



Courtenay C. Corrigan, Chair
Town of Los Altos Hills

Margaret Abe-Koga, Vice Chair
City of Mountain View

Liz Gibbons
City of Campbell

Rod Sinks
City of Cupertino

Daniel Harney
City of Gilroy

Jeannie Bruins
City of Los Altos

Rob Rennie
Town of Los Gatos

Marsha Grilli
City of Milpitas

Burton Craig
City of Monte Sereno

Steve Tate
City of Morgan Hill

Dave Cortese
County of Santa Clara

Howard Miller
City of Saratoga

Nancy Smith
City of Sunnyvale

Silicon Valley Clean Energy Executive Committee Meeting

Tuesday, February 27, 2018
11:30 am

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

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

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

Consent Calendar (Action)

- 1) Approve Minutes of the November 7, 2017, Executive Committee Special Meeting

Regular Calendar

- 2) Executive Committee Chair and Vice Chair (Action)
- 3) Approve Ongoing Meeting Date and Time for Executive Committee Meeting (Action)
- 4) 2018 SVCE Rates (Discussion)
- 5) 2018 Advertising Strategy Overview (Discussion)

Committee/Staff Remarks

Adjourn

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087



**Silicon Valley Clean Energy
Executive Committee Special Meeting**

Tuesday, November 7, 2017
11:30 am

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

Burton Craig
City of Monte Sereno

Steve Tate
City of Morgan Hill

Margaret Abe-Koga
City of Mountain View

Dave Cortese
County of Santa Clara

Howard Miller
City of Saratoga

Jim Griffith
City of Sunnyvale

DRAFT MINUTES

Call to Order

Chair Rennie called the meeting to order at 11:42 a.m.

Roll Call

Present:

Chair Rob Rennie, Town of Los Gatos
Vice Chair Daniel Harney, City of Gilroy
Director Liz Gibbons, City of Campbell
Director Rod Sinks, City of Cupertino

Absent:

Director Margaret Abe-Koga, City of Mountain View

Public Comment on Matters Not Listed on the Agenda

No speakers.

Consent Calendar

1) Approve Minutes of the September 26, 2017, Executive Committee Meeting

MOTION: Director Gibbons moved and Director Sinks seconded the motion to approve the Minutes of the September 26, 2017 Executive Committee Meeting as submitted.

The motion carried unanimously with Director Abe-Koga absent.

Regular Calendar

2) Update on Joint Request for Offers (RFO) between Silicon Valley Clean Energy and Monterey Bay Community Power (Discussion)

Interim CEO Don Eckert introduced the item and Power Contracts and Compliance Specialist Dennis Dyc-O'Neal provided information on the results of the request for offers (RFO) issued on September 15, 2017. Power Contracts and Compliance Specialist Dyc-

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087



Rob Rennie, Chair
Town of Los Gatos

O'Neal responded to Executive Committee questions; Interim CEO Eckert provided additional information.

Daniel Harney, Vice Chair
City of Gilroy

Interim CEO Eckert noted staff will revisit creating a one-page informational document on the RFO for the Board once the selection process has concluded.

No public speakers.

Liz Gibbons
City of Campbell

3) Customer Program Advisory Group Charter (Discussion)

Rod Sinks
City of Cupertino

Community Outreach Manager Pamela Leonard presented the item and responded to Executive Committee questions.

Jeannie Bruins
City of Los Altos

Committee members provided feedback including emphasizing community engagement and clarifying qualitative analysis.

Courtenay C. Corrigan
Town of Los Altos Hills

Staff and Committee members briefly discussed budgeting, residential programs, and the status of applicants for the Customer Advisory Group.

Burton Craig
City of Monte Sereno

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

Steve Tate
City of Morgan Hill

4) Formation of Long-term Community Oversight Committee (Discussion)

Margaret Abe-Koga
City of Mountain View

Community Outreach Manager Leonard presented a PowerPoint on the item and responded to Executive Committee questions. Director of Marketing and Public Affairs Alan Suleiman and Interim CEO Eckert provided additional information.

Dave Cortese
County of Santa Clara

Committee members requested a staff report be included for presentations to avoid confusion on future packet items. Committee members provided suggestions for the presentation and requested the item be presented as an informational follow-up to the Board.

Howard Miller
City of Saratoga

No public speakers.

Jim Griffith
City of Sunnyvale

5) Power Procurement Benchmarks for 2019 and Beyond (Discussion)

Interim CEO Eckert presented the item and responded to Executive Committee questions; Regulatory and Legislative Analyst Hilary Staver provided additional information on AB 1110.

Committee members discussed power procurement options and state mandates, and recommended creating additional options, information elaborating on assumptions, ensuring information for the *Options* descriptions are consistent, and including the bar chart from a previous presentation on emission rate comparisons.

No public speakers.

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087



Rob Rennie, Chair
Town of Los Gatos

Committee/Staff Remarks

Interim CEO Eckert noted an updated pro-forma would be presented at the November Board Meeting.

Daniel Harney, Vice Chair
City of Gilroy

Chair Rennie provided an update from the CEO hiring committee and announced a contract is being negotiated; a recommendation will be brought to closed session at the November Board Meeting. Director Sinks thanked staff for their feedback in the process.

