</tr>
<tr>
<td>3) Savings v/v PG&amp;E of exactly [x]% for all rates in 2018</td>
<td>'Peanut Butter’ approach whereby all 2018 SVCE generation rates inclusive of PCIA are set so that the cost to the customer for SVCE service remains [x]% below PG&amp;E for 2018 for all rate schedules</td>
<td>All 1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All 2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All 3%</td>
</tr>
</tbody>
</table>
Agenda Item: 3

Agenda Date: 12/13/2017

In addition, the Board asked staff to provide input on historic SVCE ‘contractual commitments’ made to customers with respect to rates, real or perceived.

ANALYSIS & DISCUSSION

SVCE Rate Structures and Applicability

SVCE’s current rate sheet includes 40 rate schedules, corresponding to distinct PG&E generation rate options. The following table identifies top SVCE rate schedules, in terms of the number of customers subscribed and percentage of SVCE’s overall load.

<table>
<thead>
<tr>
<th>Rate</th>
<th>Description</th>
<th>Accounts</th>
<th>% of Accounts</th>
<th>% SVCE Load</th>
<th>Typical Gen + PCIA Cost/mo</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>Residential</td>
<td>198,400</td>
<td>81%</td>
<td>33%</td>
<td>$44</td>
</tr>
<tr>
<td>E-TOU</td>
<td>Residential Time of Use</td>
<td>7,600</td>
<td>3%</td>
<td>1%</td>
<td>$35</td>
</tr>
<tr>
<td>EV-A</td>
<td>Residential EV</td>
<td>5,000</td>
<td>2%</td>
<td>2%</td>
<td>$97</td>
</tr>
<tr>
<td>A1</td>
<td>Small Commercial</td>
<td>17,700</td>
<td>7%</td>
<td>10%</td>
<td>$150</td>
</tr>
<tr>
<td>A10</td>
<td>Medium Commercial</td>
<td>2,100</td>
<td>1%</td>
<td>15%</td>
<td>$1,940</td>
</tr>
<tr>
<td>E19</td>
<td>Large Commercial</td>
<td>1,200</td>
<td>0.5%</td>
<td>25%</td>
<td>$17,700</td>
</tr>
<tr>
<td>E20</td>
<td>Industrial</td>
<td>30</td>
<td>0.01%</td>
<td>10%</td>
<td>$49,600</td>
</tr>
</tbody>
</table>

Source: SVCE 2017 data, all figures rounded/approximated for clarity.

Many rate schedules have multiple rate components, to account for different time-of-use periods, seasons, and electric demand (kW) versus energy (kWh). This is especially common for the larger commercial, industrial and agricultural accounts. The E-19S Large Commercial Secondary-Level Voltage electric schedule shown below has seven rate components. Overall, SVCE’s 40 rate schedules include a total of 179 rate components.

Rate Design Example, Schedule E-19S

<table>
<thead>
<tr>
<th>Rate Component</th>
<th>SVCE GreenStart Generation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY CHARGE</td>
<td></td>
</tr>
<tr>
<td>($/kWh)</td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td></td>
</tr>
<tr>
<td>Peak</td>
<td>$0.10473</td>
</tr>
<tr>
<td>Part-Peak</td>
<td>$0.06463</td>
</tr>
<tr>
<td>Off-Peak</td>
<td>$0.03808</td>
</tr>
<tr>
<td>Winter</td>
<td></td>
</tr>
<tr>
<td>Part-Peak</td>
<td>$0.05915</td>
</tr>
<tr>
<td>Off-Peak</td>
<td>$0.04467</td>
</tr>
<tr>
<td>DEMAND CHARGE</td>
<td></td>
</tr>
<tr>
<td>($/kW)</td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td></td>
</tr>
<tr>
<td>Peak</td>
<td>$12.50</td>
</tr>
<tr>
<td>Part-Peak</td>
<td>$3.09</td>
</tr>
</tbody>
</table>

Note that a change in PG&E rates may affect only selected rate components (e.g. prices for an Off Peak time of use period), or may impact certain rate components more than others. When setting rates, SVCE looks at how all rate components are affected relative to an overall SVCE pricing policy, e.g. maintaining a minimum level of discount relative to PG&E, versus how they might be affected in combination.

Rate Update Methodologies

For 2018, all of PG&E’s generation rates and PCIA charges will be updated. PG&E generation rates are projected to increase by an average of approximately 6%, while the PCIA is projected to increase by an average of 14%. But these rate changes are uneven across rate schedules. Some PG&E rate changes will be significantly higher or lower than the average.
The Rate Change Scenarios described above each utilize a slightly different methodology, as outlined below.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Description</th>
<th>Method applied all rates and rate components</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Min [x]%</td>
<td>If SVCE’s (original 2017 generation rate + projected PG&amp;E PCIA* for 2018) is not at least [x]% below (PG&amp;E’s projected generation rate + PCIA for 2018), then the SVCE generation rate is lowered so that: (SVCE 2018 generation rate + projected PG&amp;E PCIA for 2018) is exactly [x]% less than (PG&amp;E’s projected generation rate + PCIA for 2018)</td>
</tr>
<tr>
<td>2</td>
<td>Absorb</td>
<td>If SVCE’s (original 2017 generation rate + projected PG&amp;E PCIA for 2018) is not less than or equal to SVCE’s (original 2017 generation rate + PG&amp;E PCIA for 2017), then the SVCE generation rate is lowered so that: (SVCE 2018 generation rate + projected PG&amp;E PCIA for 2018) is equal to (original 2017 generation rate + PG&amp;E PCIA for 2017)</td>
</tr>
<tr>
<td>3</td>
<td>All [x]%</td>
<td>If SVCE’s (original 2017 generation rate + projected PG&amp;E PCIA for 2018) is not exactly equal to [x]% below (PG&amp;E’s projected generation rate + PCIA for 2018), then the SVCE generation rate is raised or lowered so that: (SVCE 2018 generation rate + projected PG&amp;E PCIA for 2018) is exactly [x]% below (PG&amp;E’s projected generation rate + PCIA for 2018)</td>
</tr>
</tbody>
</table>

Note: PCIA as referenced in this table is intended to also includes the Franchise Fee.

