



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

Wednesday, February 14, 2018  
7:00 pm

Cupertino Community Hall  
10350 Torre Avenue  
Cupertino, CA

Rob Rennie, Chair  
Town of Los Gatos

Daniel Harney, Vice Chair  
City of Gilroy

Liz Gibbons  
City of Campbell

Rod Sinks  
City of Cupertino

Jeannie Bruins  
City of Los Altos

Courtenay C. Corrigan  
Town of Los Altos Hills

Marsha Grilli  
City of Milpitas

Burton Craig  
City of Monte Sereno

Steve Tate  
City of Morgan Hill

Margaret Abe-Koga  
City of Mountain View

Dave Cortese  
County of Santa Clara

Howard Miller  
City of Saratoga

Nancy Smith  
City of Sunnyvale

**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 January 10, 2018, Board of Directors Meeting
- 1b) Adopt Resolution Commending Director Griffith for His Dedicated Service to SVCE
- 1c) Approve 2018 Update to Annual Energy Use and Voting Shares as Required by SVCE Joint Powers Agreement
- 1d) Customer Program Advisory Group Report
- 1e) Authorize CEO to Approve Agreement with Freelance Media Buying for Media Strategy, Media Planning and Media Buying
- 1f) December 2017 Treasurer Report
- 1g) Approve Amendment to Power Supply FY 2017-18 Budget
- 1h) Approve Amended Accounting Policy to Remove Sarbanes-Oxley Act

Regular Calendar

- 2) Financial Audit Report (Discussion)
- 3) Elect Chair and Vice Chair (Action)
- 4) Establish an Audit Committee and Finance Committee (Action)
- 5) Appoint Board Committee Members (Action)

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

333 W El Camino Real  
Suite 290  
Sunnyvale, CA 94087



Rob Rennie, Chair  
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Daniel Harney, Vice Chair  
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Burton Craig  
City of Monte Sereno

Steve Tate  
City of Morgan Hill

Margaret Abe-Koga  
City of Mountain View

Dave Cortese  
County of Santa Clara

Howard Miller  
City of Saratoga

Nancy Smith  
City of Sunnyvale

- 6) Appoint Board Treasurer/Auditor and Board Secretary (Action)
- 7) Executive Committee Report (Discussion)
- 8) CEO Report (Discussion)
- 9) Audit and Finance Committee Report (Discussion)
- 10) Legislative Ad Hoc Committee Report (Discussion)
- 11) Commercial Peak Day Pricing Transition Program (Discussion)
- 12) SVCE 2018 Rates (Discussion)
- 13) Launching Milpitas June 2018 (Discussion)

Board Member Announcements and Direction on Future Agenda Items

Adjourn

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**Silicon Valley Clean Energy Authority**

**Board of Directors Meeting**

Wednesday, January 10, 2018

7:00 pm

Cupertino Community Hall  
10350 Torre Avenue  
Cupertino, CA

**DRAFT MINUTES**

**Call to Order**

Chair Rennie called the meeting to order at 7:02 p.m.

Chair Rennie confirmed with staff that Director Grilli of Milpitas had been sworn in.

**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 (arrived at 7:06 p.m.)  
Director Steve Tate, City of Morgan Hill  
Director Nancy Smith, City of Sunnyvale  
Director Margaret Abe-Koga, City of Mountain View (arrived at 7:05 p.m.)  
Director Howard Miller, City of Saratoga  
Director Rod Sinks, City of Cupertino  
Director Liz Gibbons, City of Campbell  
Director Dave Cortese, County of Santa Clara (arrived at 7:06 p.m.)  
Director Jeannie Bruins, City of Los Altos  
Director Marsha Grilli, City of Milpitas

**Absent:**

Director Burton Craig, City of Monte Sereno

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

Bruce Karney, resident of Mountain View, spoke regarding his role as Chair of Mountain View's Environmental Sustainability Task Force and two ideas the group may propose to reduce Mountain View's greenhouse gas emissions: 1) Mountain View business licenses for direct access customers be contingent on buying carbon offsets or switching to greenhouse gas-free electricity sources, and 2) utility user taxes.

**Consent Calendar**

Director Bruins requested to pull Item 1b and comment on Item 1a.

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

Director Bruins commented on **Item 1a) Approve Minutes of the December 13, 2017 Board of Directors Meeting**, recommending that the actual motion is captured in the minutes, unless done through an amendment process, and to reconsider how information is presented going forward.

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

The motion carried unanimously with Director Craig absent.

- 1a) Approve Minutes of the December 13, 2017 Board of Directors Meeting**
- 1c) Adopt Resolution Amending Conflict of Interest Code to Replace Position of Regulatory/Legislative Analyst with Manager of Regulatory & Legislative Affairs and Add Power Resource Planning & Programs Analyst**
- 1d) Authorize CEO to Execute Master Agreement with Southern California Edison Company (SCE) to Enable Future Acquisition of Resource Adequacy Capacity**
- 1e) Confirm Appointment of Milpitas Representative to Customer Program Advisor Group**
- 1f) November 2017 Treasurer Report**

- 1b) Adopt Resolution Amending the SVCE Operating Rules and Regulations to Change the Date of the Annual Meeting and the Appointment of Officers and Committee Members and Conform the Provisions Regarding the Holding of Regular Meetings to Board Resolution Nos. 2016-14 and 2017-11**

General Counsel Greg Stepanicich provided additional information on the item and responded to Board questions.

The Board discussed the timing for appointments in their respective communities and the possibility of leaving the annual meeting date in January.

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

MOTION: Director Miller moved and Director Bruins seconded the motion to adopt Resolution 2018-01 amending the SVCE Operating Rules and Regulations to conform the provisions regarding the holding of regular meetings to Board Resolutions 2016-14 and 2017-11, with a change to the Resolution to reflect January as being the date of the annual meeting, appointment of officers, and appointment of committee members.

Director Sinks clarified that assignments for 2018 would be done at the February Board meeting.

The motion carried unanimously with Director Craig absent.

### **Regular Calendar**

## **2) Executive Committee Report (Discussion)**

Chair Rennie reported that the Executive Committee had not met since the last Board meeting and announced a request from staff to cancel the January 23 Executive Committee Meeting. There were no objections from the Board to hold the next Executive Committee meeting on Tuesday, February 27.

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

### 3) CEO Report (Discussion)

Interim CEO Eckert presented the CEO report which included a report on a meeting with the Bay Area Air Quality Management District (BAAQMD), an update on the submission of the revised Implementation Plan and Statement of Intent to the California Public Utilities Commission (CPUC), an update on the long-term power supply request for offers (RFO), and an update of SVCE's financial audit. Interim CEO Eckert informed the Board of a vacant Community Outreach Coordinator position (budgeted as a contingent position), provided an update on the Member Agency Loan and retirement of the Revolving Line of Credit, an update on the Audit and Finance Committee composition, announced the time and date of the Customer Program Advisory Group (CPAG) inaugural meeting, and extended an invitation to Directors for an "SVCE 101" workshop as well as the 2018 State of the Valley conference. CEO Eckert provided brief comments regarding rate schedules and noted PG&E did not confirm a date of March 1 when on a call regarding unrelated topics.

Director of Marketing and Public Affairs Alan Suleiman responded to questions regarding opt-out rates, outreach for business customers, and provided information on direct access customers.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

### 4) Recent Regulatory Developments (Discussion)

Manager of Regulatory and Legislative Affairs Hilary Staver presented a PowerPoint presentation and provided updates on regulatory matters including the CPUC's policy area of integrated resource planning (IRP), draft Resolution E-4907, and the power charge indifference adjustment (PCIA). Manager of Regulatory and Legislative Affairs Staver responded to Board questions.

The Board discussed possible legislative responses to the CPUC's Draft Resolution E-4907.

Chair Rennie opened public comment.

Bruce Naegel, Carbon Free Mountain View and Carbon Free Silicon Valley, complimented Manager of Regulatory and Legislative Affairs Staver and mentioned news announcements which support the idea that CCAs are one of the best processes for lowering greenhouse gases. Naegel questioned how community organizations could work together with SVCE to help maximize support for CCAs.

Chair Rennie closed public comment.

The Board requested staff provide an update on SVCE's legislative efforts; Chair Rennie noted talking points related to the proposed bill would not be needed until after the bill has been developed.

The Board discussed forming a legislative committee of the Board to take action more quickly on legislative matters; General Counsel Stepanicich confirmed an ad hoc committee could be formed by the Board and responded to questions.

Manager of Regulatory and Legislative Affairs Staver noted SVCE's current legislative platform gives staff the authority to make decisions about SVCE positions on short notice and requested the platform remain intact.

**MOTION:** Director Smith moved and Director Sinks seconded the motion to form a legislative ad hoc committee with the purpose of the ad hoc legislative committee to explore legislative approaches during calendar year 2018 that address proposed legislation and regulatory matters pending before the CPUC

and other state regulatory bodies that potentially harm CCAs, that would be comprised of not more than six members of the Board.

The motion carried unanimously with Directors Cortese and Craig absent.

MOTION: Director Miller moved and Director Sinks seconded the motion to appoint Chair Rennie, Director Sinks, Director Abe-Koga, Director Smith, and Director Cortese to the Ad Hoc Legislative Committee, with authority given to the Chair to appoint a sixth member of the Board if deemed necessary.

The motion carried unanimously with Directors Cortese and Craig absent.

#### **5) Report by General Counsel of Conflict of Interest Question Concerning ZGlobal (Discussion)**

General Counsel Stepanicich provided a report to the Board in response to a concern raised from a *Desert Sun* article regarding ZGlobal, a consultant to SVCE, having a potential conflict of interest in performing its duties and functions for SVCE based on the fact they are also a consultant to Regenerate Power, a solar provider contracted with SVCE effective January 2018.

General Counsel Stepanicich reported Richards Watson and Gershon completed their review and don't believe there is a conflict of interest based on the current contract with ZGlobal and SVCE, and at this time there is no need to make any changes to the contract to further protect SVCE.

Director Bruins confirmed the in-depth report provided to Board members should be maintained on a confidential basis based on attorney-client privilege.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

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

Director Bruins requested clarification on the process for selecting a Chair and Vice Chair at the next Board meeting; the Board was in consensus that Board members interested in serving as Chair or Vice Chair would send a letter of intent to Board Clerk Andrea Pizano who would then include the letter in the Board packet. Directors confirmed nominations would also be accepted from the floor. Board members requested staff create a matrix of committees, include a description of the committees, and include the current members of each committee to distribute to Directors to indicate interest for 2018.

Director Corrigan noted the Los Altos Hills' youth commission would like more information on the e-bike competition.

Vice Chair Harney commented staff would be visiting Gilroy Gardens for a tour of the grounds to potentially host the SVCE Bike to the Future e-bike competition.

Chair Rennie noted the next Board meeting would be held on February 14.

#### **Adjourn**

Chair Rennie adjourned the meeting at 9:12 p.m.



**Staff Report – Item 1b**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1b: Adopt Resolution Commending Director Griffith for His Dedicated Service to SVCE**

Date: 2/14/2018

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**RECOMMENDATION**

Adopt Resolution No. 2018-03, commending Director Jim Griffith for his dedicated service on the SVCE Board of Directors for 2016 and 2017.

**BACKGROUND**

As Councilmember in the City of Sunnyvale, Director Griffith efforts were key to promoting community clean energy in Santa Clara County and to the eventual establishment of SVCE. Director Griffith was also selected by the Sunnyvale City Council to be their first representative on the Board of Directors for SVCE.

**ATTACHMENTS**

1. Resolution 2018-03, Commending Director Jim Griffith for his Promotion of Community Clean Energy in Santa Clara County and his Dedicated Service on the Board of Directors of the Authority

## RESOLUTION NO. 2018-03

### RESOLUTION OF THE BOARD OF DIRECTORS OF SILICON VALLEY CLEAN ENERGY AUTHORITY COMMENDING DIRECTOR JIM GRIFFITH FOR HIS PROMOTION OF COMMUNITY CLEAN ENERGY IN SANTA CLARA COUNTY AND HIS DEDICATED SERVICE ON THE BOARD OF DIRECTORS OF THE AUTHORITY.

#### THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY HEREBY RESOLVES AS FOLLOWS:

**WHEREAS**, the Silicon Valley Clean Energy Authority (“SVCEA”) was formed on March 31, 2016, with eleven Cities and Towns and the County of Santa Clara deciding to become the initial members; and

**WHEREAS**, Jim Griffith played an important role as a Councilmember in the City of Sunnyvale in promoting community clean energy in Santa Clara County and forming SVCEA with his City as a member; and

**WHEREAS**, the Sunnyvale City Council appointed Jim Griffith as its first representative on the Board of Directors of SVCEA; and

**WHEREAS**, Director Griffith actively participated in key decisions setting up the organization and management of SVCEA and establishing the Authority’s community choice energy program, and

**WHEREAS**, these decisions have made it possible for SVCEA to launch community choice energy service in April 2017;

**NOW, THEREFORE**, the Board of Directors of SVCEA hereby commends Director Jim Griffith and expresses its sincere appreciation for his promotion of community choice energy in Santa Clara County and his dedicated service as a member of the Board of Directors of the Authority.

**ADOPTED AND APPROVED this 14th day of February, 2018.**

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Chair

**ATTEST:**

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Secretary



### Staff Report – Item 1c

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1c: Approve 2018 Update to Annual Energy Use and Voting Shares as Required by SVCE Joint Powers Agreement**

Date: 2/14/2018

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#### **RECOMMENDATION**

Approve update to Exhibits C & D in Silicon Valley Clean Energy’s (SVCE) Joint Powers Agreement (JPA) to reflect the member agencies’ energy demand and voting rights.

#### **BACKGROUND**

As referenced in Section 4.9.2 *Voting Shares Vote* of SVCE’s JPA, immediately following an affirmative percentage vote by the Board of Directors, two Directors may request a vote of the voting shares be held. A voting shares vote requires that the sum of all corresponding voting shares of Directors voting in the affirmative exceed a 50 percent majority. Voting shares are determined by the formula outlined in Section 4.9.3 *Voting Shares Formula*.

The Annual Energy Use (Exhibit C) and Voting Shares (Exhibit D) for each of SVCE’s 13 jurisdictions should be adjusted in SVCE’s JPA annually. Attached are updated Exhibits reflecting 2017 data provided by PG&E. The next annual adjustment shall occur as soon as reasonably practicable after January 1, 2019 but no later than March 1, 2019, subject to Board approval.

#### **ATTACHMENTS**

1. Update to Exhibit C, Annual Energy Use
2. Update to Exhibit D, Voting Shares

**EXHIBIT C**  
**ANNUAL ENERGY USE**

This Exhibit C is effective as of February 14, 2018.

<b>Party</b>	<b>kWh (2017*)</b>
Campbell	207,565,136
Cupertino	233,246,380
Gilroy	286,510,490
Los Altos	132,926,331
Los Altos Hills	44,293,122
Los Gatos	196,103,010
Milpitas	638,893,414
Monte Sereno	16,296,940
Morgan Hill	218,792,080
Mountain View	586,265,694
Santa Clara County (Unincorporated)	386,643,260
Saratoga	125,551,229
Sunnyvale	<u>1,286,435,835</u>
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<b>Total</b>	<u>4,359,522,921</u>

\*Data provided by PG&E

**EXHIBIT D**

**VOTING SHARES**

This Exhibit D is effective as of February 14, 2018.

<b>Party</b>	<b>kWh (2017*)</b>	<b>Voting Share Section 4.9.2</b>
Campbell	207,565,136	4.8%
Cupertino	233,246,380	5.3%
Gilroy	286,510,490	6.6%
Los Altos	132,926,331	3.0%
Los Altos Hills	44,293,122	1.0%
Los Gatos	196,103,010	4.5%
Milpitas	638,893,414	14.7%
Monte Sereno	16,296,940	0.4%
Morgan Hill	218,792,080	5.0%
Mountain View	586,265,694	13.4%
Santa Clara County (Unincorporated)	386,643,260	8.9%
Saratoga	125,551,229	2.9%
Sunnyvale	1,286,435,835	29.5%
<b>Total</b>	<b>4,359,522,921</b>	<b>100.0%</b>

\*Data provided by PG&E



## Item 1d

To: Silicon Valley Clean Energy Board of Directors

From: Peter Evans, CPAG Chair

**Item 1d: Customer Program Advisory Group Report**

Date: 2/14/2018

### **REPORT**

The Customer Program Advisory Group (CPAG) launch meeting was held on January 17, 2018 at the Quinlan Community Center in Cupertino.

The Silicon Valley Clean Energy (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

The CPAG launch meeting agenda and summary report are listed below.

#### Regular Calendar

- 1) Welcome
- 2) Introductions
- 3) Customer Program Advisory Group Overview (Discussion)
- 4) Brown Act and Protocol Discussion (Discussion)
- 5) Elect Chair and Vice Chair (Action)

SVCE Interim CEO, Don Eckert, and SVCE Board Chair, Rob Rennie, welcomed the 14 of the 16 appointed CPAG members present at the inaugural meeting on January 17. Members introduced each other during opening introductions in groups of 2 or 3 via an ice breaker activity in which each group pitched their top 2 or 3 SVCE program ideas. This initial brainstorming activity resulted in common themes around electrification/fuel switching, storage, customer awareness and education. Initial program ideas were recorded and will be distributed to the group ahead of the February 21 CPAG meeting to provide context for a discussion of program benefits.

SVCE staff members then presented an introduction to SVCE, tools and resources that are available to the CPAG, the motivation behind SVCE programs formation, and an initial CPAG roadmap, before reviewing the CPAG mission and charter. The group then moved up an agenda item to vote to elect their Chair and Vice Chair before Cupertino City Clerk, Grace Schmidt, presented on the Brown Act. Peter Evans of Los Altos Hills was elected CPAG Chair, while Tara Martin-Milius of Sunnyvale was elected Vice Chair.