Liz Gibbons
City of Campbell

Adjournment

Rod Sinks
City of Cupertino

Chair Rennie adjourned the meeting at 1:02 p.m.

Jeannie Bruins
City of Los Altos

Courtenay C. Corrigan
Town of Los Altos Hills

Burton Craig
City of Monte Sereno

Steve Tate
City of Morgan Hill

Margaret Abe-Koga
City of Mountain View

Dave Cortese
County of Santa Clara

Howard Miller
City of Saratoga

Jim Griffith
City of Sunnyvale

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087



Staff Report – Item 2

To: Silicon Valley Clean Energy Executive Committee

From: Girish Balachandran, CEO

Item 2: Executive Committee Chair and Vice Chair

Date: 2/27/2018

RECOMMENDATION

Establish a Chair and Vice Chair of the Executive Committee to preside over committee meetings.

BACKGROUND & DISCUSSION

As an appointed ongoing committee of the SVCE Board of Directors, Executive Committee meetings are public meetings subject to the Brown Act.

With new Board member appointments made at the February 14, 2018 Board meeting, Staff recommends the Committee appoint a Chair and Vice Chair to preside over its meetings for 2018. In the past, these roles have been held by the Board Chair and Vice Chair, though this is not required.



Staff Report – Item 3

To: Silicon Valley Clean Energy Executive Committee

From: Girish Balachandran, CEO

Item 3: Approve Ongoing Meeting Date and Time for Executive Committee Meeting

Date: 2/27/2018

RECOMMENDATION

Approve an ongoing meeting date and time for 2018 Executive Committee meetings; Staff would like to propose keeping the current schedule of every fourth Tuesday of the month from 11:30 a.m. -1:30 p.m. with the exception of the November and December meetings which would be combined and scheduled for December 4, 11:30 a.m. – 1:30 p.m.

BACKGROUND

In June 2016, the SVCEA Board approved the formation of the Executive Committee with the role of advising the CEO and Board on matters pertaining to the operations of SVCE. The approved role of the Executive Committee is advisory to the Board unless the Board directs or delegates specific decision-making authority to the Committee, such as delegating final approval of a professional services agreement to the Committee.

At the February 2017 Executive Committee meeting, members approved to hold meetings every fourth Tuesday of the month from 11:30 a.m.-1:30 p.m. With two new members of the Executive Committee voted in at the February 2018 Board meeting, Staff would like to revisit the scheduled time and dates to see if members would like to change this schedule.

Pending Committee approval of the Staff recommendation, the 2018 schedule would be the following:

Tuesday, March 27
 Tuesday, April 24
 Tuesday, May 22
 Tuesday, June 26
 Tuesday, July 24
 Tuesday, August 28
 Tuesday, September 25
 Tuesday, October 23
 Tuesday, December 4

All meetings would be held at the SVCE office located at 333 W. El Camino Real, Suite 290 in Sunnyvale.



Staff Report – Item 4

To: Silicon Valley Clean Energy Executive Committee

From: Girish Balachandran, CEO

Item 4: 2018 SVCE Rates

Date: 2/27/2018

BACKGROUND

During its June 2016 meeting, the SVCE Board approved a policy to set electric rates at 1% below the generation rates offered by PG&E on January 1, 2017. The Board also approved that the rates established for 2017 remain in effect through December 2018. The policy allows reexamination of the rates prior to January 2019, provided significant deviations in market prices or other extraordinary circumstances mandate an adjustment to the rates.

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

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

At the August 9, 2017 SVCE Board meeting, the Board approved a plan to reduce SVCE rates by 6% effective January 1, 2018, so that the 1% savings level relative to PG&E would be maintained. The revenue impact of this anticipated reduction in rates was included in the approved FY 2017-18 Budget.

However, in early September 2017, PG&E's estimated rates for 2018 were updated significantly in PG&E's Annual Electric True-Up (AET) filing. This filing presented detailed estimates for all rate schedules, covering all customer classes and rate components. Unexpectedly, this filing projected a 1-2% increase in PG&E rates, rather than the rate reduction forecast in June. Furthermore, in early November 2017, PG&E projected an additional 4% increase in rates, and a smaller increase in the PCIA of 14%, versus 16% as originally forecast in June.

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

Utilizing the November projections, Staff presented an analysis of alternative rate change scenarios at December 13th, 2017 Board Meeting. These included modifying rates in 2018 where necessary to maintain a minimum level of savings relative to PG&E (minimum savings of 1, 2 or 3%), reducing rates to absorb the impact of the PCIA increase, and establishing a standard level of savings relative to PG&E for all rate schedules (1, 2 or 3%).

When evaluating various rate update scenarios, key tradeoffs include:

- the number of SVCE generation rates that need to be increased to meet the scenario (SVCE originally committed to keeping rates unchanged until January 1, 2019)
- the number of rates that need to be decreased to meet the scenario

Agenda Item: 4**Agenda Date: 2/27/2018**

- the net impact of rate increases/decreases on SVCE's pro-forma financials for 2018 – positive or negative
- the relative rate of contribution to SVCE operating reserves, and impending regulatory or market risks that additional reserves can help address
- relative costs or savings for different customer classes (residential, small/medium business, large commercial/industrial)
- flexibility with respect to future PG&E generation or PCIA rate changes (mid-2018, or Jan 2019)

All of the rate alternatives outlined above would keep SVCE rates lower than PG&E for 2018. Assuming that actual rate changes for PG&E presented as of January 1st were similar to the November projections, the Board favored the 'Minimum 3%' option and directed that Staff follow this approach for 2018 rate setting.