Analysis of Rate Scenarios

The following Rate Scenario Analysis table lists each of the scenarios and options. For each rate option, several attributes have been modeled. These include:

- the option’s approximate impact on SVCE’s projected operating margin in calendar year 2018
- the average rate differential between PG&E’s 2018 generation rate, and SVCE’s 2018 generation rate plus PCIA and Franchise Fee
the number of SVCE rate components with rate increases for 2018
- the number of SVCE rate components with rate decreases for 2018
- for key rate classes E1 (residential), A1 (small commercial) and E19 (large commercial):
  - the difference between PG&E’s 2018 generation rate, and SVCE’s 2018 generation rate plus PCIA and Franchise Fee
  - the net % change in customer costs for electricity, including SVCE gen rate and PCIA for 2018

SVCE 2018 Rate Scenario Analysis

<table>
<thead>
<tr>
<th>Scenario/Option</th>
<th>2018 SVCE Operating Margin Impact ($M)</th>
<th>2018 Customer Savings v/v PG&amp;E (Average %)</th>
<th>SVCE 2018 Gen Rate Increases (N)</th>
<th>SVCE 2018 Gen Rate Decreases (N)</th>
<th>E-1 Tiered Residential Rate Impacts</th>
<th>A-1 Small Commercial Rate Impacts</th>
<th>E-19 Large Commercial Rate Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Min 1%</td>
<td>+13.2M</td>
<td>3.03%</td>
<td>0</td>
<td>31</td>
<td>-1.70%</td>
<td>-2.77%</td>
<td>-4.01%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
</tr>
<tr>
<td>Min 2%</td>
<td>+12.8M</td>
<td>3.15%</td>
<td>0</td>
<td>55</td>
<td>-2.00%</td>
<td>-2.77%</td>
<td>-4.01%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
</tr>
<tr>
<td>Min 3%</td>
<td>+11.2M</td>
<td>3.59%</td>
<td>0</td>
<td>84</td>
<td>-3%</td>
<td>-3.06%</td>
<td>-4.15%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
</tr>
<tr>
<td>Absorb PCIA</td>
<td>+1.6M</td>
<td>6.27%</td>
<td>0</td>
<td>179</td>
<td>-6.34%</td>
<td>-5.72%</td>
<td>-6.36%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
</tr>
<tr>
<td>All 1%</td>
<td>+20.0M</td>
<td>1%</td>
<td>148</td>
<td>31</td>
<td>-1.00%</td>
<td>-1.00%</td>
<td>-1.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
</tr>
<tr>
<td>All 2%</td>
<td>+10.5M</td>
<td>2%</td>
<td>124</td>
<td>55</td>
<td>-2.00%</td>
<td>-2.00%</td>
<td>-2.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
</tr>
<tr>
<td>All 3%</td>
<td>+13.5M</td>
<td>3%</td>
<td>95</td>
<td>84</td>
<td>-3.00%</td>
<td>-3.00%</td>
<td>-3.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
<td>% Cost Gen 2018 Cost Change =&gt;</td>
</tr>
</tbody>
</table>

All of the scenario options shown above demonstrate a positive 2018 operating margin impact, varying from a low of $1.6M to a maximum value of $20M.

While all of the options are potentially viable, staff recommends the ‘Min 3%’ option as preferred. This option ensures that all SVCE customers will now see at least a 3% price differential v/v PG&E in 2018 – versus the previous 1% level in 2017. It adds a projected $11.2M to SVCE operating reserves, an amount more in line with expectations established earlier in 2017 (prior to August, when it was projected that PG&E was going to reduce rates across the board in 2018). Rapidly building a strong operating reserve has been a key priority of the SVCE Board. Importantly, the Min 3% option requires no increases in SVCE generation rates or rate components, consistent with SVCE’s original rate setting commitments. And it strikes a closer balance in SVCE rate competitiveness across key commercial and residential rate schedules at 3-4% below PG&E.

Rate Commitments

Rate-related policies adopted in 2016 by the SVCE Board of Directors established SVCE rates priced at a 1% discount to PG&E rates for 2017, including the PCIA and Franchise Fee charges. In addition, 2017 rates were to remain in effect through December 31, 2018, unless significant deviations in market prices or other extraordinary circumstances mandate an earlier adjustment to the rates.

In regular interactions over the past year with both residential and commercial customers, SVCE representatives have often been asked about the prospect of SVCE raising rates in the near future. In many cases, this was the result of a customer’s concern of a ‘bait and switch’, where they might join SVCE because of a lower rate only to have that rate increased soon thereafter.

SVCE’s standard answer has been that current rates are to remain in effect through 2018, unless action needs to be taken to lower rates to remain competitive with PG&E. The SVCE website FAQs include the following question and answer:
HOW ARE COMMERCIAL ELECTRICITY GENERATION RATES SET BY SVCE, AND WHEN?
Rates are developed by SVCE staff, and are approved by the Silicon Valley Clean Energy’s governing Board of Directors in a public meeting process. SVCE generation rates established in January 2017 will remain in effect through December 2018.

SVCE rate sheets for residential and non-residential customers state that rates are ‘effective 4/1/17’ but do not specify an end date.

100% Renewable Energy Option
Under any of the rate options outlined above, 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.

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 shown in the Rate Scenario Analysis table above.

CONCLUSION AND RECOMMENDATIONS
The alternative approaches outlined above will keep SVCE rates lower than PG&E for 2018. As noted above, staff favors the ‘Min 3%’ option, though others are certainly viable. Staff requests that the Board provide clear direction on which model to apply to PG&E’s 2018 rates, when they are released in January. Staff will then proceed with establishing SVCE 2018 rate sheets for final approval by the Board.
Staff Report – Item 4

To: Silicon Valley Clean Energy Board of Directors
From: Donald Eckert, Interim CEO

Item 4: Review Audit and Finance Committee Structure
Date: 12/13/2017

BACKGROUND
At the June 14, 2017 SVCE Board of Directors meeting, the Board approved the motion to appoint five Board members to the Audit and Finance Committee with the option to pick a committee alternate who could be a staff member of their respective communities.

After further review, staff noted that FP1, Accounting Policy, states the committee will stay consistent with the Sarbanes-Oxley Act and be formed with Board member representation only. This eliminates the option to allow staff members from member communities to serve as alternates on this particular committee.

When discussed at the November 8, 2017 Audit and Finance Committee meeting, committee members supported eliminating the option to have committee alternates on the Audit and Finance Committee due to a desire to keep members consistent at each meeting and knowledgeable of previous financial topics discussed.

ANALYSIS & DISCUSSION

Option 1
If the Board approves to eliminate the option for committee alternates to serve on the Audit and Finance Committee, the motion made on June 14, 2017 would be amended to exclude the possibility of alternates for this committee.

Option 2
If the Board would like to keep the option to have committee alternates, the provision of the June 14, 2017 motion allowing committee alternates to be member agency staff would be superseded by FP1, Accounting Policy, and the Sarbanes-Oxley Act, to clarify that committee alternates are required to be on the Board of Directors.
To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 5: Approve Scholarship Funding for E-Bike Competition**

Date: 12/13/2017

**RECOMMENDATION**

Approve the allocation of $10,500.00 from the marketing budget for the funding of scholarship prizes for the "Bike to the Future", high school e-bike competition. The scholarships will be awarded in $5,000, $3,500, and $2,000 increments for the 1st, 2nd and 3rd place prizes respectively.