The group also established CPAG ground rules, including a discussion of behavior expectations, coming to

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**Agenda Item: 1d**

**Agenda Date: 2/14/2018**

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consensus, conflicts of interest, grounds for removal, participation by teleconference, and attendance expectations for future meetings.

The next regularly scheduled CPAG meeting will take place on February 21, 11am-1pm, at the Campbell Community Center.



## Staff Report – Item 1e

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1e: Authorize CEO to Approve Agreement with Freelance Media Buying for Media Strategy, Media Planning and Media Buying**

Date: 2/14/2018

### **RECOMMENDATION**

Authorize the CEO to execute the Service Agreement, any nonfinancial amendments, and other related documents for media strategy, media planning and media buying service with the firm Freelance Media Buying, not to exceed \$80,000 through September 30, 2018.

### **BACKGROUND**

SVCE was introduced to Freelance Media Buying as a subcontractor to MIG, the firm that has assisted SVCE with communications and outreach since April 2016. MIG's services included the development of graphic visuals for an SVCE marketing and outreach campaign. This includes developing graphical marketing campaign materials that can be used on the SVCE website, in newsletters, as paid advertisements, and on social media. SVCE utilized Freelance Media Buying throughout the 2017 enrollment period and Freelance Media Buying also represents several other Bay Area Community Choice Energy programs, so the company is well-versed in our organization's unique position and needs with advertising.

### **ANALYSIS & DISCUSSION**

SVCE is preparing to include the City of Milpitas rate payers. It is important that the agency make every reasonable effort to reach customers and inform them of their new energy choices.

Utilizing the advertising spaces available in community papers ensures that readers in only the SVCE service area are targeted, which is also achievable with geotargeted digital advertising. Media buying services and ad campaigns are also targeted in-language for the Spanish and Chinese speaking populations SVCE serves.

Staff inquired about directly purchasing and negotiating ad campaigns with the Bay Area News Group, Comcast and independent ethnic media groups. The results of this research showed that managing, negotiating and placing ads in various outlets with several different vendors would be inefficient and difficult to manage. Working with a professional media buyer is an effective way to manage all campaigns and ad placements through one vendor who also has the expertise and knowledge of the SVCE service area media market.

The scope of work includes:

- Media strategy
- Media planning
- Media buying
- Providing creative specifications for ad design and development
- Media tracking/reporting and optimizing

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**Agenda Item: 1e**

**Agenda Date: 2/14/2018**

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**FISCAL IMPACT**

The fiscal impact of this agreement would be \$80,000, which would be drawn from the current fiscal year marketing budget.

**ATTACHMENTS**

1. Service Agreement with Freelance Media Buying

**AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY  
AND  
FREELANCE MEDIA BUYING FOR  
MEDIA STRATEGY, MEDIA PLANNING AND MEDIA BUYING SERVICES**

THIS AGREEMENT, is entered into this 14th day of February, 2018, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent joint powers authority, ("Authority"), and FREELANCE MEDIA BUYING, a California corporation whose address is 518 Bonita St. #3, Sausalito, CA 94965 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

**RECITALS:**

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

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

C. Authority and Consultant desire to enter into an agreement for Media Strategy, Media Planning and Media Buying upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

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

2. **SERVICES TO BE PERFORMED**

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

3. **COMPENSATION TO CONSULTANT**

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

4. **TIME IS OF THE ESSENCE**

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

5. **STANDARD OF CARE**

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

6. **INDEPENDENT PARTIES**

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

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

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

8. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, 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, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liabilities, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of or related to the negligence or willful misconduct of Consultant or Consultant's employees, officers, officials, agents or independent contractors in the performance of this Agreement, except where caused by the sole or active negligence or willful misconduct of Authority or its members, officers, officials, agents, employees and volunteers. Such costs and expenses shall include reasonable attorneys' fees of counsel of Authority's choice, expert fees and

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

10. **INSURANCE:**

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

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

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

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

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

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

11. **CONFLICT OF INTEREST**

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

12. **PROHIBITION AGAINST TRANSFERS**

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

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

13. **SUBCONTRACTOR APPROVAL**

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

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

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

14. **REPORTS**

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

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

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

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

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

15. **RECORDS**

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

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Carrie Souza 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, 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:  
Carrie Souza  
Freelance Media Buying  
518 Bonita St. #3  
Sunnyvale, CA 94965

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving 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. Upon termination, Consultant shall immediately deliver to the Authority any and all copies of reports, studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement.

20. **COMPLIANCE**

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

21. **CONFLICT OF LAW**

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

22. **ADVERTISEMENT**

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

23. **WAIVER**

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

24. **INTEGRATED CONTRACT**

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

25. **AUTHORITY**

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

26. **INSERTED PROVISIONS**

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

27. **CAPTIONS AND TERMS**

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

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

CONSULTANT NAME  
Freelance Media Buying

SILICON VALLEY CLEAN ENERGY  
AUTHORITY  
A Joint Powers Authority

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

Name: Carrie Souza

Title: Owner

Date \_\_\_\_\_

By \_\_\_\_\_

Name: Don Eckert

Title Interim CEO

Date \_\_\_\_\_

RECOMMENDED FOR APPROVAL

\_\_\_\_\_  
By: Alan Suleiman  
Director of Marketing and Public Affairs

APPROVED AS TO FORM:

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

ATTEST:

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

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

Silicon Valley Clean Energy authorizes Freelance Media Buying to develop, plan, buy, and steward advertising on its behalf, beginning on February 14, 2018:

- Media Strategy
- Media Planning
- Media Buying
- Providing Creative Specs
- Media Tracking/Reporting & Optimizing

Compensation: Freelance Media Buying will be compensated with the agency commission, 15% gross media spend.

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

The media schedule is being developed pending City of Milpitas inclusion.

Similar to the 2017 launch campaign, SVCE is developing a new general awareness campaign for all local publications:

- Campbell Reporter
- Cupertino Courier
- Gilroy Dispatch
- Los Altos Town Crier
- Los Gatos Weekly
- Milpitas Post
- Morgan Hill Times
- Morgan Hill/Gilroy Life
- Mountain View Voice
- Saratoga News
- Sunnyvale Sun

Ads will also be purchased to run in April to promote Bike to the Future. Geotargeted digital ads are also included in this campaign, as well as targeted ads in Spanish, Chinese and the addition of Vietnamese for Milpitas.

**Exhibit C**  
**Compensation**

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

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

<b>Task</b>	<b>Not to Exceed</b>
1. Media Buying	\$ 80,000
<b>Total</b>	<b>\$ 80,000</b>

**Invoices**

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

**Reimbursable Expenses**

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

**Additional Services**

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

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

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

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**  
Statutory coverage as required by the State of California. Note: Sole proprietors are excluded from this requirement, however, proof of worker's compensation must be provided if the Consultant hires one or more employees, otherwise this agreement will be terminated.
- (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.



## **TREASURER REPORT**

**Fiscal Year to Date  
As of December 31, 2017**

*(Preliminary & Unaudited)*

**Issue Date: February 14, 2018**

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**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**Financial Statement Highlights (\$ in 000's)**

**Financial Highlights for the month of December 2017:**

SVCE has concluded its initial financial audit for FY 2016-17 and March 2016 through September 2017 in December. Results of the audit will be presented in February 2018.

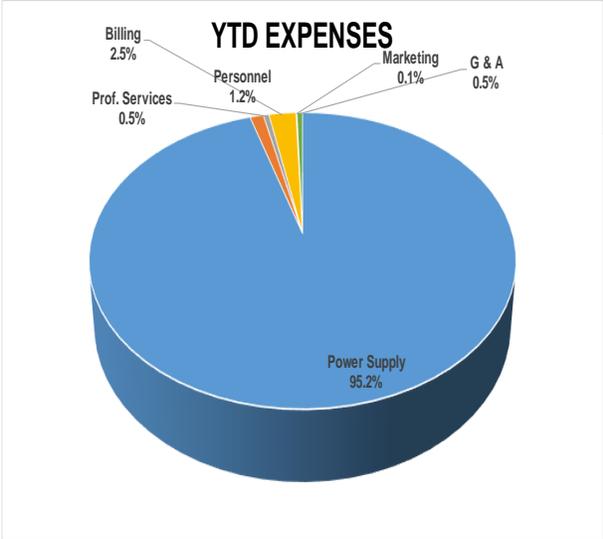
- > SVCE operations resulted in net gain for the month of \$0.6 million and year-to-date of \$9.1 million.
  - o Year-to-date energy sales has an unfavorable variance of 8% compared to budget mostly due to Oct/Nov performance.
  - o Year-to-date contribution margin is \$10.2 million.
- > Retail MWh sales had an unfavorable variance to budget of 8%.
  - o Preliminary meter data shows consumption up over November beyond forecasted seasonality.
  - o Sales volumes includes some favorable catch up from prior period meter data
- > Power Supply
  - o SVCE was a net seller of power to CAISO during the month.
  - o Power Supply costs has a favorable variance year-to-date of 8% mostly due to less than anticipated load to serve.
- > Programs/Capital
  - o There was no programs investment during the month.
  - o A Customer Program Advisory Group has been initiated.
- > Financing - SVCE has retired the line of credit.
  - o The \$2.7 million Member Agency loan will be paid off in January 2018.
  - o The \$2.9 million balance from advances on the revolving line of credit was paid off in December.

Change in Net Position	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Actual	6,742	1,818	578	-	-	-	-	-	-	-	-	-	9,137	42,634

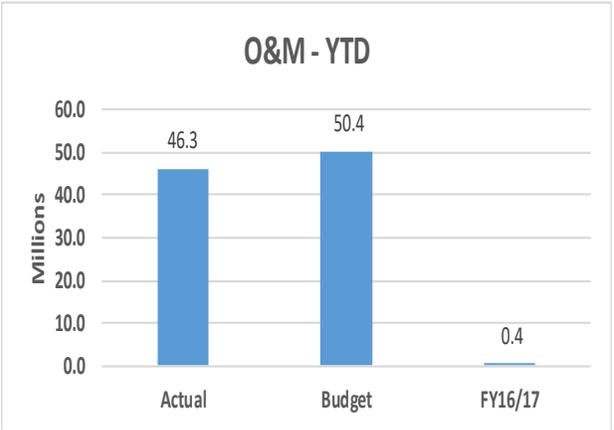
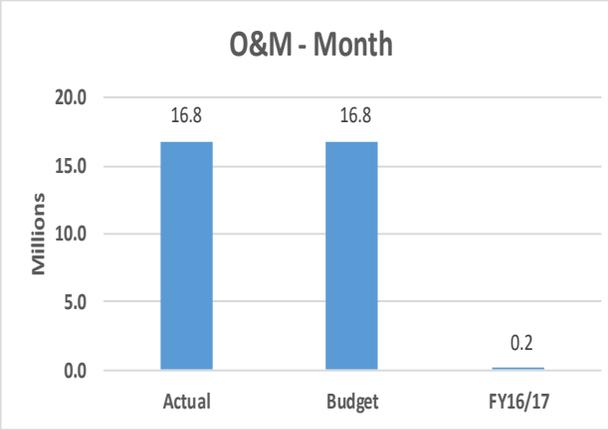
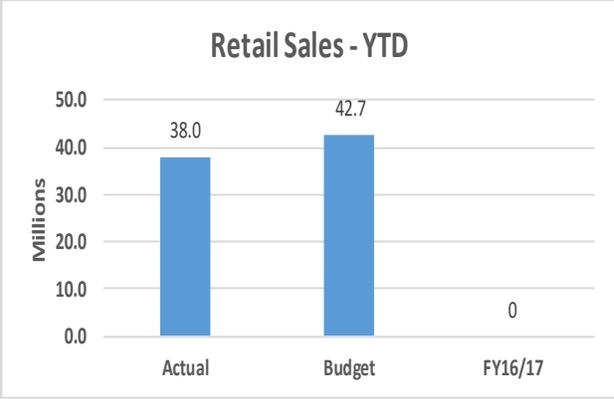
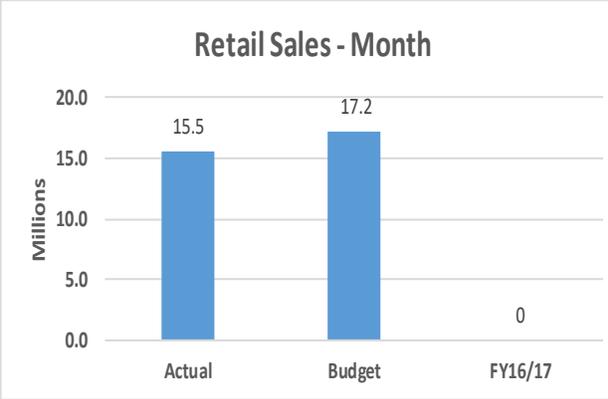
Power Supply Costs	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Energy & REC's	13,251	12,727	14,439	-	-	-	-	-	-	-	-	-	40,417	-
Capacity	275	743	657	-	-	-	-	-	-	-	-	-	1,675	-
CAISO Charges	1,034	534	2,813	-	-	-	-	-	-	-	-	-	4,381	-
NEM Expense	44	(19)	(47)	-	-	-	-	-	-	-	-	-	(22)	-
Charge/Credit (IST/Net Rev)	591	(1,127)	(1,828)	-	-	-	-	-	-	-	-	-	(2,364)	-
Net Power Costs	15,195	12,859	16,034	-	-	-	-	-	-	-	-	-	44,088	181,368

Other	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Capital Expenditures	-	-	9	-	-	-	-	-	-	-	-	-	9	50
Energy Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	4,780

Load Statistics - MWh	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Retail Sales Actual	278,214	265,874	290,540	-	-	-	-	-	-	-	-	-	834,628	-
Retail Sales Budget	301,503	299,963	302,928	-	-	-	-	-	-	-	-	-	904,394	3,553,990



Other Statistics and Ratios	
Working Capital	\$39,885,801
Current Ratio	2.3
Contribution Margin	\$10,230,750
Expense Coverage Days	62
Return on Assets	53%
Long-Term Debt	\$2,730,000
Total Accounts	242,315
Opt-Out Accounts	7,120
Opt-Up Accounts	2,369



## SILICON VALLEY CLEAN ENERGY AUTHORITY

## STATEMENT OF NET POSITION

As of December 31, 2017

## ASSETS

**Current Assets**

Cash & Cash Equivalents	\$	38,135,725
Accounts Receivable, net of allowance		14,499,290
Energy Settlements Receivable		401,162
Accrued Revenue		11,410,848
Other Receivables		203,000
Prepaid Expenses		259,357
Deposits		2,900,000
Restricted cash - lockbox		2,500,000

<b>Total Current Assets</b>		<b>70,309,382</b>
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**Noncurrent assets**

Capital assets, net of depreciation		167,591
Deposits		129,360

<b>Total Noncurrent Assets</b>		<b>296,951</b>
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<b>Total Assets</b>		<b>70,606,333</b>
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## LIABILITIES

**Current Liabilities**

Accounts Payable		511,434
Accrued Cost of Electricity		27,594,852
Accrued Payroll & Benefits		149,827
Other Accrued Liabilities		200,000
User Taxes and Energy Surcharges due to other gov'ts		782,468
Supplier Security Deposits		1,185,000

<b>Total Current Liabilities</b>		<b>30,423,581</b>
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**Noncurrent Liabilities**

Loans Payable to JPA members		2,730,000
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<b>Total Noncurrent Liabilities</b>		<b>2,730,000</b>
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<b>Total Liabilities</b>		<b>33,153,581</b>
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## NET POSITION

Net investment in capital assets		167,591
Unrestricted (deficit)		37,285,161
<b>Total Net Position</b>	<b>\$</b>	<b>37,452,752</b>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**

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

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

**OPERATING REVENUES**

Electricity Sales, Net	\$ 55,274,017
GreenPrime electricity premium	158,135
Other income	<u>24,450</u>

**TOTAL OPERATING REVENUES** **55,456,602**

**OPERATING EXPENSES**

Cost of Electricity	44,089,126
Staff Compensation and benefits	561,918
Data Management	831,516
Service Fees - PG&E	305,210
Consultants and Other Professional Fees	235,357
Communications & Noticing	39,937
General & Administrative	232,092
Depreciation	<u>8,525</u>

**TOTAL OPERATING EXPENSES** **46,303,681**

**OPERATING INCOME(LOSS)** **9,152,921**

**NONOPERATING REVENUES (EXPENSES)**

Interest Income	-
Interest and related expenses	(15,666)

**TOTAL NONOPERATING EXPENSES** **(15,666)**

**CHANGE IN NET POSITION** **9,137,255**

Net Position at beginning of period 28,315,497

**Net Position at end of period** **\$ 37,452,752**

## SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS  
October 1, 2017 through December 31, 2017**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from electricity sales	\$ 65,812,394
Receipts from other income	21,450
Receipts from supplier security deposits	1,185,000
Tax and surcharge receipts from customers	1,396,955
Energy settlements received	1,101,579
Payments to purchase electricity	(40,464,574)
Payments for staff compensation and benefits	(495,114)
Payments for consultants and other professional services	(1,553,496)
Payments for communications and noticing	(45,600)
Payments for general and administrative	(394,219)
Energy settlements paid	(3,254,225)
Tax and surcharge payments to other governments	(1,323,520)
<b>Net cash provided (used) by operating activities</b>	<b><u>21,986,630</u></b>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Payments of deposits and collateral	(663,000)
Principal payments on loan	(2,900,000)
Deposits and collateral received	1,000,000
Interest and related expense payments	(22,892)
<b>Net cash provided (used) by non-capital financing activities</b>	<b><u>(2,585,892)</u></b>

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Acquisition of capital assets	<b><u>(8,610)</u></b>
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**CASH FLOWS FROM CAPITAL AND RELATED**