Rate Commitments

At the December 13, 2017 Board Meeting, staff was also asked to present the status of SVCE's rate-related commitments to date. Rate-related policies adopted in 2016 by the SVCE Board of Directors established SVCE rates priced at a 1% discount to PG&E rates for 2017, including the PCIA and Franchise Fee charges. In addition, 2017 rates were to remain in effect through December 31, 2018, unless significant deviations in market prices or other extraordinary circumstances mandate an earlier adjustment to the rates.

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

SVCE's standard answer has been that current rates are to remain in effect through 2018, unless action needs to be taken to lower rates to remain competitive with PG&E. The SVCE website FAQs state 'SVCE generation rates established in January 2017 will remain in effect through December 2018'. SVCE rate sheets for residential and non-residential customers state that rates are 'effective 4/1/17' but do not specify an end date.

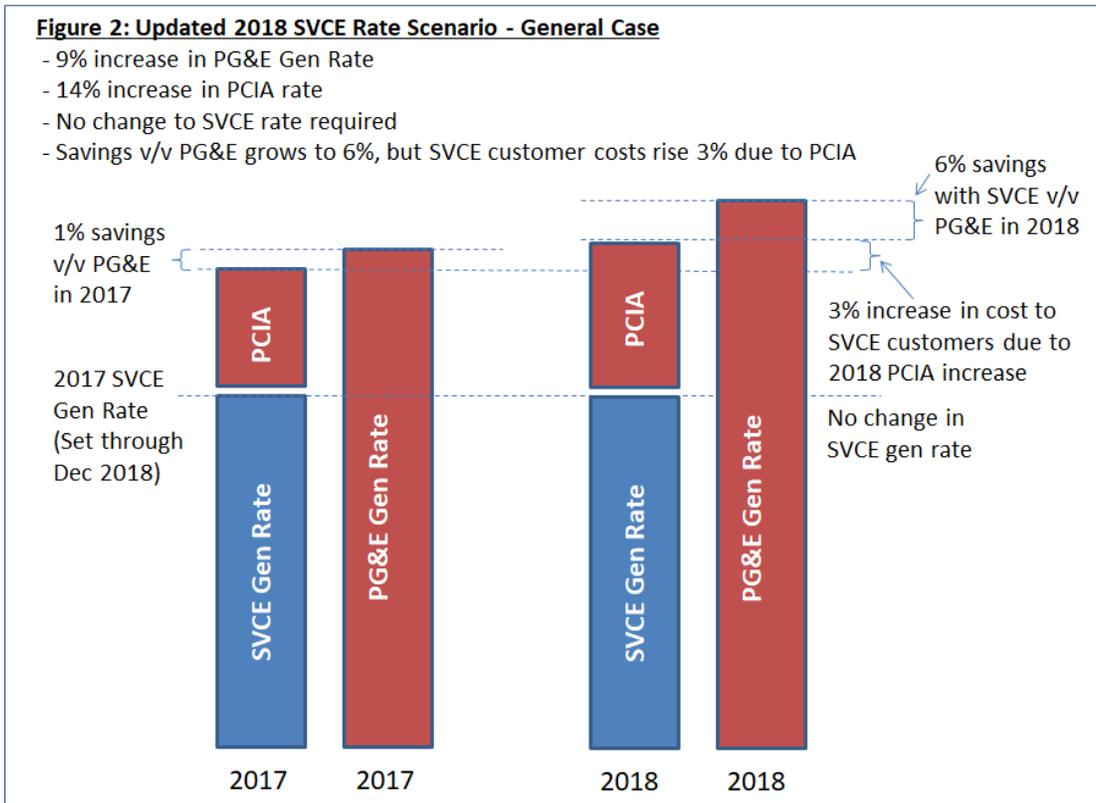
February 2018 PG&E Rate Announcements

Coincident with the SVCE Board meeting in December, it was announced by PG&E that their annual rate change would not occur on January 1st as expected. Instead, rate changes would be announced in mid-February, to be made effective March 1st.

PG&E's advice letter for 2018 rates was posted on February 16th, 2018 and reflected an additional 3-4% increase in generation rates above the 5-6% increases anticipated in November. PCIA increases of approximately 14% were in line with the November projections. SVCE's rate change analysis presented at the December 13th, 2017 Board meeting has been updated with the PG&E's newly announced rates, and a wider range of possible discount scenarios relative to PG&E rates.