**BACKGROUND**

At the September 13, 2017 Board of Directors meeting, the Silicon Valley Clean Energy (SVCE) Board approved a contract with Strategic Energy Innovations to hire two Climate Corps fellows. The fellowship is a 10-month long program that provides professional development opportunities for emerging climate protection leaders through implementation of climate change resiliency projects with local governments, non-profits, and businesses.

The scope of work for one of the Climate Corps fellows is to create and lead a community engagement activity that will bring about positive SVCE awareness, while giving back to the community. It is important that the activity also provides an educational experience that aligns with SVCE’s mission to reduce carbon emissions.

**ANALYSIS & DISCUSSION**

After researching high school competitions throughout the country that provide an educational experience related to utilizing clean electricity, Climate Corps Fellow, Kelly Hoogland, developed an idea that has not yet been done – an electric bicycle challenge.

“Bike to the Future” is a challenge for high school teams in Silicon Valley Clean Energy’s service area to design and build an e-bike, which will encourage students to be creative as they learn about ways to utilize clean, electric transportation.

- The market for e-bikes is currently a niche interest group, and therefore has considerable room for growth.
- E-bikes serve as a promising mode of alternative transportation, and are extremely flexible in design. This provides the students an opportunity to work creatively and cohesively as a team to overcome challenges in the design and building process.
- This activity is aligned with SVCE’s mission to reduce GHG emissions, while promoting carbon-free transportation.
- The activity and scholarship prizes to local students will provide for an exciting opportunity to communicate the benefit of SVCE returning value to our communities.

**ATTACHMENTS**

1. Presentation
Staff Report – Item 7

To: Silicon Valley Clean Energy Board of Directors
From: Donald Eckert, Interim CEO

Item 7: CEO Report
Date: 12/13/2017

REPORT

CalCCA Response to CPUC Workshop
CalCCA was invited to provide informal comment (Attachment 1) to the California Public Utilities Commission (CPUC) following the consumer choice workshop on October 31st. The response defines how CCAs support the CPUC’s overarching principles including:

- Affordability
- Reliability
- De-carbonization

CalCCA is also committed to a fourth principle of social equity. In conclusion, CCAs are mission driven government agencies committed to advancing these principles at the regional and community level through a transparent decision-making process.

Low Carbon Fuel Standard Credits
As an update from the last Board meeting regarding CCAs receiving credits for supplying energy for Electric Vehicles (EV), staff sent a letter (Attachment 2) to the California Air Resources Board on December 4th. The intent of the letter was to make the case for CCAs to be eligible to receive credits (carbon intensity difference between gasoline and the CCA energy portfolio) for serving energy to EVs adopted after the CCAs in-service date. The letter also proposed the formula that CCAs would receive credits based on the percentage of customers the CCA serves. No response has been received to date.

“Watts For Lunch” Inaugural Event
Our inaugural SVCE ‘Watts for Lunch’ commercial and industrial customer roundtable was held on Dec. 6, and was well received by all in attendance. Our SVCE team found the community input and lessons shared around EV and EV-infrastructure valuable for C&I program design, while participants were enthusiastic about the opportunity to engage with SVCE and each other.

Approximately 30 SVCE commercial and industrial customers enjoyed presentations and discussion with a robust lineup of speakers from Tesla, PG&E, BMW, Genentech, and Google.

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

1) Monterey Bay Community Power Authority: Agreement for Sale of Resource Adequacy.
ATTACHMENTS
1. CalCCA Response to CPUC Workshop
2. Low Carbon Fuel Standards Letter
3. Regulatory/Legislative Update, December 2017
4. Community Outreach Update, December 2017
5. Agenda Planning Document, January 2018 – June 2018
CALIFORNIA COMMUNITY CHOICE ASSOCIATION (CalCCA)

COMMENTS ON THE CALIFORNIA CONSUMER CHOICE PROJECT WORKSHOP

Introduction

CalCCA appreciates the opportunity to provide informal comment following the workshop on consumer choice held in Sacramento on October 31, 2017. CalCCA is a nonprofit organization formed in June 2016 to represent the interests of California’s Community Choice Aggregation ("CCA") programs in regulatory and legislative matters.¹

As part of the California Customer Choice Project (CCCP), the Commission has identified three principles to guide consideration of other regulatory frameworks:

- 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

In addition to the three principles identified above, CalCCA believes it is important to add social equity as a core principle. The California Legislature has consistently identified equitable access to energy as a consistent policy focus for the Commission.² CCAs support these four goals and CCAs are ideally positioned to advance them. As CCAs continue to form across California, they create customer-oriented energy innovation platforms that address each of these core principles by delivering generation services to all community members and businesses in their service territories while also prioritizing agile, community-driven program design. It is precisely the innovation and granular level of customer engagement CCAs provide that is vital to ensuring the success of California’s efforts to transition to a clean energy economy.

¹ The operational CCA programs in California – Apple Valley Choice Energy (“AVCE”), CleanPowerSF, Lancaster Choice Energy (“LCE”), East Bay Community Energy (“EBCE”), County of Los Angeles (“LA County”), Marin Clean Energy (“MCE”), Monterey Bay Community Power (“MBCP”), Peninsula Clean Energy Authority (“PCE”), Pioneer Community Energy (“Pioneer”), Pico Rivera Innovative Municipal Energy (“PRIME”), Redwood Coast Energy Authority (“RCEA”), San Jose Clean Energy (“SJCE”), Silicon Valley Clean Energy Authority (“SVCE”), and the Sonoma Clean Power Authority (“SCPA”) – comprise CalCCA’s current voting members. In addition, CalCCA’s affiliate members include: Central Coast Power (counties of San Luis Obispo, Santa Barbara and Ventura); the cities of Corona, Hermosa Beach, Industry, San Jacinto, and Solana Beach; Valley Clean Energy (city of Davis and Yolo County); Coachella Valley Association of Governments; and Western Riverside Council of Governments.

² California has long had robust energy assistance programs like the CARE program which build off and supplement federal energy assistance efforts. In addition to direct assistance, the Commission has developed robust low-income energy efficiency programs. Most recently the Legislature has mandated the development of programs designed to expand access to distributed energy resources within low-income and disadvantaged communities.
Discussion of Models Featured in Customer Choice Workshop

The Commission solicited presentations on four different regulatory frameworks at the October 31 workshop. While CalCCA appreciated the perspectives offered during the morning session, none of these other state frameworks are fully capable of producing the results California requires given its unique environmental goals and current regulatory and legislative framework.