Interest income received	<u>-</u>
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Net change in cash and cash equivalents	19,392,128
Cash and cash equivalents at beginning of year	<u>21,243,597</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 40,635,725</u></b>

## SILICON VALLEY CLEAN ENERGY AUTHORITY

## STATEMENT OF CASH FLOWS (Continued)

October 1, 2017 through December 31, 2017

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating Income (loss)	\$ 9,152,921
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities</b>	
Depreciation expense	8,525
Revenue reduced for uncollectible accounts	280,711
(Increase) decrease in net accounts receivable	6,640,349
(Increase) decrease in energy settlements receivable	(134,834)
(Increase) decrease in other receivables	(3,000)
(Increase) decrease in accrued revenue	3,565,474
(Increase) decrease in prepaid expenses	(187,515)
Increase (decrease) in accounts payable	(338,788)
Increase (decrease) in accrued payroll & benefits	64,804
Increase (decrease) in supplier security deposits	1,185,000
Increase (decrease) in accrued cost of electricity	1,606,741
Increase (decrease) in accrued liabilities	179,100
Increase (decrease) taxes and surcharges due to other governments	(32,858)
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 21,986,630</u></b>

**SILICON VALLEY CLEAN ENERGY**  
**BUDGETARY COMPARISON SCHEDULE**  
**October 1, 2017 through December 31, 2017**

	FYTD Actual	FYTD Budget	Variance \$	%	FY 2017-18 Budget	% Budget Spent
<b>REVENUES &amp; OTHER SOURCES</b>						
Energy Sales	\$ 55,274,017	\$ 60,078,201	\$ (4,804,184)	-8%	\$ 239,014,712	
Green P rime Premium	158,135	110,751	47,384	43%	443,005	
Other Income	24,450	-	(50,000)	-100%	200,000	
Investment Income	-	50,000	(50,000)	-8%	<u>239,657,717</u>	
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<u><b>55,456,602</b></u>	<u><b>60,238,952</b></u>	<u><b>(4,806,800)</b></u>			
<b>EXPENDITURES &amp; OTHER USES</b>						
<b>CURRENT EXPENDITURES</b>						
Power Supply	44,089,126	47,688,765	3,599,639	8%	181,368,117	24%
Data Management	831,516	796,025	(35,491)	-4%	3,114,882	27%
PG&E Fees	305,210	304,566	(644)	0%	1,218,265	25%
Salaries & Benefits	561,918	1,046,808	484,890	46%	4,187,232	13%
Professional Services	235,357	350,750	115,393	33%	1,325,100	18%
Marketing & Promotions	28,805	73,750	44,945	61%	295,000	10%
Notifications	11,132	7,500	(3,632)	-48%	100,000	11%
Lease	77,258	76,125	(1,133)	-1%	314,650	25%
General & Administrative	154,834	44,025	(110,809)	-252%	251,100	62%
<b>TOTAL CURRENT EXPENDITURES</b>	<u><b>46,295,156</b></u>	<u><b>50,388,314</b></u>	<u><b>4,093,158</b></u>	<b>8%</b>	<u><b>192,174,346</b></u>	<b>24%</b>
<b>OTHER USES</b>						
Customer Programs	-	1,195,074	1,195,074	0%	4,780,294	0%
Office Equipment	8,610	12,500	3,890	31%	50,000	17%
CPUC Deposit	-	-	-		-	
<b>TOTAL OTHER USES</b>	<u><b>8,610</b></u>	<u><b>1,207,574</b></u>	<u><b>1,198,964</b></u>	<b>99%</b>	<u><b>4,830,294</b></u>	<b>0%</b>
<b>DEBT SERVICE</b>						
Interest	15,666	33,000	17,334	53%	32,625	48%
Principal	2,900,000	-	(2,900,000)		2,730,000	106%
<b>TOTAL DEBT SERVICE</b>	<u><b>2,915,666</b></u>	<u><b>33,000</b></u>	<u><b>(2,882,666)</b></u>	<b>-8735%</b>	<u><b>2,762,625</b></u>	<b>106%</b>
<b>Total Expenditures, Other Uses &amp; Debt Service</b>	<u><b>49,219,432</b></u>	<u><b>51,628,888</b></u>	<u><b>2,409,456</b></u>	<b>5%</b>	<u><b>199,767,265</b></u>	<b>25%</b>
<b>Net Increase(Decrease) in Available Fund Balance</b>	<u><b>\$ 6,237,170</b></u>	<u><b>\$ 8,610,064</b></u>	<u><b>\$ (2,372,894)</b></u>	<b>-28%</b>	<u><b>\$ 39,890,452</b></u>	

**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 \$ 6,237,170

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

Subtract depreciation expense	(8,525)
Add back capital asset acquisitions	8,610
Add back principal payments on debt	<u>2,900,000</u>
<b>Change in Net Position</b>	<b><u>9,137,255</u></b>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**October 1, 2017 through December 31, 2017**

	October	November	December	January	February	March	April	May	June	July	August	September	YTD
<b>OPERATING REVENUES</b>													
Electricity sales, net	\$ 22,523,034	\$ 15,426,854	\$ 17,324,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,274,017
Green electricity premium	32,946	63,341	61,848										158,135
Other income	-	-	24,450										24,450
Total operating revenues	22,555,980	15,490,195	17,410,427	-	-	-	-	-	-	-	-	-	55,456,602
<b>OPERATING EXPENSES</b>													
Cost of electricity	15,195,616	12,859,048	16,034,462										44,089,126
Staff compensation and benefits	196,743	168,026	197,149										561,918
Data manager	276,838	277,564	277,114										831,516
Service fees - PG&E	920	200,000	104,290										305,210
Consultants and other professional fees	78,816	90,373	106,105										275,294
General and administration	55,285	66,571	110,236										232,092
Depreciation	2,762	2,762	3,001										8,525
Total operating expenses	15,806,980	13,664,344	16,832,357	-	-	-	-	-	-	-	-	-	46,303,681
Operating income (loss)	6,749,000	1,825,851	578,070	-	-	-	-	-	-	-	-	-	9,152,921
<b>NONOPERATING REVENUES (EXPENSES)</b>													
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and related expense	(7,442)	(8,224)	-										(15,666)
Total nonoperating revenues (expenses)	(7,442)	(8,224)	-	-	-	-	-	-	-	-	-	-	(15,666)
<b>CHANGE IN NET POSITION</b>	<b>\$ 6,741,558</b>	<b>\$ 1,817,627</b>	<b>\$ 578,070</b>	<b>\$ -</b>	<b>\$ 9,137,255</b>								

# PERSONNEL REPORT

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

<b>CONTINGENT POSITIONS</b>			
<b>Position</b>	<b>Dollars</b>		<b>% YTD Spent</b>
	<b>FY2017-18 Budget</b>	<b>FY2017-18 Actual</b>	
Climate Fellows / Part-Time	\$144,000	70,257	49%

# FINANCING REPORT

## **CREDIT AGREEMENT**

The credit agreement with River City Bank expired at the end of December.

SVCE advanced \$1.5 million of the available \$2.0 million from the non-revolving line of credit. All advances were paid in August.

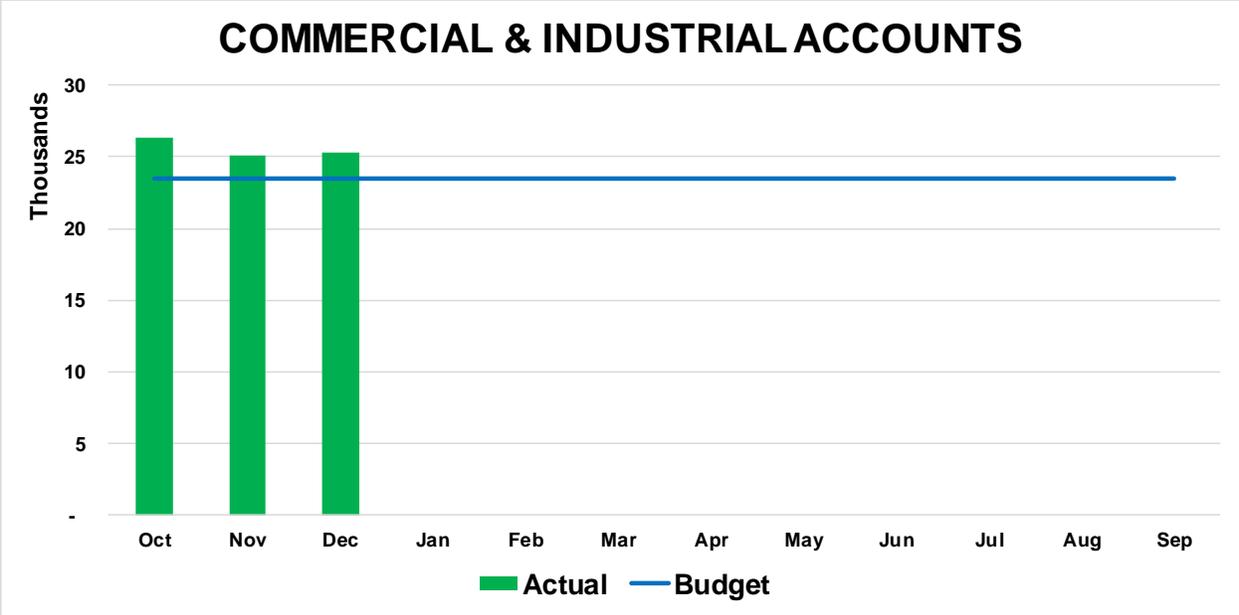
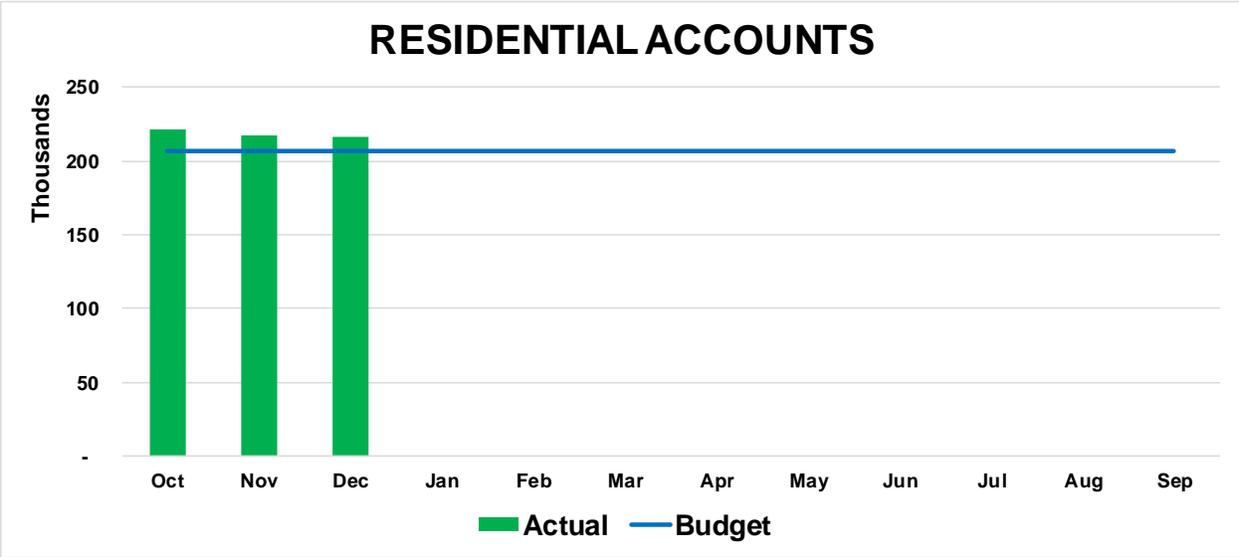
SVCE advanced \$2.9 million of the available \$18.0 million revolving line of credit. The balance was paid in December.

## **MEMBER AGENCY LOAN**

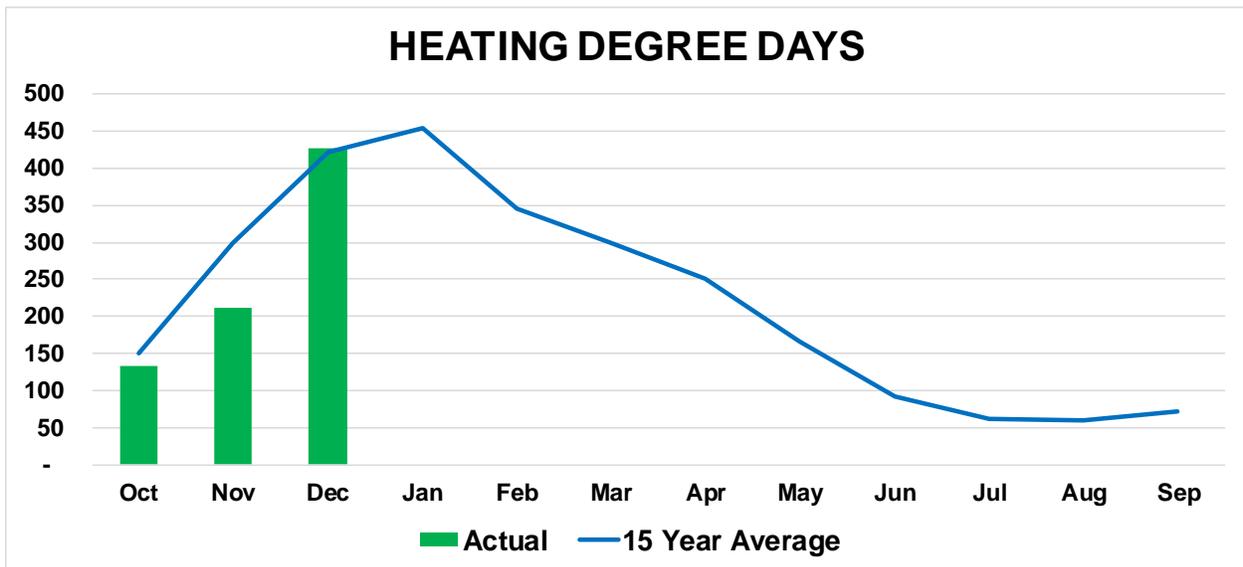
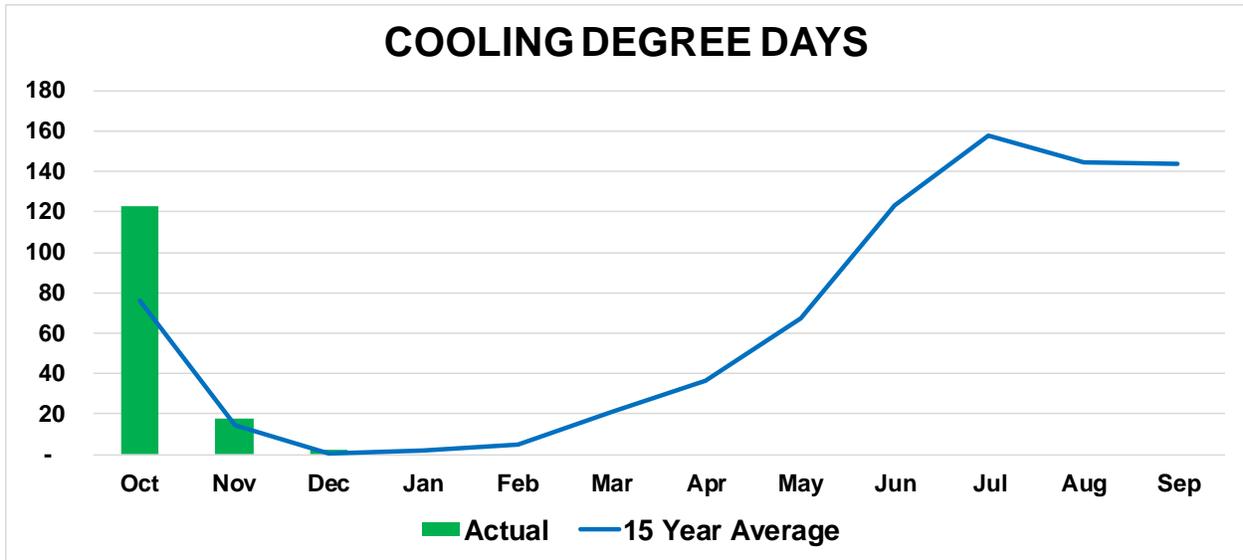
The Board authorized SVCE to pay back the \$2.7 million loan to our agencies in January 2018.

**No new debt is anticipated for remainder of fiscal year.**

# CUSTOMER ACCOUNTS



# WEATHER STATISTICS



**SILICON VALLEY CLEAN ENERGY AUTHORITY  
ACCOUNTS RECEIVABLE AGING REPORT**

		<b>Days</b>				
	<b>Total</b>	<b>0-30</b>	<b>31-60</b>	<b>61-90</b>	<b>90-120</b>	<b>Over 120</b>
<b>Accounts Receivable</b>	<b>\$16,002,340</b>	\$14,638,302	\$640,964	\$380,996	\$239,399	\$102,678
<b>Period %</b>	<b>100%</b>	91.5%	4.0%	2.4%	1.5%	0.6%



### Staff Report – Item 1g

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1g: Approve Amendment to Power Supply FY 2017-18 Budget**

Date: 2/14/2018

#### **RECOMMENDATION**

Approve amendment to the FY 2017-18 Power Supply Budget in anticipation of serving new load for the City of Milpitas.

#### **BACKGROUND**

The California Public Utilities Commission (CPUC) recently adopted a resolution clarifying the process for Community Choice Aggregators (CCA's) to serve new energy load in 2018 whether it is a new CCA or expansion of existing service, such as SVCE. SVCE is committed to begin serving the City of Milpitas on June 1, 2018 resulting in approximately a 15% increase in current energy load. The CPUC has also committed to reviewing and providing a decision on implementation plans filed after December 8, 2017 no later than March 1, 2018.