ANALYSIS & DISCUSSION

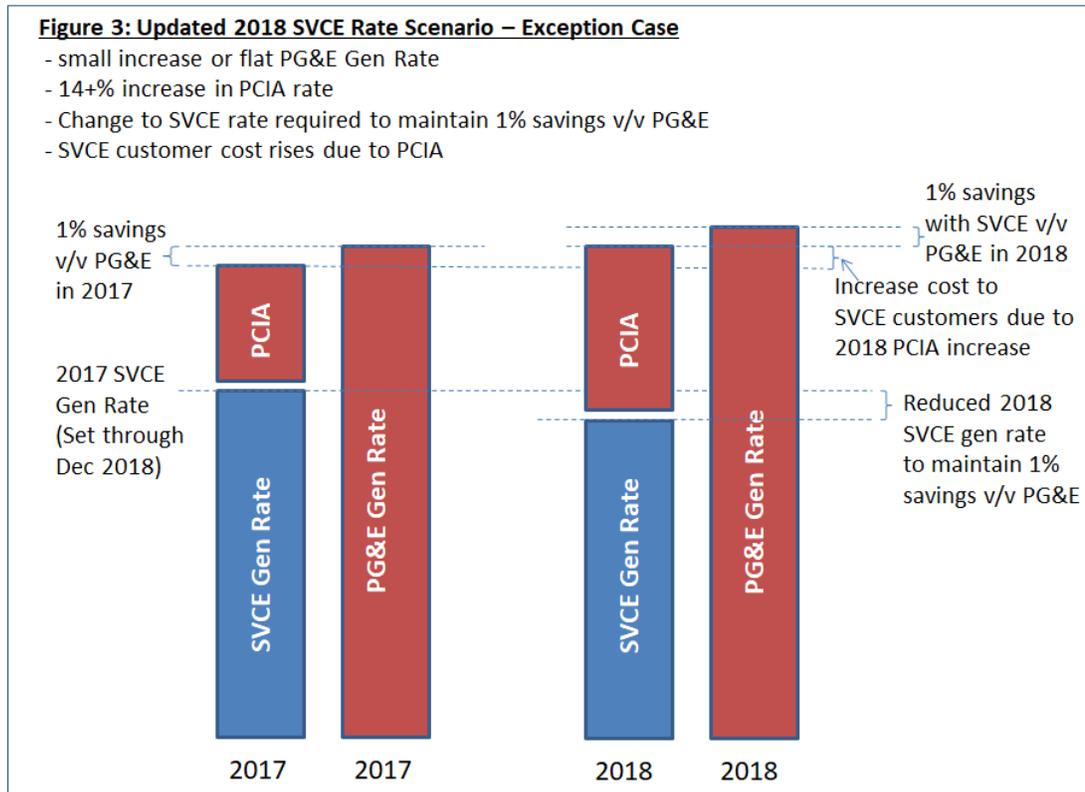
Assuming SVCE 2017 generation rates remain unchanged, the overall delta between SVCE generation costs (including PCIA) and PG&E generation costs will rise from 1% in 2017 to approximately 6% in 2018. This general case is modeled in Figure 2, below.



However, there will be exceptions to the general case described above. There are 40 rate schedules, and PG&E rate changes for 2018 do not apply evenly across all rate schedules. Further, within given rate schedules, there are often multiple 'rate components'. For example, a large industrial customer on an E20 rate schedule has seven different rate components - covering when electricity is used during the day (time of use, or 'TOU' periods) and season (summer or winter), and whether the electricity charges are associated with usage (kilowatt hours) or capacity (kilowatts). In total, there are 179 SVCE rate components.

For some customer rate schedules and rate components, SVCE's 2017 rates plus the 2018 PCIA is projected to be higher than PG&E's 2018 rate, or the savings will be less than the price differential SVCE seeks to maintain relative to PG&E rates (1% in 2017). Based upon the newly-released 2018 rates, this condition applies to two of 40 rate schedules, and a total of three rate components within these affected schedules. Impacts for these exceptions are relatively small. For these three rate components, SVCE costs average 1% higher than PG&E's 2018 generation costs. In addition, these rate components apply to less commonly-used tariffs, used by approximately 5,000 of 240,000 SVCE customers.

This exception case is diagrammed in Figure 3 below. In these cases, the SVCE generation rate component would need to be lowered to maintain a minimum savings (1% in this example) relative to the corresponding PG&E rate component.



Based upon the 2018 rates recently released from PG&E, the scenarios presented in December have been updated and broadened to reflect the higher rate increase from PG&E. Options for rate setting scenarios 1) and 3) have been expanded from 1%, 2% and 3%, to 5%, 6%, and 7%

Rate Setting Scenario	Description	Options
1) Minimum of at least [x]% savings v/v PG&E in 2018	Maintain all SVCE generation rates at 2017 levels, except where necessary to maintain a minimum [x]% lower price differential versus PG&E, inclusive of PCIA	Min 5% Min 6% Min 7%
2) Absorb increase in PG&E's PCIA for 2018	Lower all SVCE generation rates as necessary to absorb increase in PG&E PCIA rates for 2018 – thus keeping SVCE's 2018 generation rate plus PCIA equivalent to 2017	Absorb
3) Savings v/v PG&E of exactly [x]% for all rates in 2018	'Peanut Butter' approach whereby all 2018 SVCE generation rates inclusive of PCIA are set so that the cost the customer for SVCE service remains [x]% below PG&E for 2018 for all rate schedules	All 5% All 6% All 7%