- **Texas** – Retail rates are comparatively low in the Texas energy market. However, this could be due to a number of factors aside from full retail choice, primarily the extremely high utilization of natural gas, coal and nuclear power, which make up 87.7% of Texas’ energy portfolio. This strategy not only exposes Texas to rising gas prices but also clashes with California’s aggressive decarbonization goals. Texas’ RPS requirement is 5880 MW by 2015, which is 5.4% of the state’s summer capacity. The state’s future goal is 10,000 MW by 2025, which has already been reached by generating 11.7% of Texas’ energy from wind. Accordingly, while Texas may meet the principles of affordability and reliability, it fails with regards to decarbonization. Moreover, Texas appears to lack California’s focus on social equity within energy markets.

- **United Kingdom** – Although many suppliers initially entered the UK market, the current market appears to be dominated by six retailers. The presenter noted that after 15 years of competition, 21% of customers are unaware they have a choice and 36% did not think it was possible to make a change in their supplier. The United Kingdom also appears to lack clear customer options for self-generation, energy efficiency and other demand-side management opportunities. Each of these features is a core component of California efforts to decarbonize and provide customer choice beyond retail choice for generation services. While it appears that the United Kingdom is moving to encourage greater competition and take action to protect consumers, this market does not appear to provide support for the principles of affordability, decarbonization or social equity.

- **Illinois** – The key messages from the presenter were 1) there are no customer savings, but merely cost shifting – namely shifting costs from energy charges to wires charges; 2) generators are most interested in shifting risks to consumers; and 3) the utilities use the state legislature to advance their own issues and interests. It appears that Illinois’ market structure does not facilitate meaningful customer choice, does not result in clear cost savings to end consumers, and does not promote long-term planning to protect consumers from poor planning by competitive generators. California is also significantly ahead of Illinois in efforts to decarbonize its energy supply and requires long-term contracts for renewable energy through SB350. Based on these points, it does not appear that the Illinois market meets any of the four principles identified by CCAs as key features of California’s energy system.

- **New York** – The most applicable model for California to study, New York is moving aggressively towards a Distribution System Implementation Plan with its REV (Reforming the Energy Vision) program. This program is characterized by the deploying private capital to increase renewables on the grid, enabling customer choice in energy and

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3 Slide 9 of October 31 presentation on Texas.
4 http://programs.dsireusa.org/system/program/detail/182
DER providers, and providing opportunities for non-wires alternatives to compete with utility deployment of grid resources. Consumer protection is an important part of the REV program to stop stopping the bait and switch pricing that energy providers were using to target vulnerable communities. Regulated companies can also earn up to an addition 100 basis points (1%) based on certain behaviors. Further, the State recently enacted a more consistent and robust program to assist low-income ratepayers that is similar to California’s CARE program. Each of these features of New York’s REV process are in harmony with California policies.

Retail Choice

CalCCA supports efforts to expand customer choice in energy service offerings. As CCAs continue to expand, they will offer customers choice in generation providers while other third parties offer various competitive energy services such as rooftop solar and storage. As discussed in CalCCA’s May comments following the En Banc, to support further development of customer energy options, reforming the utility business model to focus more clearly on “poles and wires” service is necessary. However, assuming compliance with the CCA Code of Conduct and robust Commission oversight of utility operations, there is no need to exclude the Investor Owned Utilities (“IOUs”) from the procurement function. Under this framework, CCAs would take over the responsibility to provide retail service to customers in the communities they serve based on community preferences. This evolution could include CCAs serving as provider of last resort. However, customers in those communities would still retain the option to opt-out of CCA service. Communities without CCAs would continue to receive generation services from IOUs. Moving away from the vertically integrated, privately-owned monopoly will allow customer choice to flourish across a spectrum of services while also allowing the utilities and the Commission to focus their efforts on lowering the cost and increasing the safety and reliability of California’s transmission and distribution systems.

Equally important to this transition is that the distribution utilities face competition on the remaining services they do provide both to discipline their pricing and to provide expanding opportunities for customer choice. Current California law already requires IOUs to offer solicitations for non-wires alternatives to distribution system investments. However, this requirement has not been vigorously enforced and only recently has there been robust efforts towards its implementation in the distribution resource planning docket, R.14-08-013. Enforcement of this obligation should serve as the foundation for ongoing Commission efforts to better characterize locational benefits and the ability of DERs to provide nonwires alternatives. These efforts will accelerate opportunities to deploy private capital in ways that lower overall customer costs which directly supports the principle of affordability.

CCAs are in an ideal position to administer programs that support retail choice because they are not-for-profit government agencies governed by a local, publicly elected boards which are fully transparent and accountable to their constituents and to the law. CCA board meetings are subject to the Brown Act, publicly noticed and accessible, and held within the communities they serve. Each of these aspects of CCA governance allow local customers to directly observe and participate in decision-making.

In contrast to the market examples presented at the workshop, the California-focused model described herein will further all three of the core principles espoused by the Commission with the additional principle of social equity, as explained below.

**Affordability**

CCAs strongly believe in the right of all communities to have access to affordable power. With the benefit of competition, CCAs receive strong market signals to supply affordable generation services to their customers. Should CCAs fail in this regard, customers are free to return to bundled service. Fortunately, the CCA model is by nature extremely well-suited to providing affordable energy.

First and most importantly, CCAs are not “for-profit” entities. In contrast to IOUs, CCAs have no profit motive or obligation to external shareholders. Rather, CCA customers, ratepayers, and “shareholders” are one and the same, just like municipal utilities. Thus, CCAs lack the inherent conflict of interest of a for-profit company providing an essential service needed by all communities. Any value CCAs create from their efforts is reinvested in the communities they serve.

Second, CCAs are far smaller, nimbler organizations than investor-owned utilities. This is attributable to fewer layers of bureaucracy and lower overhead costs. Moreover, CCAs’ constant dialogue with their communities enables them to rapidly reallocate resources as necessary to best serve their customers. Given that these customers are constituents of their CCAs’ governing bodies, they can – and do – provide on-going feedback. If a program is not achieving its goal, a CCA can shift staff and resources away from it in a matter of weeks rather than months. CCAs’ agile organizational structures keep overhead costs low and provide opportunities to pass those savings on to customers.

It is important to note that while the CCA model offers inherent advantages for affordability, this does not mean that all CCAs will have lower rates than their corresponding IOUs. A CCA’s purpose is to provide electricity generation services to meet its communities’ values. For some communities, this may mean paying a premium for lower carbon content energy. Other communities may prefer the lowest rates possible while still meeting state policy obligations, with any savings allocated back to the community. How to prioritize low rates compared to
other characteristics is a choice each CCA board determines though an open decision-making process.\(^8\)

CCAs create value and contribute to affordability for their customers in a variety of ways beyond electricity rates. California’s CCAs offer, or are in the process of developing, a diverse portfolio of programs that help consumers manage and decarbonize their electricity use. From transportation electrification to home energy efficiency and behind the meter solar, CCA programs help customers take charge of their energy use and manage their energy-related expenses. For example:

- **SCP Drive Evergreen** is a partnership with local auto dealers who agreed to provide discounts on electric vehicles in return for SCP generating increased demand through targeted marketing, outreach, and additional dealer and SCP-funded incentives. After launching a pilot program last year, SCP incorporated lessons learned and brought a larger range of dealers onboard this year. To date, over 600 electric vehicles have been sold through the program with 30% of incentives allocated to low-income customers. An independent evaluation found that 88% of participants would not have made the purchase in absence of the Drive Evergreen program.