#### **ANALYSIS & DISCUSSION**

There will be a mid-year budget presented to the Board at the March 14, 2018 Board of Directors meeting. However, to allow staff to procure power supply before the March meeting, a budget adjustment is recommended for power supply.

Staff is recommending an increase to the FY 2017-18 Power Supply budget of \$8.6 million as summarized below:

	<b>FY 2017-18</b>	<b>FY 2017-18</b>	<b>Variance</b>	
	<b><u>Adopted Budget</u></b>	<b><u>Amended</u></b>	<b><u>\$</u></b>	<b><u>%</u></b>
<b>Power Supply</b>	\$181,368	\$189,999	<b>(\$8,631)</b>	<b>-4.8%</b>

The primary drivers for the increase in power supply costs besides the new load include:

- Updated market prices (applicable to open positions) for energy, renewable energy, resource adequacy, and carbon free premium.
- Included hypothetical resource adequacy purchase for Milpitas at \$6.20 per kw-month for June-September 2018 based on worst case scenario which is the California Independent System Operator (CAISO) penalty price for non-compliance.
- Partially offsetting the increased costs was a 5% adjustment in forecasted load.



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**Staff Report – Item 1h**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 1h: Approve Amended Accounting Policy to Remove Sarbanes-Oxley Act**

Date: 2/14/2018

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**RECOMMENDATION**

Approve amended Financial Policy #1 – Accounting Policy.

**BACKGROUND**

At the January 31, 2018 Audit and Finance Committee meeting, it was recommended by the committee to remove Sarbanes-Oxley Act (SOX) requirements from the accounting policy. Sarbanes-Oxley is only required for public traded entities. SOX also only allows members of the Board of Directors to be a member of the Audit and Finance Committee and this amendment will allow non-Board members with financial expertise to serve on the committee.

Another amendment to the policy was the removal of Comprehensive Annual Financial Report (CAFR) language. It is recommend by the Government Finance Officers Association (GFOA) that five years of financial and statistical data be accumulated before issuing a CAFR in order to present trend analysis. SVCE will begin compiling data and update the Board of the status of producing a CAFR in the future.

**ATTACHMENTS**

1. Amended FP1 – Accounting Policy



# FP1

## Category: FINANCE

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### ACCOUNTING POLICY

#### I. PURPOSE

The purpose of this policy is to document the ~~Agency's Authority's~~ method of accounting, audit schedule and standards of internal controls.

#### II. POLICY

1. The ~~Agency authority~~ will establish accounting practices that conform to Generally Accepted Accounting Principles (GAAP) for governmental entities.
2. An independent firm of Certified Public Accountant (CPAs) shall perform an annual financial audit and an official ~~comprehensive~~ annual financial report (~~CAFR~~) shall be issued no later than 6 months following fiscal year-end.
3. Audit contracts shall be competitively bid at least every five years, or sooner as desired by the Board. Staff will present the process and the results of its screening and selection process of the external auditor to the SVCE Board.
4. Quarterly, the ~~Agency's authority's~~ Accounting Statements including a Balance Sheet, a Profit and Loss Statement and ~~Statement of Cash Flows~~ ~~a Supplementary Schedule of Capital Projects~~ shall be submitted to the SVCE Board of Directors.
5. Internal control procedures ~~consistent with Section 404 of Sarbanes Oxley Act,~~ shall be developed and routinely updated to ensure accurate financial reporting and an effective internal control structure over the assets of the ~~Agency authority~~.



## FP1

### Category: FINANCE

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6. The SVCE Board of Directors may form a five-member advisory committee to serve as the Finance and Audit Committee. The committee primarily will be engaged in an oversight function regarding the ~~Agency's~~ financial reporting processes and the effectiveness over internal controls. ~~The audit committee, consistent with the Sarbanes Oxley Act, shall have Board member representation only.~~ The external auditor shall report results directly to the Audit Committee.
  
7. A management letter, the by-product of an annual audit, shall be presented to the SVCE Board by the independent certified public accounting firm no later than 60 days from issuance of ~~the Agency's audited financial report.~~ ~~the Authority's CAFR.~~ The Board shall have final approval over the audit.



## Staff Report – Item 2

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 2: Financial Audit Report**

Date: 2/14/2018

### **RECOMMENDATION**

Receive the Year-End Financial Statements and the Independent Auditor’s Report for the Period Ended September 30, 2017, and 2016, and June 30, 2016.

### **BACKGROUND**

In accordance with Financial Policy #1 (FP1), Accounting Policy, the annual audit of the financial statements has been completed and the draft report prepared by Piseni & Brinker, LLP has been issued to the Agency. The auditors have rendered a clean opinion and *"found the financial statements referred to above present fairly, in all material respects, the financial position of SVCE as of September 30, 2017, September 30, 2016, and June 30, 2016, and the changes in financial position and cash flows for the periods ended in accordance with accounting principles generally accepted in the United States of America."*

### **Basic Financial Statements**

The Statement of Net Position presents information about assets and liabilities with the difference between the two reported as net position. The change in net position over time is an indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports how net position changed during the year and presents a comparison between operating and non-operating revenues, and operating and non-operating expenses. Operating revenues and expenses are related to the Agency’s principal business of providing carbon-free electricity.

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other sources and uses, such as financing and investing activities.

### **Notes to the Financial Statements**

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements. These are found immediately following the financial statements to which they refer.

### **ANALYSIS & DISCUSSION**

The following represents some highlights as of September 30, 2017

- As of September 30, 2017, total assets were \$61.7 million, with \$61.4 million of current assets. Current assets are mostly comprised of \$16.8 million of cash and cash equivalents, \$21.4 million in accounts receivable, \$15.0 million in accrued revenue, \$3.2 million in deposits, and \$4.4 million in restricted cash. At the end of the fiscal year ended September 30, 2016, current assets primarily

**Agenda Item: 2****Agenda Date: 2/14/2018**

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consisted of cash. Since operations began in April 2017, SVCE has operated at a surplus which has resulted in growth of all categories of current assets.

- As of September 30, 2017, total liabilities were \$33.4 million, with \$30.7 million of current liabilities. Current liabilities consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by SVCE. Other components include the short-term portion of the bank note payable, accounts payable, and taxes and surcharges due to governments. At the end of fiscal year ended September 30, 2016, the majority of current liabilities consists of accounts payable unrelated to electricity procurement.
- As of September 30, 2017, total revenues were \$94.0 million primarily from the sale of carbon-free electricity. Operating revenues exceeded the cost of electricity by \$34.7 million resulting in a gross margin of 37% enabling the Agency to build its cash reserves.
- As of September 30, 2017, total expenses were \$64.5 million. The increase in operating expenses from fiscal year 2016 to 2017 is largely the result of energy purchases needed to provide for retail customer use. Expenses for staff compensation, consulting, and other general and administrative expenses increased in 2017 as the organization grew to support its operations.

**BUDGETARY/FISCAL IMPACT**

During Fiscal Year 2016-17, SVCE's total revenues exceeded total expenses, resulting in an increase to Net Position of \$29.4 million.

SVCE's Auditors, Pisenti & Brinker LLP, issued an unqualified ("clean") opinion on the Agency's financials for the year ended September 30, 2017, three-month period ended September 30, 2016, and the three-month period ended June 30, 2016.

**ATTACHMENTS**

1. Audited Financials for periods ended September 30, 2017 and 2016, and June 30, 2016
2. Management Letter



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# FINANCIAL STATEMENTS

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For the Periods:

- Year ended September 30, 2017
- Three-month period ended September 30, 2016
- Three-month period ended June 30, 2016

With Report of Independent Auditors

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

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## **Independent Auditor's Report**

To the Board of Directors  
Silicon Valley Clean Energy Authority  
Sunnyvale, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Silicon Valley Clean Energy Authority (SVCE), as of and for the year ended September 30, 2017, the three month period ended September 30, 2016, and the three month period ended June 30, 2016, and the related notes to the financial statements, which collectively comprise SVCE's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVCE as of September 30, 2017, September 30, 2016, and June 30, 2016, and the changes in financial position and cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditor's Report (continued)**

***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Perenti & Brinku LLP*

Santa Rosa, California  
February 6, 2018

## **SILICON VALLEY CLEAN ENERGY AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis provides an overview of Silicon Valley Clean Energy Authority's (SVCE) financial activities as of and for the year ended September 30, 2017, three months ended September 30, 2016, and from March 31, 2016 (inception) to June 30, 2016. The information presented here should be considered in conjunction with the audited financial statements.

### **BACKGROUND**

The formation of SVCE was made possible by the passage, in 2002, of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation.

SVCE was created as a California Joint Powers Authority (JPA) on March 31, 2016. SVCE was established to provide electric power at competitive costs as well as to provide other benefits within Santa Clara County, including reducing energy related greenhouse gas emissions, securing energy supply and price stability, and providing energy efficiencies and local economic benefits. Governed by a board of directors (Board) consisting of elected representatives from each jurisdiction, SVCE has the rights and powers to set rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations. SVCE is responsible for the acquisition of electric power for its service area. SVCE serves the unincorporated areas of Santa Clara County and the cities and towns of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale.

Prior to the creation of Silicon Valley Clean Energy Authority as a JPA, the City of Sunnyvale managed the financial and administrative activities related to the formation of this community choice aggregation program. Pursuant to the JPA, SVCE received initial funding from member agencies of the JPA to provide funding for costs to initiate the entity and its programs incurred prior to formation and until SVCE was able to procure additional financing.

In April 2017, SVCE began providing service to its first 66,000 customer accounts as part of its initial enrollment phase. SVCE completed its customer enrollment in July 2017 and as of September 30, 2017, SVCE serves approximately 238,000 customer accounts.

## SILICON VALLEY CLEAN ENERGY AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Reporting

SVCE presents its financial statements in accordance with generally accepted accounting principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

### Contents of this report

This report reflects SVCE activities that are funded through the sale of energy to its customers and is divided into the following sections:

- Management discussion and analysis, which provides an overview of operations.
- The basic financial statements, which offer information on SVCE's financial status:
  - The *Statements of Net Position* include all of SVCE's assets, liabilities, and net position using the accrual basis of accounting and include information about the nature and amount of resources and obligations at a specific point in time.
  - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of SVCE's revenue and expenses for the periods presented.
  - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as financing and investing activities.
  - Notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

SVCE's JPA originally established a fiscal year ending June 30. In September 2016, SVCE amended the fiscal year-end to September 30. Accordingly, the financial statements present the following accounting periods:

- March 31, 2016 (inception) through June 30, 2016
- July 1, 2016 through September 30, 2016
- October 1, 2016 through September 30, 2017

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL HIGHLIGHTS**

The following table is a summary of SVCE's assets, liabilities, and net position:

	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>June 30, 2016</u>
Current assets	\$ 61,416,239	\$ 1,897,092	\$ 2,151,172
Noncurrent assets			
Capital assets, net	167,506	-	-
Other noncurrent assets	128,560	28,560	-
Total noncurrent assets	<u>296,066</u>	<u>28,560</u>	<u>-</u>
Total assets	<u>61,712,305</u>	<u>1,925,652</u>	<u>2,151,172</u>
Current liabilities	30,666,808	306,016	202,525
Noncurrent liabilities	2,730,000	2,730,000	2,730,000
Total liabilities	<u>33,396,808</u>	<u>3,036,016</u>	<u>2,932,525</u>
Net position			
Net investment in capital assets	167,506	-	-
Unrestricted (deficit)	28,147,991	(1,110,364)	(781,353)
Total net position	<u>\$ 28,315,497</u>	<u>\$ (1,110,364)</u>	<u>\$ (781,353)</u>

**Current Assets**

**2017 compared to 2016** Current assets reached \$61,416,000 by the end of 2017 and are mostly comprised of the following: \$16,844,000 in cash and cash equivalents, \$21,420,000 in accounts receivable, \$14,976,000 in accrued revenue, \$3,238,000 in deposits, and \$4,400,000 in restricted cash. SVCE did not start providing electricity to customers until April 2017, so at the end of fiscal year ended September 30, 2016 current assets consisted primarily of cash. Since service to customers began, SVCE has operated at a surplus which has resulted in the growth of all categories of current assets. There were two phases of customer enrollments during the fiscal year, with the final occurring in July 2017. Accrued revenue differs from accounts receivable in that it is the result of electricity use by SVCE customers before invoicing to those customers has occurred.

Deposits primarily consist of cash collateral related to energy scheduling on the State's transmission grid.

## **SILICON VALLEY CLEAN ENERGY AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Capital Assets**

As of September 2017, capital assets were \$168,000, net of accumulated depreciation, primarily reflecting the acquisition of furniture and equipment accompanying SVCE's establishing its administrative offices during the year. SVCE does not own assets used for electric generation or distribution.

### **Other Noncurrent Assets**

Other noncurrent assets reached \$129,000 in 2017 and primarily consists of various deposits for regulatory and other operating purposes.

### **Current Liabilities**

**2017 compared to 2016** Current liabilities at the end of 2017 consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by SVCE. Other components include trade accounts payable, taxes and surcharges due to governments, short-term portion of bank note payable and various other accrued liabilities. At the end of the period ended September 30, 2016, the majority of the current liabilities consists of accounts payable unrelated to electricity procurement.

### **Noncurrent Liabilities**

**2017 compared to 2016** As part of the formation of SVCE, member agencies provided initial funding totaling \$2,730,000 for costs during the implementation period and for working capital until payments were collected from customers. The initial funding is to be repaid to the members within four years of SVCE's formation.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table is a summary of SVCE's results of operations.

	<u>October 1, 2016 - September 30, 2017</u>	<u>July 1, 2016 - September 30, 2016</u>	<u>March 31, 2016 - June 30, 2016</u>
Operating revenues	\$ 93,940,264	\$ -	\$ -
Interest income	1,078	-	-
Total income	93,941,342	-	-
Operating expenses	64,366,230	329,011	781,353
Interest and related expense	149,251	-	-
Total expenses	64,515,481	329,011	781,353
Change in net position	<u>\$ 29,425,861</u>	<u>\$ (329,011)</u>	<u>\$ (781,353)</u>

### Operating Revenues

SVCE's customer base grew in two phases throughout fiscal year 2017, with its first approximately 66,000 customers enrolled in April 2017 and another 172,000 enrolled in July 2017. SVCE's gross margin for 2017 was approximately 37%, as operating revenues exceeded the cost of electricity by \$34,638,000. All of SVCE's operating revenue is from the sale of electricity to energy consumers within its jurisdiction, consisting mostly of residential, commercial, industrial and agricultural customers.

### Operating Expenses

**2017 compared to 2016** Expenses incurred during fiscal years ended June 30, 2016 and September 30, 2016 were the result of the start-up and implementation of SVCE. No expenses during those periods were related to energy purchases. The increase in operating expenses from fiscal year 2016 to 2017 is largely as the result of energy purchases needed to provide for retail customer use. These power supply costs greatly exceed all other operating expenses. SVCE procures energy from a variety of sources and focuses on purchasing at competitive costs and maintaining a balanced renewable power portfolio. Expenses for staff compensation, consulting, and other general and administrative expenses increased in 2017 as the organization grew to support its operations.

## SILICON VALLEY CLEAN ENERGY AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

### ECONOMIC OUTLOOK

Silicon Valley Clean Energy serves 97% of all eligible customers in Santa Clara County, and that rate of participation is expected to remain stable into the future. SVCE also filed an implementation plan with the California Public Utilities Commission (CPUC) for expansion into the City of Milpitas. The addition of the City of Milpitas results in a 20% increase in generation load to serve and approximately 25,000 customer accounts. SVCE plans to launch the expansion in May 2018.

SVCE will begin developing programs that focus on the reduction of greenhouse gas emissions. Program investments will focus on:

- **Electrification programs**, which will focus on fuel switching from fossil fuels to clean electricity, and reducing carbon emissions from segments other than electricity production, such as transportation and gas heating;
- **Demand management programs**, which will help our customers use clean electricity when availability is the highest and prices are lowest, and reduce the need to use fossil fuels to support steep daily production ramps in the late afternoon and early evening hours;
- **Foundational programs**, which will represent ongoing programs that SVCE's customer care team will provide to advance clean electricity use and carbon reduction in our member communities, as well as education and awareness for all customers.

SVCE will continue to provide stable and competitive electric rates whenever possible, and has identified unpredictable and unreasonably high PG&E customer exit fees as a key barrier to this goal. As a result, SVCE has prioritized regulatory work on customer exit fees. A CPUC proceeding on the topic should provide clarity by summer 2018.

SVCE has a strong focus on building credit capacity through building cash reserves and entering into favorable energy purchase commitments with the intent of securing a strong credit rating in 2020. This will help create a stable environment for SVCE and its ratepayers.

SVCE will partner with Monterey Bay Community Power for a Request for Offer (RFO) in long-term power purchase agreements in 2018. The joint procurement process will allow SVCE to receive bids from larger projects and take advantage of economies of scale. SVCE will also encourage solar projects to include storage to enhance reliability of the grid. SVCE will continue to diversify its power portfolio with projects based on location, technology, term length and size to mitigate risk and align with SVCE's risk management policy and procurement goals.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**REQUEST FOR INFORMATION**

This financial report is designed to provide SVCE's customers and creditors with a general overview of the organization's finances and to demonstrate SVCE's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 333 W. El Camino Real, Suite 290, Sunnyvale, CA 94087.