SVCE Rate Structures and Applicability

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

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

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

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

Rate Design Example, Schedule E-19S

Rate Component		SVCE GreenStart Generation Rate
ENERGY CHARGE (\$/kWh)	Summer	
	Peak	\$0.10473
	Part-Peak	\$0.06463
	Off-Peak	\$0.03808
	Winter	
	Part-Peak	\$0.05915
	Off-Peak	\$0.04467
DEMAND CHARGE (\$/kW)	Summer	
	Peak	\$12.50
	Part-Peak	\$3.09

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

Rate Update Methodologies

For 2018, all of PG&E's generation rates and PCIA charges will be updated. PG&E generation rates are projected to increase by an average of approximately 9%, while the PCIA is projected to increase by an average of 14%. But these rate changes are uneven across rate schedules. Some PG&E rates changes will be significantly higher or lower than the average.

The Rate Change Scenarios described above each utilize a slightly different methodology, as outlined below.

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

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

Analysis of Rate Scenarios

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

- the option's approximate impact on SVCE's projected operating margin in calendar year 2018
- the average rate differential between PG&E's 2018 generation rate, and SVCE's 2018 generation rate plus PCIA and Franchise Fee

Agenda Item: 4

Agenda Date: 2/27/2018

- the number of SVCE rate components with rate increases for 2018
- the number of SVCE rate components with rate decreases for 2018
- for key rate classes E1 (residential), A1 (small commercial) and E19 (large commercial):
 - the difference between PG&E's 2018 generation rate, and SVCE's 2018 generation rate plus PCIA and Franchise Fee
 - the net % change in customer costs for electricity, including SVCE gen rate and PCIA for 2018

SVCE 2018 Rate Scenario Analysis								
Scenario/Option	Annualized SVCE Operating Margin Impact (\$M)	2018 Customer Savings v/v PG&E (Average %)	SVCE 2018 Gen Rate Increases (No)	SVCE 2018 Gen Rate Decreases (No)		E-1 Tiered Residential Rate Impacts	A-1 Small Commercial Rate Impacts	E-19 Large Commercial Rate Impacts
Min 5%	+13.9M	7.40%	0	3	% Savings SVCE 2018 v/v PG&E =>	-5.71%	-7.36%	-8.38%
					% Cust Gen 2018 Cost Change =>	4.35%	2.06%	1.52%
Min 6%	+13.4M	7.50%	0	26	% Savings SVCE 2018 v/v PG&E =>	-6.00%	-7.37%	-8.38%
					% Cust Gen 2018 Cost Change =>	4.04%	2.04%	1.52%
Min 7%	+12.0M	7.90%	0	55	% Savings SVCE 2018 v/v PG&E =>	-7%	-7.58%	-8.38%
					% Cust Gen 2018 Cost Change =>	2.93%	1.81%	1.52%
Absorb PCIA	+6.6M	9.70%	0	147	% Savings SVCE 2018 v/v PG&E =>	-9.65%	-9.22%	-9.75%
					% Cust Gen 2018 Cost Change =>	0.00%	0.00%	0.00%
All 5%	+24.2M	5%	176	3	% Savings SVCE 2018 v/v PG&E =>	-5.00%	-5.00%	-5.00%
					% Cust Gen 2018 Cost Change =>	5.14%	4.45%	4.95%
All 6%	+20.5M	6%	153	26	% Savings SVCE 2018 v/v PG&E =>	-6.00%	-6.00%	-6.00%
					% Cust Gen 2018 Cost Change =>	4.04%	3.43%	3.94%
All 7%	+16.8M	7%	124	55	% Savings SVCE 2018 v/v PG&E =>	-7.00%	-7.00%	-7.00%
					% Cust Gen 2018 Cost Change =>	2.93%	2.39%	2.91%

All of the scenario options shown above demonstrate a positive 2018 operating margin impact, varying from a low of \$6.6M to a maximum value of \$24.2M.

While all of the options are potentially viable, staff recommends further evaluation of the 'Min 6%' and 'All 6%' options. These options ensure that all SVCE customers will now see at least a 6% price differential v/v PG&E in 2018 – versus the previous 1% level in 2017. Min 6% adds a projected \$13.4M to SVCE operating reserves in 2018 annualized, over what was included in SVCE's operating budget for 2018. This amount is consistent with original SVCE expectations established early in 2017. All 6% adds \$20.5M to SVCE operating reserves, accelerating the building of reserves by \$7.1M, more rapidly than originally planned in SVCE's original pro-forma projections. This option provides additional reserves to address anticipated regulatory changes and associated costs in the renewable/carbon-free energy market, and future changes in PG&E rate structures.

Importantly, the Min 6% option requires no increases in SVCE generation rates or rate components, consistent with SVCE's original rate setting commitments - though SVCE customers will still be incurring an average 3% increase in generation costs due to PG&E's PCIA increase in 2018. Min 6% strikes a reasonable balance in SVCE rate competitiveness across key commercial and residential rate schedules at 6-8% below PG&E, and would actually result in a slight decrease in SVCE's E-1 residential generation rate, applying to more than 80% SVCE's customer accounts. Also, the 'Min' approach (versus an 'All' approach) provides additional flexibility in the case of mid-year rate increases for selected rates, as maintaining a single overall discount throughout a calendar year is typically difficult.