- **MCE** offers robust energy efficiency programs that serve every sector, including single family units, multi-family buildings, and small commercial, industrial, and agricultural customers. MCE recently received $2.5 million in Energy Savings Assistance Program funding from the Commission for its programs on low-income families and tenants in its service area and has allocated low-income solar rebates to more than 150 CARE customers, saving them over $1M.

- Many CCAs, including RCEA, SCP, MCE, PCE, CPSF, and SVCE offer net energy metering programs with strong financial incentives for local customers to invest in on-site renewables.

CCAs also focus on affordability for their low-income and at-risk customers. Many CCAs have rate stabilization funds that can be used to buffer rates in the event of a sudden spike in wholesale energy markets. While rate stability is something all customers benefit from, CCAs recognize that it is particularly important for households operating on a thin financial margin for whom unpredictable cost increases can mean a choice between electricity and other essential products and services. Additionally, many CCAs are working to overcome obstacles that have historically prevented low-income customers from accessing behind-the-meter energy technologies that could help them lower their total energy costs. For example, customers that do not own their homes or who have low credits score have historically had difficulty reaping the

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\(^8\) A recent report by The University of California, Los Angeles Luskin Center for Innovation “The Promises and Challenges of Community Choice Aggregation in California” reinforces this point finding that “CCAs offer ratepayers a more accessible decision-making process compared to IOUs’ ratepayers” and that CCAs provide “their ratepayers with enhanced local community participation in governance decisions.” Report at pgs. 6 and 21. Available at: http://innovation.luskin.ucla.edu/content/promises-and-challenges-community-choice-aggregation-california-0
benefits of behind the meter solar and the net energy metering tariffs provided by both IOUs and CCAs. Peninsula Clean Energy is exploring program opportunities designed to make solar more accessible to these customers through innovative programs that address access to capital.

In summary, CCAs are highly qualified to uphold the principle of affordability through reductions to electricity rates, programs that help consumers manage and reduce their energy spending, and targeted innovative initiatives serving low and moderate income communities. Regardless of whether a CCA chooses to offer lower rates than its incumbent IOU, its customers benefit from being served by a locally controlled entity that is governed by their own elected leaders. CCAs devote their entire resource budget to serving and reinvesting in their communities with very low overhead costs, making them uniquely qualified to deliver maximum customer value at minimum cost.

Decarbonization

Many CCAs were formed to expedite achievement of greenhouse gas reduction goals identified in their communities’ local Climate Action Plans. Local governments saw the potential for CCAs to provide a rapid, flexible, and low-cost solution to reducing a local jurisdiction’s GHG emissions by providing cleaner electricity to their residents and businesses. Today, CCAs across the state are leading the way on decarbonizing portfolios and developing innovative mitigation measures.

CCAs are required to fulfill the state’s climate laws and are exceeding statewide standards. SVCE, a CCA serving approximately 248,000 accounts in Santa Clara, was created with the express purpose of providing carbon-free electricity from day one. Almost all of the state’s operating CCAs currently offer a 100% renewable energy product option, and the average percentage of renewable resources in their portfolios through 2016 was 47% compared to 35% for the IOUs. Moreover, each CCA that forms increases the percentage of renewables in the IOUs’ portfolio, because the IOUs’ existing renewable contracts constitute a larger percentage of the remaining demand after CCA load departures. Thus, CCA customers contribute to both IOU portfolios (through the PCIA) and CCA portfolios (through their generation rates).

But this is only part of the story of why CCAs are valuable to California’s decarbonization efforts. Once the entire California grid is decarbonized, additional carbon-free resources are no longer a distinguishing feature for any load serving entity. In this scenario, CCAs still add value to California’s energy market because they can address issues beyond offering clean energy at low rates. In the most recent California greenhouse gas emissions inventory, emissions from electricity generation made up only 20% of the state’s total emissions portfolio. Much of the other 80%, including transportation, residential, and commercial emissions, is under less centralized control than electricity and is governed to a greater extent by consumer behavior and

purchasing choices. In order to reduce emissions in these areas, consumers must be aware of both the change that is necessary and the options at their disposal for creating that change. Furthermore, these options must be affordable and relevant to consumers’ lifestyles and needs.

CCAs are ideally positioned to develop programs and policies that meet these twin needs, because CCAs maintain close ties both to the community members they serve. Accordingly, CCAs develop a unique understanding of what types of decarbonization technologies will be relevant to their customers and the obstacles that may be preventing these technologies from being adopted. Sometimes the obstacles are financial in nature, in which case a CCA can provide and publicize incentives. Others may be more location specific, in which case CCAs can develop programs uniquely appropriate for their communities. CCAs also enable customer access to accurate information about these technologies from a community institution that customers trust.

These dynamics are already driving results in the territories of many CCAs. For example:

- As discussed above, SCP’s Drive Evergreen program resulted in a significant boost in EV sales by “solarizing” EVs. CCAs are reviewing SCP’s program results as they prepare their own EV programs.
- Lancaster Choice Energy supported a 450,000 sq. foot electric vehicle factory to build hundreds of electric busses and convert the Antelope Valley Transit Authority to all-electric bus fleet in three years while working closely with the City of Lancaster to enable the city to become the first zero-net energy city in California.
- CCAs, including RCEA who is investing in, and Pioneer who is planning to invest in local biomass power projects to maintain or create local, high-paying jobs, and transform the forest industry’s waste products into sustainable energy.
- CalCCA is developing processes to share best practices related to CCA programs so emerging CCAs can institute impactful programs quickly and efficiently based on their community preferences.

These advantages are already recognized as an important component of achieving California’s aggressive carbon reduction goals. AB 32 originally envisioned a wave of voluntary mitigation action across the state, and CCAs bear out that vision by connecting decarbonization resources with those who can use and benefit from them. In fact, climate change scoping plans developed by the Air Resources Board have repeatedly highlighted the essential role of local governments and communities in reducing GHG emissions beyond state requirements. The latest update to the scoping plan specifically recognizes that that local efforts can deliver substantial “additional GHG and criteria emissions reductions beyond what State policy can alone.” CCAs serve as a conduit between their communities and state-level resources for decarbonization, ultimately expanding and streamlining the entire state decarbonization effort.