Respectfully submitted,

Don Eckert, Interim Chief Executive Officer

## **BASIC FINANCIAL STATEMENTS**

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

	September 30, 2017	September 30, 2016	June 30, 2016
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 16,843,597	\$ 1,706,126	\$ 1,985,581
Accounts receivable, net of allowance	21,420,350	-	-
Energy settlements receivable	266,328	-	-
Accrued revenue	14,976,322	-	-
Other receivables	200,000	165,591	165,591
Prepaid expenses	71,842	25,375	-
Deposits	3,237,800	-	-
Restricted cash	4,400,000	-	-
Total current assets	<u>61,416,239</u>	<u>1,897,092</u>	<u>2,151,172</u>
Noncurrent assets			
Capital assets, net of depreciation	167,506	-	-
Deposits	128,560	28,560	-
Total noncurrent assets	<u>296,066</u>	<u>28,560</u>	<u>-</u>
Total assets	<u>61,712,305</u>	<u>1,925,652</u>	<u>2,151,172</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	850,222	154,955	-
Accrued cost of electricity	25,988,111	-	-
Accrued interest payable	7,226	-	-
Accrued payroll and benefits	85,023	10,489	11,828
Other accrued liabilities	20,900	140,572	190,697
Taxes and surcharges due to other governments	815,326	-	-
Note payable to bank	2,900,000	-	-
Total current liabilities	<u>30,666,808</u>	<u>306,016</u>	<u>202,525</u>
Noncurrent liabilities			
Loans payable to JPA members	2,730,000	2,730,000	2,730,000
Total liabilities	<u>33,396,808</u>	<u>3,036,016</u>	<u>2,932,525</u>
<b>NET POSITION</b>			
Net investment in capital assets	167,506	-	-
Unrestricted (deficit)	28,147,991	(1,110,364)	(781,353)
Total net position	<u>\$ 28,315,497</u>	<u>\$ (1,110,364)</u>	<u>\$ (781,353)</u>

The accompanying notes are an integral part of these financial statements.

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

	<u>October 1, 2016 - September 30, 2017</u>	<u>July 1, 2016 - September 30, 2016</u>	<u>March 31, 2016 - June 30, 2016</u>
<b>OPERATING REVENUES</b>			
Electricity sales, net	\$ 93,650,174	-	-
GreenPrime electricity premium	290,090	-	-
Total operating revenues	<u>93,940,264</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES</b>			
Cost of electricity	59,302,601	-	-
Staff compensation and benefits	1,511,113	\$ 76,110	\$ 33,003
Data management	1,038,131	-	-
Service fees - PG&E	280,922	-	-
Consultants and other professional fees	627,283	195,553	620,029
Legal	348,905	30,443	82,751
Communications and noticing	804,538	26,054	43,981
General and administration	429,655	851	1,589
Depreciation	23,082	-	-
Total operating expenses	<u>64,366,230</u>	<u>329,011</u>	<u>781,353</u>
Operating income (loss)	<u>29,574,034</u>	<u>(329,011)</u>	<u>(781,353)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	1,078	-	-
Interest and related expense	(76,033)	-	-
Financing costs	(73,218)	-	-
Total nonoperating revenues (expenses)	<u>(148,173)</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	29,425,861	(329,011)	(781,353)
Net position at beginning of period	<u>(1,110,364)</u>	<u>(781,353)</u>	<u>-</u>
Net position at end of period	<u>\$ 28,315,497</u>	<u>\$ (1,110,364)</u>	<u>\$ (781,353)</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

	<u>October 1, 2016 - September 30, 2017</u>	<u>July 1, 2016 - September 30, 2016</u>	<u>March 31, 2016 - June 30, 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from electricity sales	\$ 57,704,107	-	-
Tax and surcharge receipts from customers	1,347,868	-	-
Energy settlements received	14,770,083	-	-
Payments to purchase electricity	(48,350,900)	-	-
Payments for staff compensation and benefits	(1,445,854)	\$ (77,449)	\$ (20,957)
Payments for consultants and other professional fees	(1,435,231)	(110,186)	(24,777)
Payments for legal fees	(313,142)	(10,980)	(18,685)
Payments for communications and noticing	(827,682)	(26,054)	-
Payments for general and administration	(414,978)	(26,226)	-
Tax and surcharge payments to other governments	(893,056)	-	-
Net cash provided (used) by operating activities	<u>20,141,215</u>	<u>(250,895)</u>	<u>(64,419)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Note proceeds from bank	4,400,000	-	-
Loan proceeds from JPA members	165,591	-	2,050,000
Payments of deposits and collateral	(3,837,800)	(28,560)	-
Principal payments on note	(1,500,000)	-	-
Deposits and collateral received	500,000	-	-
Interest and related expense payments	(68,807)	-	-
Finance costs paid	(73,218)	-	-
Net cash provided (used) by non-capital financing activities	<u>(414,234)</u>	<u>(28,560)</u>	<u>2,050,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	<u>(190,588)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income received	<u>1,078</u>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	19,537,471	(279,455)	1,985,581
Cash and cash equivalents at beginning of year	1,706,126	1,985,581	-
Cash and cash equivalents at end of period	<u>\$ 21,243,597</u>	<u>\$ 1,706,126</u>	<u>\$ 1,985,581</u>

**Noncash Non-Capital Financing Activities during the period ended June 30, 2016:**

- Expenses of \$514,409 were financed directly from loan proceeds

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>October 1, 2016 - September 30, 2017</u>	<u>July 1, 2016 - September 30, 2016</u>	<u>March 31, 2016 - June 30, 2016</u>
Operating income (loss)	\$ 29,574,034	\$ (329,011)	\$ (781,353)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	23,082	-	-
Revenue reduced for uncollectible accounts	472,062	-	-
Expenses paid directly from loan proceeds	-	-	514,409
(Increase) decrease in net accounts receivable	(21,892,412)	-	-
(Increase) decrease in energy settlements receivable	(266,328)	-	-
(Increase) decrease in accrued revenue	(14,976,322)	-	-
(Increase) decrease in other receivables	(200,000)	-	-
(Increase) decrease in prepaid expenses	(46,467)	(25,375)	-
Increase (decrease) in accounts payable	695,267	154,955	-
Increase (decrease) in accrued cost of electricity	25,988,111	-	-
Increase (decrease) in accrued payroll and benefits	74,534	(1,339)	11,828
Increase (decrease) in other accrued liabilities	(119,672)	(50,125)	190,697
Increase (decrease) taxes and surcharges liability	815,326	-	-
Net cash provided (used) by operating activities	<u>\$ 20,141,215</u>	<u>\$ (250,895)</u>	<u>\$ (64,419)</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

Silicon Valley Clean Energy Authority (SVCE) is a joint powers authority created on March 31, 2016 and its voting members consist of the County of Santa Clara, and the cities and towns of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale. At September 30, 2017, SVCE is governed by a twelve-member Board of Directors, one appointed by each of the members.

SVCE was formed to study, promote, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing these objectives. A core function of SVCE is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

SVCE began its energy delivery operations in April 2017. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company.

**BASIS OF ACCOUNTING**

SVCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

SVCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

**FISCAL YEAR**

SVCE's JPA originally established a fiscal year ending June 30. In September 2016, SVCE changed its fiscal year-end to September 30.

**CASH AND CASH EQUIVALENTS**

For purpose of the Statements of Net Position, SVCE has defined cash and cash equivalents to include cash on hand and demand deposits. Amounts restricted for debt collateral and amounts restricted as part of a multi-party lockbox agreement are not considered cash and cash equivalents. These restricted balances are presented separately in the Statements of Net Position. Restricted cash is included as cash and cash equivalents on the Statements of Cash Flows.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**DEPOSITS**

Deposits are classified as current or noncurrent assets depending on the length of the time the deposits will be held. The current portion of deposits consists of approximately \$3,238,000 held by SVCE's energy scheduling coordinator as required by the California Independent System Operator. Components of noncurrent deposits include those for regulatory and other operating purposes.

**CAPITAL ASSETS AND DEPRECIATION**

SVCE's policy is to capitalize furniture and equipment valued over \$1,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, five years for automobiles and seven years for furniture and leasehold improvements.

**OPERATING REVENUE**

Revenue from the sale of electricity to customers is considered operating revenue. During the fiscal year ending September 30, 2017, this was SVCE's only source of operating revenue.

**REVENUE RECOGNITION**

SVCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the period and electricity estimated to have been delivered but yet to be billed. Management estimates that a portion of the billed amounts will not be collected. Accordingly, an allowance has been recorded.

**ELECTRICAL POWER PURCHASED**

Electrical power sold to customers was purchased through several energy suppliers. The cost of power and related delivery costs has been recognized as "cost of electricity" in the Statements of Revenues, Expenses and Changes in Net Position. As part of the security agreement with its main suppliers, SVCE is required to maintain a cash balance of \$2,500,000 to ensure funds are available to purchase electrical power. This cash balance is presented as restricted cash in the Statements of Net Position.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ELECTRICAL POWER PURCHASED (continued)**

SVCE purchases electrical power from numerous suppliers. Included in the cost of electricity are the cost of the energy, ancillary services, other CAISO charges, as well as load and generation credits. SVCE purchases Renewable Energy Certificates (REC) to comply with external mandates and self-imposed benchmarks. SVCE procures RECs with the intent to retire them and does not engage in the activity of building a surplus of RECs. An expense is recognized at the point that the cost of the REC is due and payable to the supplier.

**STAFFING COSTS**

SVCE pays employees bi-weekly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. SVCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. SVCE provides compensated time off, and the related liability is recorded in these financial statements.

**INCOME TAXES**

SVCE is a joint powers authority under the provision of the California Government Code. As such it is not subject to federal or state income or franchise taxes.

**ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

SVCE maintains its cash in interest and non-interest-bearing accounts. California Government Code Section 16521 requires that banks collateralize amounts of public funds in excess of the FDIC limit of \$250,000 by 110%. SVCE has no deposit or investment policy that addressed a specific type of risk that would impose additional restrictions beyond this code. Accordingly, the amount of risk is not disclosed. Risk is monitored on an ongoing basis. Cash and cash equivalents reported in the Statements of Cash Flows consist of the following:

	September 30, 2017	September 30, 2016	June 30, 2016
Cash - unrestricted	\$ 16,843,597	\$ 1,706,126	\$ 1,985,581
Cash - restricted for security agreement	2,500,000	-	-
Cash - restricted for debt collateral	1,900,000	-	-
Total	<u>\$ 21,243,597</u>	<u>\$ 1,706,126</u>	<u>\$ 1,985,581</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**3. ACCOUNTS RECEIVABLE AND ACCRUED REVENUE**

Accounts receivable were as follows:

	September 30, 2017	September 30, 2016	June 30, 2016
Accounts receivable from customers	\$ 21,892,412	\$ -	\$ -
Allowance for uncollectible accounts	(472,062)	-	-
Net accounts receivable	<u>\$ 21,420,350</u>	<u>\$ -</u>	<u>\$ -</u>

The majority of account collections occur within the first few months following customer invoicing. SVCE continues collection efforts on delinquent accounts that exceed a minimum balance, otherwise the accounts are written off. For delinquent accounts that are not written off and are above a certain level, SVCE will close the account to minimize further loss. SVCE records reserves for its estimated uncollectible accounts as a reduction to the related operating revenue in the Statements of Revenues, Expenses and Changes in Net Position. Charges to reserve for uncollectible accounts for 2016-17 were \$472,000.

Accrued revenue presented in the Statements of Net Position represents revenue from customer electricity usage that has not been billed at the end of the period.

**4. ENERGY SETTLEMENTS RECEIVABLE**

During fiscal 2016/17 SVCE entered into a contract to receive generation scheduling and other services from a registered, California Independent System Operator (CAISO) scheduling coordinator. Energy settlements due from the scheduling coordinator were \$266,000 as of September 30, 2017.

**5. CAPITAL ASSETS**

Changes in capital assets were as follows:

	Furniture & Equipment	Accumulated Depreciation	Net
Balances at September 30, 2016	-	-	-
Additions	\$ 190,588	\$ (23,082)	\$ 167,506
Balances at September 30, 2017	<u>\$ 190,588</u>	<u>\$ (23,082)</u>	<u>\$ 167,506</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**6. DEBT**

**Notes payable to River City Bank**

In December 2016, SVCE entered into an agreement with River City Bank to borrow up to \$18,000,000 in the form of a Revolving Credit Promissory Note and \$2,000,000 in the form of a Non-Revolving Promissory Note. The intended use of funds drawn is to provide cash to pay for energy purchases and operating expenses which are due before revenue is collected from customers. The notes are secured by cash deposit of \$1,900,000 as well as guarantees by the County of Santa Clara and the cities of Gilroy, Mountain View and Sunnyvale. Principal can be drawn as needed and interest accrues on the outstanding balance and is payable each month and computed at the one-month LIBOR rate plus an additional 1.25% for the Non-Revolving portion and an additional 1.75% for the Revolving portion. SVCE drew upon both the Revolving and the Non-Revolving lines during fiscal year ended September 30, 2017. All of the funds drawn on the Non-Revolving line were repaid within the year. The outstanding balance on the Revolving line matured in December, 2017 and was repaid in full at that time.

**Loans payable to JPA members**

As part of SVCE's formation agreement, all the members were required to provide initial funding to SVCE to investigate the feasibility of implementing a community choice aggregation program as well as to provide for other working capital needs. The agreement required that SVCE repay the members within four years after formation without interest. These loans total \$2,730,000 and are reported as noncurrent liabilities on the Statement of Net Position. No principal payments have been made through the year ended September 30, 2017. In January 2018, SVCE repaid all of its loans from members.

Below is a summary of these loans by member:

Campbell	\$ 100,000
Cupertino	520,000
Gilroy	100,000
Los Altos	100,000
Los Altos Hills	25,000
Los Gatos	100,000
Monte Sereno	25,000
Morgan Hill	100,000
Mountain View	520,000
Santa Clara County (Unincorporated)	520,000
Saratoga	100,000
Sunnyvale	520,000
Total	<u>\$ 2,730,000</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**6. DEBT (continued)**

Debt principal activity and balances for all notes and loans were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
Period ended June 30, 2016				
JPA Member loans	\$ -	\$2,730,000	\$ -	\$2,730,000
Amounts due within one year				-
Amounts due after one year				<u>\$2,730,000</u>
Period ended September 30, 2016				
JPA Member loans	\$2,730,000	\$ -	\$ -	\$2,730,000
Amounts due within one year				-
Amounts due after one year				<u>\$2,730,000</u>
Period ended September 30, 2017				
Bank note (revolving)	\$ -	\$2,900,000	\$ -	\$2,900,000
Bank note (non-revolving)	-	1,500,000	(1,500,000)	-
JPA Member loans	2,730,000	-	-	2,730,000
Total	<u>\$2,730,000</u>	<u>\$4,400,000</u>	<u>\$(1,500,000)</u>	\$5,630,000
Amounts due within one year				<u>(2,900,000)</u>
Amounts due after one year				<u>\$2,730,000</u>

Future debt service requirements are as follows:

Year ended September 30,	
2018	\$2,900,000
2019	-
2020	2,730,000
Total	<u>\$5,630,000</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**7. DEFINED CONTRIBUTION RETIREMENT PLAN**

SVCE provides retirement benefits through the Silicon Valley Clean Energy Authority Public Agency Retirement System Defined Contribution Plan. The Plan is a defined contribution 401(a) Retirement Plan established to provide benefits at retirement to employees of certain qualified employers admitted by the Plan. The Plan is administered by the Public Agency Retirement System (PARS). At September 30, 2017, SVCE had 13 plan participants. SVCE is required to contribute up to 10% of covered payroll as a match to employee contributions. SVCE contributed approximately \$104,000 during the year ended September 30, 2017. Plan provisions and contribution requirements as they apply to SVCE are established and may be amended by the Board of Directors.

**8. RISK MANAGEMENT**

SVCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year ended September 30, 2017, SVCE purchased liability and property insurance from a commercial carrier. Coverage for property, general liability, errors and omissions was \$2,000,000 with a \$1,000 deductible. Coverage for owned automobiles was \$1,000,000.

**9. PURCHASE COMMITMENTS**

SVCE had outstanding non-cancelable power purchase-related commitments of approximately \$471.5 million for energy that has not yet been provided under power purchase agreements that continue to December 2021.

The following table is the approximated obligations on existing energy and renewable contracts as of September 30, 2017.

Year Ended September 30,	
2018	\$ 162,550,000
2019	135,110,000
2020	110,930,000
2021	53,770,000
2022	9,160,000
	<u>\$ 471,520,000</u>

As of September 30, 2017, SVCE had outstanding non-cancelable commitments to service providers for services yet to be performed of approximately \$8.1 million through March 2020.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
PERIODS ENDED SEPTEMBER 30, 2017 AND 2016, AND JUNE 30, 2016**

**10. OPERATING LEASE**

During 2017, SVCE entered a 63-month non-cancelable lease for its office premises. The lease commencement date was November 1, 2016. Rental expense under this current lease was \$209,000 for the year ended September 30, 2017.

Future minimum lease payments under the lease are as follows:

Year ended September 30,	
2018	\$ 310,588
2019	319,904
2020	329,504
2021	339,392
2022	114,240
Total	<u>\$ 1,413,628</u>

**11. SUBSEQUENT EVENTS**

In November 2017, SVCE’s Board of Directors authorized the expansion of services to the City of Milpitas with the start of service expected in 2018.

In December 2017, SVCE repaid in full its revolving note with River City Bank. In January 2018, SVCE repaid all of its loans from JPA members.



333 W El Camino Real, Ste. 290 | Sunnyvale, CA 94087 | [SVCleanEnergy.org](http://SVCleanEnergy.org) | 1-844-474-SVCE

February 6, 2018

Pisenti & Brinker LLP  
3562 Round Barn Circle, Suite 300  
Santa Rosa, CA 95403

This representation letter is provided in connection with your audit of the basic financial statements of Silicon Valley Clean Energy Authority (SVCE) as of September 30, 2017, September 30, 2016, and June 30, 2016 and for the periods then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, the financial position, results of operations and cash flows of SVCE in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. We confirm, to the best of our knowledge and belief, that as of February 6, 2018:

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 27, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Deposit and investment risks have been properly and fully disclosed.
12. Capital assets are properly capitalized and depreciated.