The All 6% option would require 2-3% increases to most commercial rate schedules spanning 153 rate components, in addition to the ~2% increase they will already be incurring due to PG&E's PCIA increase. Yet this option would mean SVCE rate competitiveness across all commercial and residential rate schedules is established at the same percentage below PG&E, and would actually result in a slight decrease in SVCE's E-1 residential generation rate, applying to more than 80% SVCE's customer accounts. While establishing a fixed discount relative to PG&E rates is simple initially, mid-year PG&E rate changes for selected rates often occur, making it difficult/impractical to maintain a fixed discount throughout a calendar year for all SVCE accounts.

Agenda Item: 4**Agenda Date: 2/27/2018**

Finally, as outlined in SVCE's original rate setting policy, new SVCE rates made as of April 2018 will most likely be updated again effective early 2019. SVCE's 2019 rates will reflect the latest prices in the energy market, PG&E's projected 2019 rates, regulatory developments and SVCE's financial performance during its first two years of operation.

100% Renewable Energy Option

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

FISCAL IMPACT

The adoption of rates will have an impact on the finances of Silicon Valley Clean Energy as described in the Pro Forma Projections shown in the Rate Scenario Analysis table above.

CONCLUSION AND RECOMMENDATIONS

The alternative approaches outlined above will keep SVCE rates lower than PG&E for 2018. Based on the above analysis, Staff initially favors the 'Min 6%' option, but believes 'All 6%' is worthy of strong consideration. Staff requests that the Executive Committee provide clear direction on which model to apply relative to PG&E's 2018 rates, so that Staff can proceed with establishing SVCE 2018 rate sheets for final approval by the Board at the March 14th Board meeting to be made effective April 1, 2018.



Staff Report – Item 5

To: Silicon Valley Clean Energy Executive Committee

From: Girish Balachandran, CEO

Item 5: 2018 Advertising Strategy Overview

Date: 2/27/2018

BACKGROUND

SVCE's Board-adopted Strategic Plan identifies several Goals, Strategies and Tactics related to advertising. These include:

- Maintain competitive rates to acquire and retain customers (Goal 4)
 - o Provide carbon free and renewable electricity to additional customers in the SVCE service area and increase market share (Strategy 4.1)
 - Communicate competitive rates to all customers (Tactic 4.1.1)
- Achieve Customer Awareness of 50% by 2019 (Goal 5)
 - o Build awareness and trust through continuous interaction with the SVCE community (Strategy 5.2)
 - o Engage the media to inform the community of SVCE product offerings (Strategy 5.3)

SVCE utilized print and digital advertising throughout the 2017 enrollment period to build customer awareness and trust in the community. Advertising and communications via diverse channels is an important strategic initiative to achieve short-term and long-term objectives. It was important to be able to segment customers based on targeting communities served by SVCE, hence selecting specific community papers. However, since some publications are not able to separate by community, the geo-targeted digital campaign allowed for avoiding areas not served by SVCE. In the SVCE communications plan, the advertising strategy is to continue utilizing print and digital ads as one of many tactics for marketing and community engagement activities in and outside of active enrollment periods.

Based on the analytics provided from the digital campaign, these efforts successfully reached customers. The total investment for the 2017 digital campaign, which ran from June through September, was \$40,000 and utilized Google Display ads and Facebook ads in English, Spanish and Chinese. The campaign successfully drove customers to the SVCE website to learn more about their new electricity choices. There was also no apparent correlation between the ads driving customers to the website, and the opt out rate. Further details about the 2017 campaign are in the attached presentation.

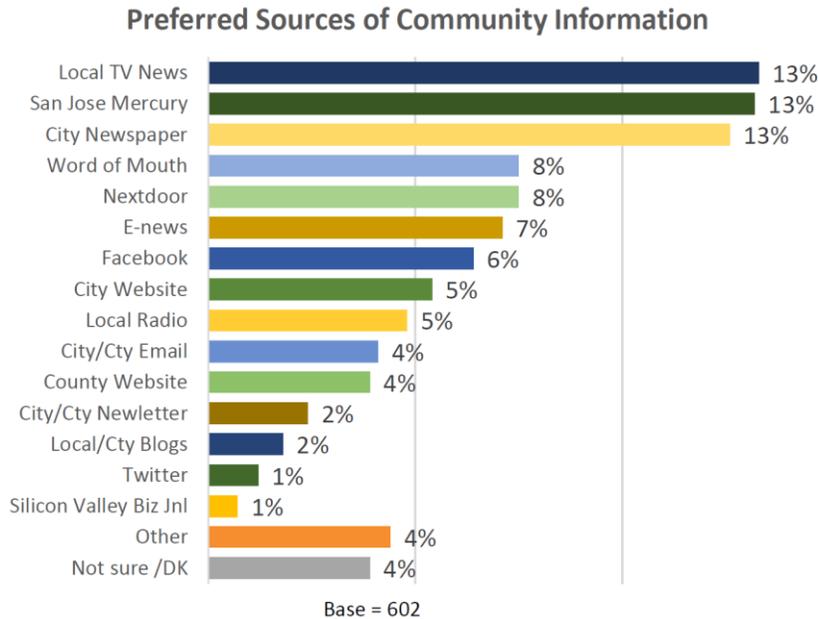
ANALYSIS & DISCUSSION

SVCE completed a residential customer survey in fall 2017 to find insights to a variety of questions around power supply and rates. This survey also included questions about residential customer preferences for information sources. The survey results show that the top sources of where customers get their news is from TV, the Mercury News and city/community newspapers. The next top sources are online.