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10 For example, the 2008 Scoping Plan noted: “Local governments are essential partners in achieving California’s goals to reduce GHG emissions.” Scoping Plan at pg. 26.
In summary, in addition to aggressively decarbonizing their own procurement portfolios, CCAs are reducing emissions in other sectors in ways that other retail service providers are not well positioned to undertake.

Reliability

Reliability is arguably the single most important requirement for any energy provider. Near-perfect reliability at the customer level has been the norm and expectation in California for many decades, and CCAs both uphold and strengthen that tradition.

CCAs participate fully in the resource adequacy (RA) program and meet all its current obligations. CCAs are also assigned CAISO RA allocations and participate robustly in the market. Additionally, CCAs continue to demonstrate creditworthiness and ability to secure large, long-term power purchase agreements (PPAs), even at a very young age. For example, MCE has committed to PPAs which support 813 MW of new California renewable energy projects under long-term contracts, while PCE has recently signed PPAs for 300 MW of new solar resources in Merced and Kings County.

Beyond these baseline expectations, CCAs are developing ways to leverage their unique business models in support of statewide reliability efforts. For example, through the IDER and other policy mechanisms, CCAs could be of great help in identifying opportunities for local grid support projects like microgrids and working within their communities to support resiliency efforts. Microgrids, resiliency projects and other innovations in the energy sector can be accelerated once a mechanism is in place for CCAs and other stakeholders to receive the economic value they provide to distribution and transmission systems. Thus, it is critical that the Commission enforce current state law regarding development of nonwires alternatives and also complete the distribution resources planning as quickly as possible.

The CCA community is also looking into joint procurement for especially large projects, and there are already instances of joint CCA RFOs. For example, in September 2017 Silicon Valley Clean Energy (SVCE) and Monterey Bay Community Power (MBCP) issued a joint RFO for up to 700 GWh annually of carbon free generation. Like municipal utilities, CCAs also have the ability to offer tax-exempt bonds for the financing of particularly large projects.

In short, CCAs are dedicated to supporting California’s high reliability standards and have the ability to both fulfill their existing obligations and push statewide efforts forward. CCAs bring unique tools to the reliability landscape at all scales, and putting these to use for the benefit of all Californians.

Social Equity

In addition to sharing the Commission’s focus on the three principles discussed above, CCAs are deeply committed to serving all of their customers, including low-income and hard-to-reach customers. As noted above, many CCAs are developing policies such as rate stabilization funds so customers do not experience drastic changes in their energy costs. CCAs are also collectively
working to ensure rates are as low as possible as this is the most direct way to address energy burdens within CCA communities. As noted above, many CCAs offer lower rates than their incumbent IOUs. Collectively, these lower rates produce substantial savings for families, schools, hospitals and businesses across the State. The Center for Climate Protection projects that California ratepayers will save $188 million annually by the end of 2020 assuming CCAs offer at least a 1% rate discount compared to the incumbent IOU.\footnote{Center for Climate Protection, “Community Choice Energy Programs in California: Greenhouse Gas and Customer Cost Savings,” p. 6. https://climateprotection.org/wp-content/uploads/2017/06/Forecast-of-CCA-Impacts-in-CA-2016-2020-June-2-2017.pdf} PCE estimates its 5% reduction from PG&E rates results in over $17 million in savings per year for the residents and businesses of San Mateo County.

CCAs are also working to develop innovative programs to serve low-income and hard to reach communities. For example:

- MCE offers a targeted energy efficiency program called Low-Income Tenants & Families (LIFT) for hard to reach low-income customers at or below 200% Federal Poverty Guidelines with $1,200 per unit rebate and electric heat pumps at no cost. MCE also allocates significant funds for targeted solar rebates for low-income customers, resulting in $1M combined savings in energy costs for MCE CARE customers.
- SCP’s DriveEvergreen program also offers additional incentive of $1500 for CARE/FERA program participants to support their purchase of a new or used EV with 30% of incentives allocated to low-income customers.
- CleanPowerSF has allocated over $2 million in solar rebates to underserved residential customers and offers larger incentives for low-income customers, including 20-40% higher incentives for residents of environmental justice neighborhoods and 500% higher incentives for CARE program enrollees.
- PCE is working to develop energy programs that focused squarely on deeper issues related to access to credit for low and moderate income energy consumers seeking rooftop solar. Each of these programs, and others at CCAs, are designed to address continuing inequities within the energy system in targeted ways that build upon state efforts.

Many CCAs have also developed workforce development and training programs designed to increase opportunities for disadvantaged community members to enter the energy industry. For example:

- MCE has allocated substantial funding and resources to Rising Sun Energy Center, RichmondBuild and FutureBuild to increase training opportunities for youth and unemployed adults in San Pablo, El Cerrito, Richmond, Pittsburg and Oakley for green collar jobs in energy efficiency, renewable installations, and call center services.
- CleanPowerSF partners with Grid Alternatives for local job training that is focused on underserved communities.
• Lancaster Choice Energy serves 46% CARE customers, offers Property Assessed Clean Energy (PACE) financing for efficiency measures, and provides free local transit to seniors with community partners.

• More generally, CCAs have utilized project labor agreements to support the creation of high-quality, well-paying jobs as a result of CCA procurement. CCAs, like PCE, utilize strong board approved polices to support local business development, union labor and workforce development and training.  

Conclusion

CalCCA appreciates the opportunity to provide comment on the role CCAs play in advancing principles of affordability, decarbonization, reliability and social equity. As mission-driven government agencies, CCAs focus daily on advancing each of these principles at the regional and community level though transparent decision-making processes. The innovative programs and policies discussed in these comments are already demonstrating value to California’s energy consumers. CCAs intend to build on and expand these programs going forward. Most importantly, CCAs intend to continue to work collaborative together through CalCCA, with the Commission and other state agencies, and with other market actors to move California forward towards our collective goals.

December 4, 2017

Sam Wade  
Fuel Division Manager, California Air Resources Board  
101 I Street  
Sacramento, CA 95814

Re: Comments of the Silicon Valley Clean Energy Authority on California Air Resources Board’s 2018 Low-carbon Fuel Standard Proposed Amendments

The Silicon Valley Clean Energy Authority (SVCE), a Community Choice Aggregator (CCA) serving twelve communities and unincorporated Santa Clara County with carbon-free power, supports the proposal put forth by the Smart EV Charging Group to allow Load Serving Entities (LSEs) to earn Low Carbon Fuel Standard (LCFS) credits for verified reductions in the carbon intensity of electricity used to charge electric vehicles.1,2 In addition, and consistent with our September comments on the California Air Resources Board (CARB) Pre-Rulemaking Public Meeting to Discuss 2018 LCFS Amendments, we request that ARB staff consider making CCA LSEs eligible to earn all or a portion of the LCFS credits currently allocated to electric distribution utilities (EDUs).