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### Information Provided

13. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - b. Additional information that you have requested from us for the purpose of the audits;
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, vendors, regulators or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
20. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. SVCE has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
23. We have disclosed to you all guarantees, whether written or oral, under which SVCE is contingently liable. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
24. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
25. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.



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- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- 26. SVCE has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 27. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28. With respect to the required supplementary information accompanying the financial statements:
  - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
  - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.

A handwritten signature in black ink, appearing to read "Don Eckert", written over a horizontal line.

Don Eckert, Interim Chief Executive Officer &  
Director of Administration and Finance

A handwritten signature in blue ink, appearing to read "Mike Maher", written over a horizontal line.

Mike Maher, Accountant



**Staff Report – Item 3**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 3: Elect Chair and Vice Chair**

Date: 2/14/2018

---

**RECOMMENDATION**

Elect the Chair and Vice Chair for the Board of Directors.

**BACKGROUND**

Section 4.11.1 of the SVCEA Joint Powers Agreement specifies that 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 Agreement also specifies that the term of office continues for one year and there is no limit on the number of terms held by either office.

**ANALYSIS & DISCUSSION**

The Directors listed below have formally expressed interest in serving as Chair or Vice Chair of the Board. The statement of interests are attached to this report.

Chair

Director Bruins, City of Los Altos  
Director Corrigan, Town of Los Altos Hills

Vice Chair

Director Abe-Koga, City of Mountain View  
Director Miller, City of Saratoga

**ATTACHMENTS**

1. Director Statements of Interest

**Andrea Pizano**

---

**From:** Courtenay C. Corrigan <cccarrigan@yahoo.com>  
**Sent:** Wednesday, January 24, 2018 8:56 AM  
**To:** rrennie@losgatosca.gov; Andrea Pizano  
**Subject:** Executive role

Dear Chairman Rennie,

I am writing to express my willingness to serve SVCE in an executive role should a majority elect me. I really appreciate the work you have done to date and expect to continue SVCE's forward momentum through 2018.

I am available to discuss this by phone at 650 248-9018 if you have any questions or concerns.

With gratitude,

Courtenay C. Corrigan  
Sent from my trusty iPhone

**Andrea Pizano**

---

**From:** Jeannie Bruins <jbruins@losaltosca.gov>  
**Sent:** Monday, February 5, 2018 11:53 PM  
**To:** Andrea Pizano; Don Eckert; Eric Acedo  
**Subject:** Chair position

Andrea, etal,

I am submitting my name for consideration by the Board. I have served on the Board since inception and would be honored to serve as Chair.

Jeannie

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February 2, 2018

Dear Colleagues,

I write to respectfully request your appointment as Vice Chairperson for the Silicon Valley Clean Energy Board.

Having been a part of the early beginnings of the SVCE in 2014, when I championed Mountain View's participation as a partner in the feasibility study that led to the formation of the JPA, it has been an honor to work with all of you on the SVCE Board in 2017. Because of Mountain View's significant role in forming the SVCE, as well as its large share in the organization, I have endeavored to take an active role on the Board of Directors.

I served on the Executive Committee and appreciated the in depth discussions we had in upcoming agenda items and major issues, especially as we navigated through program roll out.

With the search for a new CEO, I volunteered and served on the searching/hiring subcommittee, and I am excited to be welcoming our new CEO shortly.

Seeing the need for SVCE to take a more proactive legislative and regulatory advocacy stance, I've joined the Ad Hoc Legislative Committee, and hope to be able to offer my experience working in the State Legislature to build a strong voice for SVCE.

I would be an honored to take on the role as Vice Chairperson, and I respectfully ask for your vote.

Sincerely,

Margaret Abe-Koga  
SVCE Board Mountain View Representative

## Andrea Pizano

---

**From:** Howard Miller <hmiller@saratoga.ca.us>  
**Sent:** Monday, February 5, 2018 3:42 PM  
**To:** Andrea Pizano  
**Cc:** Don Eckert; Eric Acedo  
**Subject:** Re: SVCE - Committee Assignments Matrix

After some consideration, I would like to submit my name for Vice Chair of SVCE. Here is my letter of intent:

I respectfully submit my name for consideration for the position of Vice Chair of SVCE. I have a life time of experience in the area of energy generation, distribution and conversation. I have installed 2 solar system on my past two houses. Own and EV and a Plug-in Hybrid. I have lead efficiency policies on the Saratoga city council. I also hold a degree in Engineering and some technical knowledge of the systems used through the US that make up our energy generation and distribution systems.

On the SVCE board, I have served since the first full board was established. I served on the original Executive Committee and Risk Oversight Committee. I recently moved from the Executive Committee to the Finance and Audit Committee. I was involved with both CEO searches on both interview teams. I am very engaged in SVCE.

In addition, I have worked with state elected officials to improve the political climate for SVCE. And I have engaged elected officials in Milpitas to get them to join. These included several outside meetings that I attended and spoke on our behalf to help get our message across successfully to other fellow elected officials.

My passion, experience, technical knowledge and proven track record have been an asset SVCE. As the Vice Chair for the coming year, I feel that I could contribute even more to help build this great organization.

Thanks!

Howard Miller...

On Feb 2, 2018, at 3:15 PM, Andrea Pizano <[Andrea.Pizano@svcleanenergy.org](mailto:Andrea.Pizano@svcleanenergy.org)> wrote:

Hello Directors,

A friendly reminder to please submit your committee matrix and/or letters of intent for Chair/Vice Chair today.

Please also let me know if you would be interested in serving on an **Audit Committee** – this group would meet twice a year, early fall, to initiate the audit and receive results (more details to follow at our February Board meeting).

Thank you,

Andrea

-----  
Andrea Pizano

Board Clerk/Executive Assistant  
(408) 721-5301 x1005  
<image002.jpg>  
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---

**From:** Andrea Pizano  
**Sent:** Tuesday, January 23, 2018 8:27 AM  
**To:** Andrea Pizano <[Andrea.Pizano@svcleanenergy.org](mailto:Andrea.Pizano@svcleanenergy.org)>  
**Cc:** Don Eckert <[Don.Eckert@svcleanenergy.org](mailto:Don.Eckert@svcleanenergy.org)>; Eric Acedo <[eric.acedo@svcleanenergy.org](mailto:eric.acedo@svcleanenergy.org)>  
**Subject:** RE: SVCE - Committee Assignments Matrix

Good morning, SVCE Directors,

One addition to my previous email: please also let me know if those who were appointed to the Legislative Ad Hoc Committee at the January Board meeting are still interested in being on the committee or if any others have interest.

Members are:  
Chair Rennie  
Director Sinks  
Director Smith  
Director Abe-Koga  
Director Cortese  
(+1 can be added by Chair)

This group was formed to explore legislative approaches during calendar year 2018 that address proposed legislation and regulatory matters pending before the CPUC and other state regulatory bodies that potentially harm CCAs. Meeting frequency is currently as-needed and based on committee availability.

Thank you,

Andrea

-----  
Andrea Pizano  
Board Clerk/Executive Assistant  
(408) 721-5301 x1005  
<image003.jpg>  
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**From:** Andrea Pizano  
**Sent:** Monday, January 22, 2018 4:24 PM  
**To:** Andrea Pizano <[Andrea.Pizano@svcleanenergy.org](mailto:Andrea.Pizano@svcleanenergy.org)>  
**Cc:** Don Eckert <[Don.Eckert@svcleanenergy.org](mailto:Don.Eckert@svcleanenergy.org)>  
**Subject:** SVCE - Committee Assignments Matrix

Hello SVCE Directors,

Per direction at the January Board meeting, attached is a matrix with information on our current Committees to be completed by those interested in serving on one (or more) of our committees for 2018. Please fill out the attached form and return to me by Friday, February 2.

I'd also like to remind those of you who are interested in the role of Chair or Vice Chair for 2018 to submit a letter of intent (also appreciated by February 2).

Please let me know if you have any questions.

Thank you,

Andrea

-----  
Andrea Pizano  
Board Clerk/Executive Assistant  
(408) 721-5301 x1005  
<image003.jpg>  
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<SVCE Committee Matrix (F).xlsx>



### Staff Report – Item 4

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 4: Establish an Audit Committee and Finance Committee**

Date: 2/14/2018

#### **RECOMMENDATION**

Approve to establish a separate Audit Committee and Finance Committee, and adopt FP1A, *Establish Audit Committee*, and FP1B, *Establish Finance Committee*.

#### **BACKGROUND**

At the January 31, 2017 Audit and Finance Committee meeting, it was recommended by the committee to bifurcate the audit and finance committee into two separate committees. The primary purpose of separating the two functions is to eliminate the inherent conflict of interest between the audit and finance committee duties where the committee that helps create the financial controls would not be the same committee responsible for critiquing those controls.

The Audit Committee would assist the Board in overseeing the annual audit which includes auditing the Agency's financial controls and reviewing the effectiveness of the policies and procedures. The Finance Committee would assist the Board in overseeing the budget process and finance policies and procedures.

#### **Audit Committee**

Purpose: Oversee the accounting and financial reporting process and the audit of the Agency's financial statements by the independent auditor.

Time Commitment: Meet at least twice per year in the fall timeframe.

Members: Minimum of three and no more than six Directors or appointees.

Refer to FP1A (Attachment 1) for details of the responsibilities of the committee.

#### **Finance Committee**

Purpose: Provide overall financial oversight of the Agency.

Time Commitment: Meet at least quarterly.

Members: Minimum of three and no more than six Directors or appointees.

Refer to FP1B (Attachment 2) for details of the responsibilities of the committee.

#### **ATTACHMENTS**

1. FP1A – Establish Audit Committee
2. FP1B – Establish Finance Committee



## **FP1-A**

**Category: FINANCE**

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### **ESTABLISH AUDIT COMMITTEE**

#### **I. PURPOSE**

The Board of Directors appoints the audit committee to, among other things,

- oversee the accounting and financial reporting process and the audit of the Agency's financial statements by the independent auditor, and
- monitor compliance with the conflict of interest policy. Each member shall be free of any relationship that, in the opinion of the Board of Directors, would interfere with his or her individual exercise of independent judgement.

#### **II. REPORTING**

The audit committee reports directly to the Board of Directors.

#### **III. COMMITTEE MEMBERSHIP**

The audit committee shall consist of no fewer than three members or greater than six members. The members of the audit committee shall be appointed annually by the Board of Directors. The Audit Committee shall designate the chairperson.

#### **IV. COMMITTEE AUTHORITY and RESPONSIBILITIES**

The audit committee shall meet as often as it determines necessary or appropriate to fulfill its responsibilities, but no fewer than twice annually – once to review the audit plan and once to review the audited financials, and related documents, and to review the audit engagement, special investigations, financial irregularities and internal control failures. The audit committee will be a Brown-Acted meeting. The following are the specific functions of the audit committee:

- The audit committee shall annually retain or renew the appointment of an independent auditor to conduct the audit,



## FP1-A

### Category: FINANCE

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- and upon completion, must review the results of the audit and any related management letter.
- Review with the independent auditor the scope and planning of the audit prior to its commencement.
  - Upon completion of the audit, review and discuss the following with the independent auditor:
    - Any material risks and weaknesses in internal controls identified by the independent auditor
    - Any restrictions placed on the independent auditor's scope of the activities or access to requested information
    - The adequacy of the Agency's interim and annual accounting and financial reporting process
    - Any recommendations made by the independent auditor
  - Assess the performance and independence of the independent auditor on an annual basis.
  - Report to the Board of Directors of the committee's activities, and recommend the results of audit findings for approval.

#### **Additional Responsibilities**

- Review audit plans for the upcoming year and discuss with the external audit firm and management.
- Review presentation of financial information in the annual report for consistency with the audited financial statements before the annual report is printed.
- Review with management the internal control process, and risk management and mitigation process.
- Periodically review financial-related policies.

#### **Limitation of Audit Committee's Role**

The audit committee is not responsible for planning or conducting audits. The independent auditor is responsible for planning and conducting audits. Neither is the audit committee responsible for (1) preparing and fairly presenting SVCE's financial statements in accordance with generally accepted accounting principles, (2) maintaining effective internal control over financial reporting, nor (3)



## **FP1-A**

### **Category: FINANCE**

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ensuring SVCE is in compliance with applicable laws, regulations, and other requirements. These responsibilities are management's, and the independent auditor and the audit committee have independent and complementary oversight responsibilities for determining that the related objectives of management's responsibilities, as described, are achieved.



## **FP1-B**

**Category: FINANCE**

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### **ESTABLISH FINANCE COMMITTEE**

#### **I. PURPOSE**

The Board of Directors appoints the finance committee to primarily provide financial oversight for SVCE. Task areas will include budgeting and financial planning, financial reporting and the creation and monitoring of internal controls and accountability policies and investments.

#### **II. REPORTING**

The finance committee reports directly to the Board of Directors.

#### **III. COMMITTEE MEMBERSHIP**

The finance committee shall consist of no fewer than three members or greater than six members. The members of the finance committee shall be appointed annually by the Board of Directors. The Finance Committee shall designate the chairperson.

#### **IV. COMMITTEE AUTHORITY and RESPONSIBILITIES**

The finance committee shall meet as often as it determines necessary or appropriate to fulfill its responsibilities, but no fewer than quarterly. The finance committee will be a Brown-Acted meeting.

##### **Budgeting and Financial Reporting**

1. Develop an annual operating budget with staff.
2. Set long-range financial goals along with funding strategies to achieve them.
3. Monitor adherence to the budget.
4. Develop multi-year operating budgets that integrate strategic plan objectives and initiatives.
5. Present all financial goals and proposals to the Board of Directors for approval.



## FP1-B

### Category: FINANCE

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6. Develop useful and readable report formats with staff.
7. Present the financial reports to the Board of Directors.

#### **Internal Controls and Accountability Policies**

1. Create, approve, and update (as necessary) policies that help ensure the assets of the agency are protected.
2. Ensure policies and procedures for financial transactions are documented and reviewed annually, and updated as necessary.
3. Ensure approved financial policies and procedures are being followed.
4. Developing other policies that further serve to protect the Agency including:
  - a. Personnel policies
  - b. Long-term contracts or leases.
  - c. Loans or lines of credit.
  - d. IT security.
  - e. Capital purchases.
  - f. Insurance requirements and reviews.
  - g. Records retention.

#### **Investments**

1. Draft an investment policy detailing the objectives of the investment portfolio and guidelines on the asset allocation of the portfolio based on predetermined level of risk tolerance.
2. Ensure provisions of the policy are followed.
3. Review the policy at least annually and update if necessary.
4. Monitor investment returns.



**Staff Report – Item 5**

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 5: Appoint Board Committee Members**

Date: 2/14/2018

**BACKGROUND**

**Executive Committee**

The SVCEA Joint Power Agreement Section 4.6 specifies that the Board may establish an executive committee consisting of a smaller number of Directors and that the Board may delegate to the executive committee such authority as the Board might otherwise exercise, subject to limitations specified in the Agreement or in the Operating Rules and Regulations.

The duties of the Executive Committee will continue to be to review and provide advice to the Chief Executive Officer and the entire Board on policy, operational and organizational matters and perform such other responsibilities, tasks or activities as delegated to it by the Board.

<b>Frequency of Meetings</b>	<b>Composition</b>	<b>Current Members</b>	<b>Directors who have Expressed Interest for 2018</b>
<ul style="list-style-type: none"> <li>Monthly, Currently Fourth Tuesday</li> </ul>	<ul style="list-style-type: none"> <li>Chair</li> <li>Vice Chair</li> <li>Three Additional Board members (5 total)</li> </ul>	<ul style="list-style-type: none"> <li>Chair Rennie</li> <li>Vice Chair Harney</li> <li>Director Gibbons</li> <li>Director Sinks</li> <li>Director Abe-Koga</li> </ul>	<ul style="list-style-type: none"> <li>Director Gibbons</li> <li>Director Sinks</li> <li>Director Abe-Koga</li> </ul>

**Audit Committee\***

The purpose of the Audit Committee is to oversee the accounting and financial reporting process and the audit of SVCE’s financial statements by the independent auditor.

<b>Frequency of Meetings</b>	<b>Composition</b>	<b>Current Members</b>	<b>Directors who have Expressed Interest for 2018</b>
<ul style="list-style-type: none"> <li>Twice a year and as needed.</li> </ul>	<ul style="list-style-type: none"> <li>Minimum of three and no more than six Directors of the Board or appointees by the Board (3-6 total)</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Director Gibbons</li> </ul>

**Finance Committee\***

The purpose of the Finance Committee is to provide financial oversight of SVCE. Tasks include budgeting, financial reporting, monitoring of internal controls, review financial policies and oversee investment strategies.

<b>Frequency of Meetings</b>	<b>Composition</b>	<b>Current Members (Audit &amp; Finance Committee)</b>	<b>Directors who have Expressed Interest for 2018</b>
<ul style="list-style-type: none"> <li>Quarterly and as needed.</li> </ul>	<ul style="list-style-type: none"> <li>Minimum of three and no more than six Directors of the Board or appointees by the Board (3-6 total)</li> </ul>	<ul style="list-style-type: none"> <li>Director Gibbons</li> <li>Director Corrigan</li> <li>Director Craig</li> <li>Director Miller</li> </ul>	<ul style="list-style-type: none"> <li>Chair Rennie</li> <li>Director Gibbons</li> <li>Director Miller</li> </ul>

**Legislative Ad Hoc Committee**

The Legislative Ad Hoc Committee was formed at the Jan. 10, 2018 Board Meeting to explore legislative approaches during calendar year 2018 that address proposed legislation and regulatory matters pending before the CPUC and other state regulatory bodies that potentially harm CCAs.