Some takeaways from the research are that customers in the 50+ age category were more likely to read the Mercury News and community papers. Latino customers are significantly more likely to rely on local TV news

and Facebook more than other ethnic groups. Younger customers tend to gravitate more toward websites, Facebook or blogs.

See below table for a breakdown of preferred source of community information.



The 2018 media strategy has three general components:

1. Welcome City of Milpitas
2. Bike to the Future
3. General Awareness

Key Performance Indicators include less opt-outs, more sign-ups, event attendance, increased web traffic and growth in upgrades.

Advertising will be one of the key outreach tactics implemented for enrolling the City of Milpitas, as well as for promoting attendance at the Bike to the Future event. With regards to business customers, advertising targeted towards residential customers also reaches small and medium business customers who are likely to consume media from the same sources, especially if business owners also live in communities served by SVCE. Although the survey results show that the Silicon Valley Business Journal is not widely read by residential customers, its audience focuses on commercial customers and presents another advertising opportunity for SVCE. For the largest commercial customers, it is more effective to continue outreach through direct contact with the accounts team. Effectively reaching commercial customers is also achieved by maintaining membership and visibility in local chapters of relevant trade associations such as the Building Owners and Managers Association and the International Facility Management Association.

For all other SVCE communities no longer in an enrollment stage, educating the community about what SVCE does is an ongoing need, and an important investment for promoting future programs. It is important to continue to build awareness and create a positive image of SVCE so that when there are programs to advertise and promote, customers will be more likely to participate from having prior awareness of the agency.

Advertising revenues support local community newspapers, and the potential return on investment for SVCE is customer retention through building a trusted brand in our communities.

FISCAL IMPACT

\$80,000 contract for grouped media buy (which includes the actual buys).

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. Working with a professional media buyer is an effective way to manage all campaigns and ad placements through one vendor, and group ad buys also provides SVCE with a 20% discount on the total cost of the ad placements.

ATTACHMENTS

1. 2018 Media Buying Proposal

The Power of Connection!



freelancemediabuying.com





freelancemediabuying.com

Introduction

Feb. 22, 2018

Thank you so much for the opportunity to submit a media plan for Silicon Valley Clean Energy.

In the following slides you will find the following:

- Firm Profile
- Campaigns
- Goals and KPIs
- Media Strategy
- Digital Recommendation
- Print Recommendation
- Media Budget and Tactics
- Summary of Services
- Media Campaign Overview.

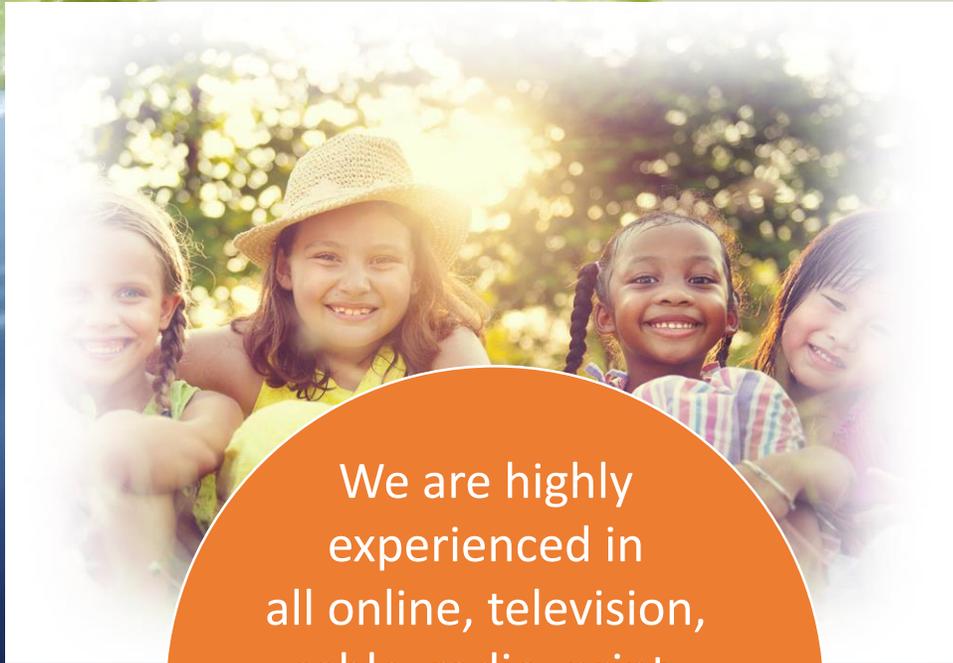
I look forward to further discussions.