The per-vehicle LCFS credits currently granted exclusively to the EDUs represent the carbon intensity reduction associated with replacing a gasoline vehicle with an electric vehicle (EV). This allocation implies that EDUs are the sole drivers of marginal EV adoption in their service territories. While this assumption may have been appropriate at the outset of the LCFS program, it does not accurately reflect California’s current EV landscape and industry or the widespread emergence of CCAs as new LSEs.

Across the state, CCA LSEs are taking increasingly active roles in stimulating first-time EV purchases. As not-for-profit institutions with focused territories and leadership elected by the communities they serve, CCAs have a uniquely strong understanding of and communication with their customers. Moreover, many CCAs were

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1 CCA, or Community Choice Aggregation/Aggregator, is sometimes also referred to as Community Choice Energy or CCE. These terms are interchangeable and refer to the same institutional model, but this set of comments will use the more common “CCA” version.
2 At the most recent SVCE Board meeting on 11/29/2017, the Board voted to accept the City of Milpitas’s request to join SVCE as its twelfth community. The City of Milpitas does not appear on this letterhead because they have not yet appointed a representative to the SVCE Board.
established with the specific charter of reducing community-wide GHG emissions, not just by reducing emissions intensity in the electricity supplied, but by encouraging fuel switching from fossil fuels to clean electricity on a broad scale. As a result, CCAs have both tools and motivation to tailor EV-related programs to the specific needs and barriers to adoption that occur in their communities.

Through rebates on vehicles, provision of public and/or discounted charging infrastructure, targeted marketing and outreach, relationships that help overcome information and trust barriers, and other innovative mechanisms, CCAs are increasingly responsible for marginal EV purchases. For example, Sonoma Clean Power's EV incentive program added over 200 new EVs in 2016 and over 400 new EVs in 2017, putting them on track to meet their goal of 1,000 EVs by 2020. SVCE is developing EV programs of its own, and CCA influence on EV adoption will only increase as communities across the state continue to bring new CCAs online.

In light of this increasing role in marginal EV adoption, SVCE recommends a fair and balanced approach to per-EV LCFS credit distribution based on which LSE provides the energy used for charging. For those EVs registered in EDU territory prior to a CCA LSE program’s launch, the EDU should continue earning the credits. However, for vehicles adopted after the CCA’s in-service date, the CCA should be eligible for credits covering the full carbon intensity difference between gasoline and the CCA electricity portfolio. This approach acknowledges the essential role CCAs now play in driving marginal replacement of gasoline vehicles with EVs, and provides a valuable financial incentive to CCA Boards for these programs.

As CCAs serve the vast majority – over 90% – of customers in their service territories, granting them all of the credits generated by electric vehicles registered in their territories after their in-service dates would be a simple and effective method. CARB could also achieve even greater granularity by implementing a split of the per-vehicle credits, granting a percentage of credits to each CCA based on the percentage of customers who take generation service from that CCA in a given county. For example, if a CCA serves 95% of customers in a county, they would receive credits for 95% of new EV sales in that county. The existing EDU online platform, which tracks VIN numbers and shared customer account numbers, could be modified to enact this change.

The LCFS credits currently allocated to the EDUs are returned to ratepayers through EV incentive programs open to both bundled and
unbundled customers. However, the size of an EDU territory requires a standardized program approach, and the resulting programs may fit only a few of the communities within the EDU territory. Because CCAs have closer ties to the communities they serve, CCA LSEs are in the best position to raise awareness around transportation electrification and provide incentives tailored to the needs of their communities. As smaller, nimbler institutions with lower overhead costs, CCAs can also react faster to changing program needs and may return more revenue from the sale of credits to ratepayers. This will happen only if CARB reconsiders how the credits are currently distributed.

Thank you for this opportunity to provide comments on evolving Low Carbon Fuel Standard Amendments. SVCE appreciates CARB's interest in and consideration of approaches to improving the LCFS policy, and we look forward to future opportunities to contribute to the discussion on this very important topic.

Sincerely,

Donald Eckert
Interim Chief Executive Officer
### Regulatory Update

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| **PCIA Reform Rulemaking**
(R. 17-06-026) | ➢ **Recall:** On July 10th, 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.  
➢ The meet and confer process for negotiating which confidential data the IOUs will make available for the development and testing of proposed alternatives to the PCIA continues. **On November 22, Administrative Law Judge (ALJ) Stephen Roscow issued a ruling in response to the joint Meet and Confer report filed by the IOUs and CCAs on October 23.** The ruling clarified some of the disputed data items on which the IOU and CCA parties could not agree, and directed parties to continue negotiating and file a second Meet and Confer Report on December 8. This will be followed by a final ruling approving the outcome of the meet and confer process, and the release of the negotiated data by the IOUs. 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. |
| **Integrated Resource Planning**
(R. 16-02-007) | ➢ **Recall:** On September 19th, 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.  
➢ **No New News:** The next step in this proceeding will be a proposed decision (PD) containing an updated RSP based on stakeholder comments on the draft. This is expected in January 2018, and SVCE will have an opportunity for comments and reply 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. |
| **CCA Rulemaking**
(R. 03-10-003) | ➢ **Recall:** On July 7th, 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.  
➢ **No New News:** CalCCA was represented in evidentiary hearings on October 11th and 12th by Mark Fulmer of MRW & Associates, LLC. Hearings were followed by opening and reply briefs, in which CalCCA continued to defend its proposal. Parties are now awaiting a proposed decision. |
| **Resource Adequacy**
(R. 17-09-020) | ➢ **Recall:** On September 28th, the CPUC issued an Order Instituting Rulemaking (OIR) opening a new Resource Adequacy (RA) proceeding. 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.

- On October 30th, SVCE and four other CCAs jointly submitted comments on the OIR. 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.

- A pre-hearing conference was held at the CPUC on December 4. 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.

Diablo Canyon Closure (A. 16-08-006)

- Recall: In June 2016, PG&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&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&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 Intervenors, 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.

- On November 8th, the CPUC released a Proposed Decision (PD) rejecting all tranches of PG&E’s proposed replacement energy procurement. 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&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. SVCE and the Joint Intervenors support the PD in its current form.

- The Joint Intervenors submitted comments on the PD and participated in Final Oral Arguments on November 28th.

- The Proposed Decision will now be sent to the Commission for final edits and a vote.

AB 1110 Implementation

- Recall: 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 Power Content Label (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 CO₂e/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 27th, 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.
**No New News**: Outreach on these issues by CCA parties to the CEC commissioners and staff continues. CEC staff are making changes to the proposal, but the release date for the updated version has now been pushed back to January 2018.

**Tree Mortality NBC (A. 16-11-005)**

- **Recall:** 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 14th, 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.
- **No New News**: A workshop has been set for December 12th to discuss the topic of cost allocation in cases of policy-mandated procurement (such as this one). 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. 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.