<b>Frequency of Meetings</b>	<b>Composition</b>	<b>Current Members</b>	<b>Directors who have Expressed Interest for 2018</b>
<ul style="list-style-type: none"> <li>As needed, based on committee availability</li> </ul>	<ul style="list-style-type: none"> <li>Five Board members, with an option for a sixth member to be added by the Chair (5 total)</li> </ul>	<ul style="list-style-type: none"> <li>Chair Rennie</li> <li>Director Sinks</li> <li>Director Smith</li> <li>Director Abe-Koga</li> <li>Director Cortese</li> </ul>	<ul style="list-style-type: none"> <li>Chair Rennie</li> <li>Director Sinks</li> <li>Director Smith</li> <li>Director Abe-Koga</li> </ul>

\*Committee approval and composition will be determined by the Board



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**Staff Report – Item 6**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 6: Appoint Board Treasurer/Auditor and Board Secretary**

Date: 2/14/2018

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**RECOMMENDATION**

Appoint Don Eckert, SVCE Director of Admin and Finance, as the Board Treasurer/Auditor and Andrea Pizano, SVCE Board Clerk/Executive Assistant, as the Board Secretary.

**BACKGROUND & DISCUSSION**

Pursuant to Section 4.11.2 of the Silicon Valley Clean Energy Authority Joint Powers Agreement, the Board of Directors of the Authority shall appoint a Secretary. The Secretary is responsible for keeping the minutes of all Board meetings (that is, ensuring the minute meetings are completed and retained) and keeping other official records of the Authority. The secretary does not have to be a member of the Board. Board Clerk/Executive Assistant Andrea Pizano served in this capacity for 2017.

Pursuant to Section 4.11.3 of the Joint Powers Agreement, the Board shall appoint a qualified person to act as Treasurer and a qualified person to serve as Auditor. The Board may appoint a qualified person to serve as both Treasurer/Auditor. The Treasurer/Auditor acts as the depository of the Authority's funds and has custody of all of the money of the Authority. The Treasurer/Auditor reports directly to the Board in the performance of his or her duties as Treasurer/Auditor and must comply with the requirements for treasurers of general law cities. Government Code Section 6505.5 and Section 6 of the Joint Powers Agreement further specifies the duties and obligations of the Treasurer/Auditor. Don Eckert, currently acting as Interim CEO and SVCE Director of Administration and Finance, served in this capacity for 2017.



**Staff Report – Item 7**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 7: Executive Committee Report**

Date: 2/14/2018

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**REPORT**

The Executive Committee January 23, 2018 meeting was cancelled per Board approval. The next regularly scheduled Executive Committee meeting will be Tuesday, February 27, at 11:30 a.m.



## Staff Report – Item 8

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 8: CEO Report**

Date: 2/14/2018

### **REPORT**

#### **Short-Term Power Supply**

On January 30, 2018, staff issued a request for offers to satisfy its non-renewable carbon-free energy (i.e. large hydropower) requirements through the year 2023. All Offers were due no later than February 14, 2018. Staff will be reviewing offers over the next week, with the goal of entering into agreements with the shortlisted offers by the end of February.

#### **Long-Term Joint RFO Update**

SVCE staff, along with staff from Monterey Bay Community Power (MBCP), are in negotiations with three developers, simultaneously, to acquire long-term rights to the output of three projects. Because neither SVCE nor MBCP have credit ratings, credit issues have taken a longer time to negotiate. However, we are near addressing developers' concerns and should conclude negotiations in March or April 2018.

#### **CalCCA Board Meeting**

CalCCA does understand the need to promote involvement by the elected officials. CalCCA President, Dawn Weisz proposed creating a CalCCA Discussion Group, the Elected Official Legislative Liaisons that would meet quarterly by phone or in-person. The purpose of the group would be to provide common awareness and understanding of current key legislative issues and prepare members for engagement in legislative matters.

#### **SVCE 2018 Rates**

Pacific Gas & Electric is schedule to release new rates to be effective March 1, 2018 on February 12, 2018. If the rates are released, a presentation will be given to the Board to provide direction to staff.

#### **Supplier Diversity Symposium**

Staff attended a supplier diversity symposium sponsored by CalCCA with a tour of MCE's Solar One Project in Richmond on January 26<sup>th</sup>.

#### **"How to Read your Bill" Video**

Staff will present a short video as part of communications for our customers. Victoria Yu, one of our Climate Corp Fellows will provide the presentation.

#### **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: Two agreements for Sale of Resource Adequacy for the months of March through June 2018.

- 2) FreshAddress: Agreement for e-mail address verification service, \$1,000.

**ATTACHMENTS**

1. Regulatory/Legislative Update, January 2018
2. Community Outreach Update, January 2018
3. SVCE EV Customer Outreach Letters
4. Agenda Planning Document, March 2018 – August 2018
5. Assemblymember Marc Berman, District 24 Open House Invitation



**SVCE Regulatory and Legislative Update**

February 2018

Hilary Staver, Manager of Regulatory and Legislative Affairs

**Regulatory Update**

<p><b>PCIA Reform Rulemaking</b> (R. 17-06-026)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [On 7/10/17 the California Public Utilities Commission (CPUC) released an Order Instituting Rulemaking (OIR) “to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.” The OIR dismisses the investor owned utilities’ (IOUs’) PAM application, and opens a new proceeding to consider reforms to the PCIA more broadly.]</li> <li>➤ <b>On January 16-17, CalCCA and other stakeholders made presentations at the second public workshop in this proceeding.</b> This workshop was originally scheduled for mid-November as a data-driven discussion on interpretation of trends and findings from the analysis of the IOUs’ released confidential data, but delays in transferring the data made this infeasible. CalCCA’s presentation instead focused on conceptual alternatives to the PCIA, with the caveat that these must be subjected to quantitative testing using the confidential data before CalCCA takes an official stance in testimony. The presentation was well received by Administrative Law Judge (ALJ; there is one assigned to every proceeding along with a CPUC Commissioner) Roscow, but the workshop was for informational and discussion purposes only so no action was required of him.</li> <li>➤ <b>In light of the data delays, CalCCA has submitted a Motion to ALJ Roscow for an extension of the deadline for submission of testimony on preferred PCIA alternatives from March 12 to April 16.</b> This motion is pending and is expected to be ruled upon shortly.</li> </ul>
<p><b>Integrated Resource Planning</b> (IRP) (R. 16-02-007)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [This rulemaking was opened for the purpose of implementing the electricity sector’s share of CA’s GHG emissions mitigation goals as put forth in SB 350. The IRP process requires load serving entities (LSEs) to develop long-term procurement roadmaps and share them with the CPUC to facilitate sector-wide planning. On 9/19/17, 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 LSEs need to achieve in aggregate in order to meet CA’s GHG emission reduction goals. On December 28<sup>th</sup>, the CPUC released a Proposed Decision (PD) containing further requirements for IRP content and compliance protocol. This PD significantly expanded CPUC authority over CCA IRPs, allowing the CPUC to review and approve them despite the language in SB 350 specifying certification only.]</li> <li>➤ Throughout late January, SVCE staff and those of other CCAs met with CPUC commissioners and their advisors to suggest improvements to the PD. Main asks included changing the PD language to recognize concurrent jurisdiction and give due deference to CCA Boards as the statutorily designated approvers of CCA IRPs, as well as the removal of the flawed Clean Net Short (CNS) methodology for GHG accounting. Among other concerns, CNS would have assigned non-zero emissions coefficients to some out-of-state GHG-free resources such as Bucket 2 renewables.</li> <li>➤ On February 6, the CPUC released an updated version of the PD that removed CNS but did not entirely address the jurisdiction concerns. It also pushed back the deadline for submission of IRPs from June 1, 2018 to August 1.</li> <li>➤ On February 8, the Commission unanimously passed the updated PD. The language in the final Decision still poses a significant threat to CCA rights and procurement autonomy, and CCA staff are currently assessing options and next steps.</li> </ul>



<p><b>CCA Rulemaking</b> (R. 03-10-003)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [On July 7<sup>th</sup>, SVCE and other CCAs filed testimony through CalCCA proposing an updated methodology for calculating the Financial Security Requirement (FSR, aka bond) that new CCAs must pay as insurance against failure and dissolution. In contrast to the IOUs’ argument for including an estimated cost of emergency procurement for involuntarily returning customers, CalCCA proposes that the FSR should cover only the administrative costs of re-incorporation.]</li> <li>➤ <b>No New News:</b> CalCCA was represented in evidentiary hearings on October 11<sup>th</sup> and 12<sup>th</sup> by Mark Fulmer of MRW &amp; Associates, LLC. Hearings were followed by opening and reply briefs, in which CalCCA continued to defend its proposal. Parties are now awaiting a proposed decision.</li> </ul>
<p><b>Resource Adequacy</b> (R. 17-09-020)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [On September 28<sup>th</sup>, 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. SVCE and four other CCAs are participating jointly in this proceeding as the CCA Parties, and submitted comments on the OIR on 10/30/17 suggesting several structural improvements to the program. A prehearing conference was held on 12/4/17. On 12/21/17, the CCA Parties filed a Motion to expand the scope of this proceeding to include the RA-related issues cited in Draft Resolution E-4907 (see below).]</li> <li>➤ A Scoping Memo was released on January 18<sup>th</sup>, and it lays out three tracks in the proceeding in order of decreasing urgency. The most urgent issues, including questions about compliance and cost allocation related to load migration (ie CCA launches and expansions) are included in Track 1. Track 1 is scheduled for a decision by June 2018, and will provide an avenue for CCAs to resolve outstanding issues related to Draft Resolution E-4907 (see below).</li> </ul>
<p><b>Diablo Canyon Closure</b> (A. 16-08-006)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [In June 2016, PG&amp;E announced its intention to retire its Diablo Canyon nuclear facility when the licenses on the facility’s two reactors expire in 2024 and 2025. PG&amp;E subsequently submitted an application to the CPUC requesting permission to procure replacement energy for the Diablo facility and pass the costs on to ratepayers. After PG&amp;E retracted part of its application due to strong criticism, evidentiary hearings were held in April on the remaining tranche 1, which covers energy efficiency and requests pre-approved cost recovery of about \$1.3 billion from ratepayers. The Joint 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 8<sup>th</sup>, the CPUC released a Proposed Decision (PD) rejecting all tranches of PG&amp;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&amp;E to apply weaker cost-effectiveness standards to the replacement energy efficiency (EE) procurement proposed in tranche 1 than are otherwise required for ratepayer-funded EE projects. SVCE and the Joint Intervenors support the PD in its current form. ]</li> <li>➤ <b>The Proposed Decision was passed at the 1/11/17 Commissioners’ meeting.</b> This proceeding is now closed, with all CCA goals of no new mandated procurement or non-bypassable charges achieved.</li> </ul>
<p><b>AB 1110 Implementation</b></p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [AB 1110 (Ting, Chapter 656, Statutes of 2016) was passed in 2016 for the purpose of augmenting the information available to electricity consumers in the annually-distributed <a href="#">Power Content Label</a> (PCL). AB 1110 requires that starting in 2020, in addition to displaying power mix the PCL will include the greenhouse gas emissions intensity (in lbs CO<sub>2</sub>e/MWh)</li> </ul>



	<p>of each LSE’s portfolio (or, if it offers multiple electricity products, of each individual product). AB 1110 also directs the California Energy Commission (CEC) to develop guidelines on how to treat unbundled RECs when calculating the power mix and GHG intensity metrics. On June 27<sup>th</sup>, the CEC released its proposed implementation plan for AB 1110. The proposal contains several provisions that could threaten SVCE’s claim of being carbon-free. Most importantly, the CEC proposes that for the purposes of calculating carbon intensity, PCC2 (aka “bucket 2”) RECs would have the emissions profile of the substitute energy that firms and shapes the energy product (usually gas) rather than that of the zero-carbon resource that generates the RECs. Secondly, PCC3 (unbundled) RECs would be reported in a footnote but not included in power mix or GHG intensity calculations. MWh for which SVCE has purchased unbundled RECs would thus no longer be carbon-free.]</p> <ul style="list-style-type: none"> <li>➤ <b>On January 17, the CEC issued an updated version of the AB 1110 Implementation Proposal.</b> However, the updates to not change the treatment of PCC2 (ie “bucket 2”) renewables, so advocacy continues on this front.</li> </ul>
<p><b>Tree Mortality NBC</b> (A. 16-11-005)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [In 2016, an emergency proclamation by Governor Brown and a bill passed by the legislature (SB 692) separately ordered the IOUs to procure extra energy from biomass in order to dispose of trees killed by the drought. SB 692 explicitly authorizes the IOUs to recover the above-market cost of this procurement through a new non-bypassable charge (NBC), while Governor Brown’s proclamation does not. The IOUs would like to combine the procurement costs of these two mandates and recover both through a single new NBC. On July 14<sup>th</sup>, CalCCA submitted a Motion challenging a pre-hearing conference ruling in which the Administrative Law Judge (ALJ) erroneously determined the IOUs’ proposed combined NBC to be legal and acceptable. A workshop was held on 12/12/17, in which CCA and IOU representatives discussed the methodology for valuing the biomass resources authorized for cost recovery that would form the basis of the new tree mortality NBC. The conversation revealed some common ground, particularly regarding the importance of consistency with the outcome of the ongoing PCIA reform proceeding. However, the workshop agenda explicitly excluded discussion of whether procurement mandated by Governor Brown’s emergency proclamation, which was not explicitly authorized for cost recovery via NBC, could be lumped in with the SB 692 procurement in the new NBC.]</li> <li>➤ <b>No New News:</b> Parties continue to await a response to CalCCA’s July 2017 Motion on the treatment of procurement associated with Governor Brown’s emergency proclamation, as well as a Scoping Memo or some other indicator of next steps beyond the workshop.</li> </ul>
<p><b>Low Carbon Fuel Standard</b></p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [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).]</li> <li>➤ <b>No New News:</b> Parties are now awaiting release of updated LCFS guidelines, which are expected to be released in winter 2018.</li> </ul>
<p><b>Transportation Electrification</b> (R. 13-11-007)</p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> [On June 16<sup>th</sup>, SVCE filed an opening brief as part of the joint CCA parties that highlights the need for IOUs to coordinate with CCAs in areas where they are implementing their Priority Review Projects (PRPs, aka proposed transportation electrification pilot projects). This was followed by a reply brief on July 10<sup>th</sup>.]</li> <li>➤ <b>On 1/11/18, the Proposed Decision (PD) that was released on 11/22/17 and approved 15 of the PRPs was passed.</b></li> </ul>
<p><b>California Consumer Choice Project (CCCP)</b></p>	<ul style="list-style-type: none"> <li>➤ <b>No New News:</b> On 10/31/17, 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</li> </ul>



	<p>retail markets. However, it is unlikely that any substantive action will be taken before the PCIA proceeding concludes late next year.</p>
<p><b>Resolution E-4907 Registration Process for CCAs</b></p>	<ul style="list-style-type: none"> <li>➤ <b>Recall:</b> <i>[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 if adopted as written would delay SVCE’s initiation of service to Milpitas to January 2019.]</i></li> <li>➤ <b>Thank you to everyone who submitted letters in opposition to DR E-4907!</b> They were very impactful and greatly appreciated.</li> <li>➤ <b>On 2/2/18, the Commission released an updated version of the Draft Resolution (DR).</b> This version adds a waiver process that will allow CCAs who submitted Implementation Plans between when the original DR was released on December 8<sup>th</sup> and when the update was released on February 2<sup>nd</sup> to continue with their 2018 launch schedules. In order to do so, each CCA must either a) negotiate a bilateral agreement with their IOU to acquire the resource adequacy resources the IOU purchased for the CCA customers in the 2018 year-ahead compliance process back in 2017, or b) ask the CPUC to determine the price they must pay for those resources if bilateral negotiations are unsuccessful. Launching CCAs who have not yet submitted an implementation plan have until March 1 to do so if they wish to launch on 1/1/2019. Those submitting after 3/1/18 will have to wait until 1/1/2020 to launch.</li> <li>➤ <b>The updated DR was voted on and unanimously passed by the Commission at their 2/8/18 meeting despite extensive public comment in opposition.</b> SVCE will now move forward with the waiver process in order to launch in Milpitas in 2018. SVCE is still opposed to the long-term process instituted by the DR in which CCA launches not eligible for the waiver process are clustered on the first of every year, and maintains that a DR was an inappropriate vehicle for making these changes. However, the resource adequacy (RA) proceeding (R.17-09-020) is currently taking suggestions for structural improvements to the (RA) program. Since the new CCA launch requirements were created for the purpose of syncing CCA launches with the RA compliance calendar, there will be an opportunity to make further improvements to these requirements in the RA proceeding.</li> </ul>
<p><b>Petition for Modification of D. 12-12-036</b></p>	<ul style="list-style-type: none"> <li>➤ <b>On January 30, the three investor-owned utilities (IOUs: PG&amp;E, SCE, and SDG&amp;E) filed a Petition for Modification of D.12-12-036.</b> This Decision, passed in 2012, established a Code of Conduct and accompanying enforcement mechanisms related to IOU interactions with CCAs. D 12-12-036 was passed as part of the implementation process for SB 790, a 2011 law requiring limitations on IOU activities that was motivated by PG&amp;E’s misuse of ratepayer resources and information while attempting to stymie the formation of MCE in 2010.</li> <li>➤ <b>The Petition for Modification (PfM) argues for removal of the limitations on both public marketing and lobbying of elected officials about CCAs,</b> grounding the request in 1<sup>st</sup> Amendment arguments about free speech combined with the increasing popularity of the CCA model across the state. The IOUs can already do both of these things if they establish Independent Marketing Divisions (IMDs) that meet certain criteria for independence set by the CPUC (SDG&amp;E is the only one of the three that has done this so far). However, this PfM would abolish the IMD requirement and allow the IOUs to engage directly in marketing and lobbying activities with no firewall.</li> <li>➤ <b>CalCCA is coordinating the CCA response, and is treating this as an extremely high priority.</b> Comments on the PfM are due March 1, after which the IOUs will submit a response to the comments. The Commission may then act on the PfM at</li> </ul>



	its leisure; there is no required timeline for decision-making. CalCCA is investing the resources required to thoroughly address all of the legal arguments found in the PfM.
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**Legislative Update**

The 2018 legislative session began on January 3<sup>rd</sup>, 2018, and the deadline for introduction of bills is February 16<sup>th</sup>. Nothing related to CCAs has been introduced yet, but we are anticipating plenty of such bills in the coming weeks. Immediate updates will be provided on any urgent bills that come to light, but barring those the March Board meeting will include an overview of relevant bills.



## Community Outreach Update February 2018

### 1. Events and Presentations

Staff continues to attend community events and provide presentations about SVCE to community groups as requested. Outreach staff is also busy preparing for the busy spring event season, particularly with community and corporate Earth Day festivals.

Completed Events:

Date	Time	Event Description	Location
Jan. 9	7:30 – 9 AM	Milpitas Chamber of Commerce Breakfast - <i>presentation</i>	Milpitas Senior Center, <b>Milpitas</b>
Jan. 16	7 – 8:30 PM	Sunnyvale Sustainability Commission - <i>presentation</i>	City Hall, <b>Sunnyvale</b>
Jan. 23	7 – 8 PM	Morgan Hill Kiwanis - <i>presentation</i>	Mamma Mia’s Restaurant, <b>Morgan Hill</b>
Jan. 30	5:30 – 8:30 PM	Innovation in Home Energy, panel discussion with PG&E and Acterra	Plug & Play Tech Center, <b>Sunnyvale</b>
Feb. 1	7 – 9 PM	GreenTown Los Altos - <i>presentation</i>	Los Altos Main Library, <b>Los Altos</b>

### 2. Upgrade and Opt Out Update

Below is the number of GreenPrime Upgrades and Opt Outs as of Jan. 31, as well as the total opt out percentage in overall accounts, and opt out percentage by load.

	Upgrade	Opt Out	Opt Out by Account Type	Total Opt Out, All Accounts	Opt Out Percentage by Load
<b>Residential</b>	876	6,740	3%	2.94%	3%
<b>Commercial</b>	1502	631	2.46%		7.7%

### 4. Understanding Your Bill Video

Victoria Yu, SVCE Climate Corps Fellow, developed the plan for a new video to help customers identify the most important parts of the PG&E Energy Statement that relates to SVCE generation charges. The video is one of several tools available for customers to learn more about their energy bill and compare SVCE and PG&E rates.

The video is available at: <https://www.youtube.com/watch?v=7dYDHBriVBM>

## **5. EV Customer Outreach**

The attached letter has gone out to all GreenStart and GreenPrime customers on an EV rate. The "Driving Carbon Free" cling was also included. Staff is working on acquiring a list of registered EV drivers that are not also on an EV rate.

## **6. Member Agency Working Group Update**

The Member Agency Working Group met on January 25 and discussed the following topics:

- 1. SVCE Activity/Communications Update**
- 2. Update on SVCE's GHG Inventory project**
  - SVCE's GHG Inventory project is off and running.
  - Currently working with DNV-GL and member communities to construct inventories for 2015 and 2017.
- 3. Santa Clara County's 'Driving to Net Zero' initiative**
  - Susan Gilbert-Miller, Director, Santa Clara County Office of Sustainability, presented an update on Santa Clara County's 'Driving to Net Zero' initiative.
- 4. Model Ordinance Discussion**
  - Misti Bruceri, Consultant and Lindsey Tillisch of PG&E presented on Ordinances Encouraging/Requiring Electrification in New Developments.

## **7. Media**

Press Releases:

- [\\$2.7M in Startup Funds for Silicon Valley Clean Energy Returned to Member Communities Three Years Ahead of Schedule](#), *published 2-7-2018*

News Mentions:

- [Community Briefs: Greentown Promotes Clean Electricity](#), *Los Altos Town Crier, 1-31-2018*
- [Silicon Valley Clean Energy welcomes new CEO in February](#), *The Mercury News, 1-19-2018*
- [Energy consultant had financial conflicts of interest, Imperial Irrigation District says](#), *The Desert Sun, 1-11-2018*
- [Paul Fenn Wants to Give Your Electric Company the Boot](#), *Bloomberg Businessweek, 1/9/2018*



333 W. El Camino Real, Suite 290 | Sunnyvale, CA 94087 | 1-844-474-SVCE (7823) | [SVCleanEnergy.org](http://SVCleanEnergy.org)

Date

Address

Dear SVCE EV Customer,

In April 2017, Silicon Valley Clean Energy (SVCE) began providing electricity customers in your community with carbon-free power at costs below PG&E rates. As an EV driver, that means you also **drive carbon-free with SVCE!** In powering your vehicle with carbon-free electricity provided by SVCE, you're successfully taking fossil fuels off the road and accelerating global Greenhouse Gas emissions reduction from our community.

SVCE's 100% renewable GreenPrime generation service allows EV drivers like you to go the extra mile in our community's commitment to a clean energy future. GreenPrime is primarily sourced from solar and wind farms in California and on the western grid. You can choose "GreenPrime, Anytime" after you've already been enrolled in GreenStart.

As you may also know, in addition to being eligible for several state and federal incentives available to EV drivers, as an SVCE customer you qualify for a \$500 state-funded clean fuel rebate for electric vehicles administered by PG&E.

For more information on the benefits of SVCE's EV program, and answers to frequently asked EV-related questions please visit [SVCleanEnergy.org](http://SVCleanEnergy.org). Or call our customer service center toll-free at 844-474-SVCE (7823).

**Thank you for driving carbon reduction in our community, and for joining SVCE on the road to a clean energy future. The future is electric!**

A handwritten signature in blue ink that reads "Donald Eckert".

**Donald Eckert**  
Interim CEO, Silicon Valley Clean Energy



333 W. El Camino Real, Suite 290 | Sunnyvale, CA 94087 | 1-844-474-SVCE (7823) | [SVCleanEnergy.org](http://SVCleanEnergy.org)

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Thank you for choosing SVCE's 100% renewable GreenPrime generation service, which allows EV drivers like you to go the extra mile in our community's commitment to a clean energy future! As an SVCE GreenPrime customer, you utilize competitively-priced 100% renewable carbon-free electricity when you need it from the grid, and further advance our clean energy future here in Silicon Valley.

As you may also know, in addition to being eligible for several state and federal incentives available to EV drivers, as an SVCE customer you qualify for a \$500 state-funded clean fuel rebate for electric vehicles administered by PG&E.

For more information on the benefits of SVCE's EV program, and answers to frequently asked EV-related questions please visit [SVCleanEnergy.org](http://SVCleanEnergy.org). Or call our customer service center toll-free at 844-474-SVCE (7823).

**Thank you for driving carbon reduction in our community, and for joining SVCE on the road to a clean energy future. The Future is Electric!**

A handwritten signature in blue ink that reads "Donald Eckert".

**Donald Eckert**  
Interim CEO, Silicon Valley Clean Energy

SVCE Board of Directors Agenda Planning

	MARCH	APRIL	MAY	JUNE	JULY	AUGUST
<b>MILESTONES</b>				Milpitas Launch		
	March 14, 2018	April 11, 2018	May 9, 2018	June 13, 2018	July 11, 2018	August 15, 2018
<b>ADMINISTRATION, POLICIES</b>	Rates	Follow up from Workshop on Power Procurement	Rate Policy Review			
	Q1 Financial Review					
	Mid-Year Budget					
<b>STAFFING</b>						
<b>CONTRACTS</b>	PPA Contract	PPA Contract	PPA Contract			



ASSEMBLY MEMBER

**Marc Berman**

DISTRICT 24

You are cordially invited to a  
***District Office Open House***



**THURSDAY  
FEBRUARY 22  
4-6 PM**

**5050 El Camino Real, Suite 117  
Los Altos, CA**

BRING YOUR IDEAS, QUESTIONS AND  
CONCERNS AFFECTING THE COMMUNITY

The District Office is located between Distel Circle and Distel Drive. Parking is available in the front, rear, and underground.

**DISTRICT OFFICE:**

5050 El Camino Real, Suite 117  
Los Altos, CA 94022  
Tel: (650) 691-2121  
Fax: (650) 691-2120

**WEBSITE:**

[www.assembly.ca.gov/berman](http://www.assembly.ca.gov/berman)

**FACEBOOK:**

@AsmMarcBerman

**TWITTER:**

@AsmMarcBerman



**Staff Report – Item 9**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 9: Audit and Finance Committee Report**

Date: 2/14/2018

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**This item will be addressed in the form of an oral report to the Board.**



**Staff Report – Item 10**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 10: Legislative Ad Hoc Committee Report**

Date: 2/14/2018

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**This item will be addressed in the form of an oral report to the Board from the Legislative Ad Hoc Committee Chair.**



## Staff Report – Item 11

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 11: Commercial Peak Day Pricing Transition Program**

Date: 2/14/2018

### **BACKGROUND**

At the August 9<sup>th</sup>, 2017 SVCE Board Meeting, the Board supported a staff recommendation to develop and implement a pilot commercial demand response (DR) program. Specifically, such a program could target commercial customers who might choose to opt out of SVCE service, concerned about the loss of their eligibility with PG&E's 'Peak Day Pricing' (PDP) demand response program. In addition, it would provide SVCE with an opportunity to assess the general effectiveness and customer economics associated with commercial Demand Response (DR) programs, and if necessary, offer additional competitive options in the future.

PG&E's PDP demand response program reduces demand charges (based on kW) to commercial customers between May 1<sup>st</sup> and October 31<sup>st</sup>. In exchange for these lower charges, customers are charged a very high rate (e.g. 6-8x) for energy usage (based on kWh) during a defined four-hour period (2pm-6pm) on up to 15 'event days' per year, typically the hottest days of the summer. If commercial customers are able to significantly reduce their energy use during event day periods, they may save money with PDP over the course of the summer. If not, they may lose money.

Prior to enrolling with SVCE, roughly half of all commercial customers were participating in PG&E's PDP program. PDP was established by PG&E as an opt-out automatic enrollment program in the 2011-2012 timeframe. Many smaller commercial customers were on the PDP program, not necessarily aware they had been automatically enrolled. Many larger customers elected to opt out of PDP, having analyzed the potential costs and benefits, and determined that they would not be able to save money. Nonetheless, a small number of customers participate actively in PDP and aim to reduce usage during event days – or, by the nature of their operations, are likely to have low usage during peak hours anyway. PDP is one of only a few PG&E offerings for which CCA customers are not eligible.

### **ANALYSIS & DISCUSSION**

#### Program Development

In August of 2017, SVCE developed and advertised an optional Peak Day Pricing Transition Program, providing PDP savings analysis and matching for commercial customers. This offers interested customers the ability to continue their participation in PDP and understand the relative cost or benefit of day-to-day savings with SVCE versus savings they may have earned with PG&E's PDP program.

Under this SVCE program, SVCE offers to credit participating customers for potential PDP savings, if any, in the event the savings exceed the 1% electric generation savings they already earn as SVCE customers. The analysis period begins May 1, 2017 the beginning of the utility summer period, through the end of the summer season on October 31, 2017. If the customer enrolled with SVCE after May 1, the review period becomes enrollment date to October 31.

The PDP Transition Program was advertised via the SVCE Website, email and newsletter channels, and direct outreach to large customers participating in PDP prior to SVCE enrollment. SVCE staff anticipated that PDP might 'outperform' the standard SVCE discount, in particular for larger customers that had remained active

**Agenda Item: 11****Agenda Date: 2/14/2018**

with PDP – as many have dedicated energy managers, and advanced controls to enable on-demand energy management. A budgetary estimate of \$100,000 in projected SVCE 'matching payments' to customers was allocated for this effort.

Results to Date

Six customers submitted a total of 26 accounts for review. In late December, SVCE received detailed 15-minute interval data from PG&E, required to conduct the PDP savings analysis for the full 2017 summer season.

After completion of the analysis, twelve accounts performed better with SVCE's standard discount. The largest customer in this group fared about \$17,000 better with SVCE than PDP. In total, these twelve saved more with SVCE by almost \$43,000. Of the six remaining accounts which performed better with PDP, they averaged about \$1,500 in savings with a range of \$100 - \$3,000.

Of interest, these accounts did not show any specific behavioral change during event hours. In other words, they performed better with PDP simply because their existing usage pattern benefitted from the PDP rate structure. The total SVCE payments to customers amounts to \$8,754.50. Unfortunately, for five of the accounts, the detailed interval data received from PG&E was corrupted. Updated data for these five has not been received in time for this report and will be included in a future update.

Name	PDP Savings (Loss)	Expected SVCE Payments
Customer 1	\$ 2,941.69	\$ 2,941.69
Customer 1	\$ 2,371.31	\$ 2,371.31
Customer 1	\$ 2,009.18	\$ 2,009.18
Customer 2	\$ 850.78	\$ 850.78
Customer 2	\$ 459.55	\$ 459.55
Customer 1	\$ 121.99	\$ 121.99
Customer 3	\$(17,539.29)	\$ -
Customer 4	\$ (6,065.94)	\$ -
Customer 2	\$ (5,697.87)	\$ -
Customer 2	\$ (4,479.54)	\$ -
Customer 2	\$ (3,622.08)	\$ -
Customer 2	\$ (1,742.19)	\$ -
Customer 4	\$ (1,277.73)	\$ -
Customer 5	\$ (1,132.32)	\$ -
Customer 5	\$ (460.12)	\$ -
Customer 2	\$ (433.75)	\$ -
Customer 2	\$ (346.69)	\$ -
Customer 2	\$ (23.54)	\$ -
Customer 3	Invalid Data	n/a
Customer 6	Invalid Data	n/a
Customer 1	Invalid Data	n/a
Customer 1	Invalid Data	n/a
Customer 1	Invalid Data	n/a
Total	\$(34,066.56)	\$ 8,754.50

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Next Steps

Analysis of opt-out data for calendar year 2017 shows that non-PDP commercial customers opted out of SVCE at a higher rate than PDP customers. The rationale for this behavior is not entirely clear, although it's possible this customer group is simply more likely to opt out of any new program, whether from PG&E or SVCE. Nonetheless, for customers historically active with PDP, maintaining a positive assurance that staying with SVCE is the better option (with or without PDP, via PDP savings match or overall savings) neutralizes PDP as a possible reason for opting out in the future.

SVCE plans to offer this program again for interested customers in the 2018 summer season, as a customer-driven 'opt-in' offering. This continues to be an important option and 'talking point' for commercial accounts that might be inclined to opt out in the future due to lack of PDP eligibility (including numerous commercial accounts to be enrolled in Milpitas) as well as an additional re-enrollment tool for those who already opted out. The information will be updated on the website to reflect the 2018 cycle.



**Staff Report – Item 12**

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To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 12: SVCE 2018 Rates**

Date: 2/14/2018

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**This item will be addressed in the form of an oral report to the Board.**



### Staff Report – Item 13

To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

**Item 13: Launching Milpitas June 2018**

Date: 2/14/2018

#### **RECOMMENDATION**

Move the start date to serve the City of Milpitas from May 1, 2018 to June 1, 2018.

#### **BACKGROUND**

The California Public Utilities Commission (CPUC) has Resource Adequacy (RA) rules that are directed by law, and are designed to ensure all retail electricity sellers buy enough electricity to meet their demand. Currently, a Community Choice Aggregator (CCA) can start serving new customers without much advance notice, which has raised questions of inconsistency with those rules. As a result, Utilities may over procure RA, which has implications for cost shifting between groups of customers.

In December 2017, the CPUC issued a draft proposal that required CCA's to adhere to a more clearly defined and consistent timeline to register and serve the new load. This would have prevented SVCE to serve the City of Milpitas until January 1, 2019.

On February 2, 2018, after an extended period for public notice, the CPUC issued a revised draft proposal that takes into consideration public comments that were received on the first draft proposal. On February 8, 2018, the CPUC adopted the revised proposal that incorporates most of the flexibility options requested by CCA's.

The revised proposal creates two waiver options by which any new or expanding CCA may obtain a waiver from the timelines in order to begin service in that new or expanded territory prior to January 1, 2019.

1. Under the first waiver option, the CCA and utility in whose service territory the CCA intends to begin service must jointly notify the CPUC that the utility and CCA mutually agree that they have addressed RA requirements and cost responsibility.
2. Under the second waiver option, if no agreement is reached, the CCA must notify the CPUC that the utility and the CCA are unable to reach agreement to address RA requirements and cost responsibility concerns, and must state that the CCA agrees to be bound by a future CPUC determination in the RA proceeding regarding cost responsibility.

#### **ANALYSIS & DISCUSSION**

Whether an agreement is reached with Pacific Gas & Electric (PG&E) on cost responsibility for RA or not, SVCE would need to file the waiver no later than 75 days prior to the RA compliance month in which the CCA wishes to begin service. To serve the City of Milpitas on May 1, 2018 would require SVCE to conclude negotiations with PG&E and then file the waiver by February 15, 2018.

Staff recommends moving the launch date to June 1, 2018 to provide adequate time for negotiations and the processing of the waiver with the CPUC. There is no need to revise the implementation plan filed on

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**Agenda Item: 13****Agenda Date: 2/14/2018**

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December 20, 2017 and the CPUC has committed to expediting the review of implementation plans filed after December 8, 2017 and provide notice of approval on or before March 1, 2018.

The notification process to the City of Milpitas customers will begin in April 2018.

**BUDGETARY/FISCAL IMPACT**

Using rate and power supply assumptions from the Adopted FY 2017-18 budget, the delay of one month results in the loss of approximately \$0.9 million of net margin.