**Low Carbon Fuel Standard**

- On December 4, SVCE submitted a second set of comments advocating for CCAs to become eligible for all or a portion of the Low Carbon Fuel Standard credits currently allocated to Electric Distribution Utilities (ie, IOUs). This letter is included in this month’s CEO report. SVCE will continue actively participating in this proceeding.

**Transportation Electrification (R. 13-11-007)**

- **Recall:** On June 16th, 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 10th.
- **No New News**: A Proposed Decision on the approval or rejection of the IOUs’ PRPs was expected in September but has not yet been issued.

**California Consumer Choice Project (CCCP)**

- **No New News**: On October 31st, the CPUC held an all-day workshop in Sacramento dedicated to the topic of expanding consumer choice in California’s retail electricity markets. 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. However, it is unlikely that any substantive action will be taken before the PCIA proceeding concludes late next year.

**Resolution E-4907 Registration Process for CCAs**

- On December 8, the Commission released a resolution changing the compliance requirements for new and expanding CCAs that are submitting their implementation plans to the CPUC. The resolution sets more stringent timeline for implementation plan submission and certification, and may affect our updated implementation plan submission. More details will be provided verbally at the Board meeting (review of the resolution is still in progress).
Preparations for the 2018 legislative session are in full swing. SVCE staff are 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. The first such meeting took place on December 1 with Assemblymember Marc Berman (District 24) and several members of his team. Myself, Interim CEO Don Eckert, and Director Courtenay Corrigan participated.
Community Outreach Update
December 2017

1. **Business Outreach**

Our inaugural SVCE ‘Watts for Lunch’ commercial and industrial customer roundtable was held on Dec. 6, and was well received by all in attendance. Our SVCE team found the community input and lessons shared around EV and EV-infrastructure valuable for C&I program design, while participants were enthusiastic about the opportunity to engage with SVCE and each other.

Approximately 30 SVCE commercial and industrial customers enjoyed presentations and discussion with a robust lineup of speakers from Tesla, PG&E, BMW, Genentech, and Google. Participants enjoyed sharing challenges, as well as feedback and suggestions for future event topics during a live survey hosted by SVCE. A spirit of community around a joint interest in electrification and grid-decarbonization transpired. We look forward to continued collaboration with our SVCE C&I customer community.

2. **Upgrade and Opt Out Update**

Below is the number of GreenPrime Upgrades and Opt Outs as of Dec. 3, as well as the total opt out percentage in overall accounts, and opt out percentage by load.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Upgrade</th>
<th>Opt Out</th>
<th>Opt Out by Account Type</th>
<th>Total Opt Out, All Accounts</th>
<th>Opt Out Percentage by Load*</th>
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<td>Residential</td>
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*No significant change since last board meeting

3. **Member Agency Working Group Update**

The November SVCE Member Agency Working Group (MAWG) meeting covered the following topics:

- SVCE Community outreach update, introduced Bike to the Future community engagement activity, which was well-received by the group
- The City of Sunnyvale provided an overview of their CAP 2.0 ”Climate Action Planning” process
- Further discussion on the SVCE program measurement criteria
- Discussion on the role of SVCE and other community stakeholders in an SVCE-led model ordinance initiative
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Staff Report – Item 8

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

Item 8: Budget for Decarbonization of Existing Power Contracts

Date: 12/13/2017

BACKGROUND

On October 9th, a Board workshop was held to provide an overview of renewable energy basics and hold a discussion of power procurement and marketing strategies. Future legislation (AB1110), will require Silicon Valley Clean Energy (SVCE) to put the carbon intensity on its annual power source disclosure label, beginning with 2019 volumes.

As part of this workshop, the terms “carbon-free energy” and “renewable energy” were identified as no longer being equivalent after implementation of AB1110, since some types of renewable power plants emit carbon, such as biomass or geothermal facilities, and would thus show some carbon emissions on SVCE’s power source disclosure label.

SVCE has several existing renewable power supply contracts which allow the Sellers optionality on the sources of renewable power they can use to meet their quantity obligations. While most Sellers have indicated the non-carbon-free renewable energy will be a small percentage of their overall deliveries, SVCE will not know until after delivery what the source of the renewable power was. Contractually, however, sellers have the option to fulfill their obligations with only carbon-free renewable energy such as wind or solar, or with only non-carbon-free renewable energy, or some mix between the two.

Here are the contracted quantities and percentages associated with this Seller optionality by year;

<table>
<thead>
<tr>
<th>SVCE Contracted Volumes with Seller Optionality for delivering Renewable Energy</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<tr>
<td>GWh</td>
<td>GWh</td>
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<td>1,567</td>
<td>1,238</td>
<td>614</td>
<td>450</td>
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<th>As a percentage of Total Retail Sales (inclusive of Milpitas)</th>
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<td>37%</td>
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On October 24th, a special Board meeting was held. At this meeting, a presentation of GHG accounting for energy was made that illustrated the carbon emissions intensity associated with various renewable energy sources. The presentation concluded that even with 15% of SVCE’s load projected from biomass sources, SVCE’s total carbon emissions would be well below Pacific Gas & Electric (PG&E) 2015 level, California’s and the US National grid averages.
ANALYSIS & DISCUSSION

Staff began reaching out to these eight existing power suppliers to request if they could decarbonize, (i.e. commit to providing only carbon-free renewable energy) to SVCE.

- Three suppliers provided a commitment to providing only carbon-free renewable energy at no additional cost. One contract has been amended but the other two were verbal commitments.

Here are the revised percentages:

| Revised percentage of Total Retail Sales (inclusive of Milpitas), as a result of Sellers commitment to decarbonize at no additional cost |
|---|---|---|---|
| 2018 | 2019 | 2020 | 2021 |
| 24% | 17% | 9% | 6% |

- One supplier indicated they would need an additional 4% added to the current contract price to provide only carbon-free renewable energy resulting in potential incremental power supply costs of $0.6 million over the life of the contract.

Here are the potential revised percentages:

| Potential Revised percentage of Total Retail Sales (inclusive of Milpitas), IF SVCE pays Seller who requested an additional 4% to decarbonize. |
|---|---|---|---|
| 2018 | 2019 | 2020 | 2021 |
| 18% | 11% | 3% | 0% |

It should be noted that this Seller has delivered 63% of its 2017 contract quantities so far, and 100% of it has been from Wind and Solar sources, i.e. carbon-free renewable power.

There are several other suppliers that have not responded but staff will continue to pursue the issue.

CONCLUSION

Staff is seeking direction on potential budget to procure certainty that energy supplied from these existing contracts are from carbon-free sources and excludes biomass or geothermal facilities.
Staff Report – Item 9

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

Item 9: 2017 Community Engagement Recap

Date: 12/13/2017

This item will be addressed in the form of a presentation to the Board.