Carrie Souza, Principal
Freelance Media buying
415-459-2323



freelancemediabuying.com

Firm Profile



We are highly experienced in all online, television, cable, radio, print, in-theater advertising, outdoor, search engine marketing and social media.

Freelance Media Buying (FMB) is a woman-owned, certified small business based in the San Francisco Bay Area providing all aspects of media strategy, planning and buying services and advertising campaign management.

- We are especially well versed in creating multi-faceted and highly targeted outreach campaigns that educate the general public to adapt behavioral changes. Our results-based campaigns span across environmental, social justice and public health issues.
- This includes both mainstream and multi-cultural outreach, working to achieve your goals and marketing objectives to create a cost effective media plan that reaches your target market to provide RESULTS.



freelancemediabuying.com

Goals & KPIs

As part of the overall media strategy, Freelance Media Buying developed a media plan to fulfill all awareness and education goals of Silicon Valley Clean Energy.

Our plan is based on our learnings and successes from the last campaign while layering in three different campaigns including:

- Welcome City of Milpitas
- Bike to the Future
- General Awareness; (Messaging: Upgrade to GreenPrime, Understanding Your Bill)

Key Performance Indicators

- Less opt outs
- Increased traffic to website
- More sign-ups
- Growth in upgrades
- Event attendance



freelancemediabuying.com

Media Strategy

Welcome City of Milpitas– Strategy

Timing: 14 weeks (3/23-6/24)

Budget: \$27,599.04

Geographic Regions: Milpitas

Bike to the Future– Strategy

Timing: 4 weeks (4/4-5/4)

Budget: \$9,773.65

Geographic Regions: SVCE Service Area

General Awareness– Strategy

Timing: 7 weeks (3/23-4/3 and 5/11-6/24)

Budget: \$41,685.41

Geographic Regions: SVCE Service Area

- Special considerations: Need inclusion of Vietnamese, Spanish and Chinese in-language creative and executions.



freelancemediabuying.com

Digital

Based on the success of our last campaign, we're proposing a multi-layered online digital strategy that will use the internet to grab your audience using the latest in today's digital assets. These assets help us not only drive awareness & engagement to the SVCE message through any device but also provide information back on the audience reached so we can program future campaigns more effectively.

- Display Network with Moment Scoring
 - Social Media
-
- We are using the same elements as last campaign, moment scoring and Facebook and how we believe the success from those (over delivery of 1.6+ million impressions) is why we are implementing a similar campaign this campaign.
 - Display Network with Moment scoring was the most successful from last campaign, over delivering by 2 million impressions and that is where most (70%) of our budget is going in this campaign.
 - Overall, we had 4,716,899 impressions, a 2.85% CTR (way above industry standard 0.5%) and 134,213 clicks and a low cost per engagement of just \$0.16!



freelancemediabuying.com

Digital Media Tactics

Programmatic Marketing with a Display Network:

Moment Scoring is programmatic marketing that uses historical, backward-looking static set of attributes defining a segment that will hypothetically convert: for true behavioral targeting. Moment Scoring is a real-time forward-looking dynamic set of attributes that are constantly optimizing for the best conversion. Marketing that learns changes over time, leveraging the best from Artificial Intelligence (AI), Business Intelligence (BI), customer Intelligence (CI) to create Dynamic Intelligence. Moment Scoring will enhance the Silicon Valley Clean Energy message by targeting the true audience that engages with the message.

Social Media:

Social media marketing engages current and potential customers through networks like Facebook. These networks allow you to reach your audience where they already spend their time. Social media is also a great way to promote awareness because of the “share” feature, allowing residents and commercial businesses to share posts extends messaging to family and friends of the demographic. With a combination of organic and paid content, social media marketing is a cost-effective way to promote your brand.



freelancemediabuying.com

BANG Print

Our print campaign will consist of print ads in the BANG Publications (Bay Area News Group) and while there have been some lay-offs in the editorial department we are assured this will not affect our campaign or circulation or the content of the papers.

A note from BANG's COO, Guy Gilmore, *"Let me reassure you that your company continues to out perform its peers in virtually every category. To quote my predecessor, "our company is fortunate to have a deeply talented and dedicated team committed to building a strong and sustainable business that will allow us to continue fulfilling our mission and serving our communities for years to come. Your contributions are greatly appreciated."*

-- Our publications are still committed to doing quality local journalism that people find valuable. Our customers are even more valuable to us as our advertisers, because we know more about them and can deliver them more relevant stories.

-- With so many sources of news competing for attention, our print platforms and digital products are essential to deepening our relationships with current and future readers across the Bay Area. We consistently strive to remain the most important source of news and information for our community.

-- We have recently acquired the Boston Herald. This acquisition further expands our footprint in the New England region where we already own and operate two dailies nearby. This is a solid indication that our team has the skill to successfully operate this well-known metro newspaper. And it is a clear indication that our leadership is interested in expanding its newspaper holdings when the right opportunity presents itself.

-- We also recently acquired The Orange County Register and Riverside Press-Enterprise. The integration of those newspapers into DFM's existing cluster of Southern California newspapers has been extraordinarily successful. Adding the Boston Herald to our existing group of papers in the Northeast is another such opportunity.



Silicon Valley Community Newspapers

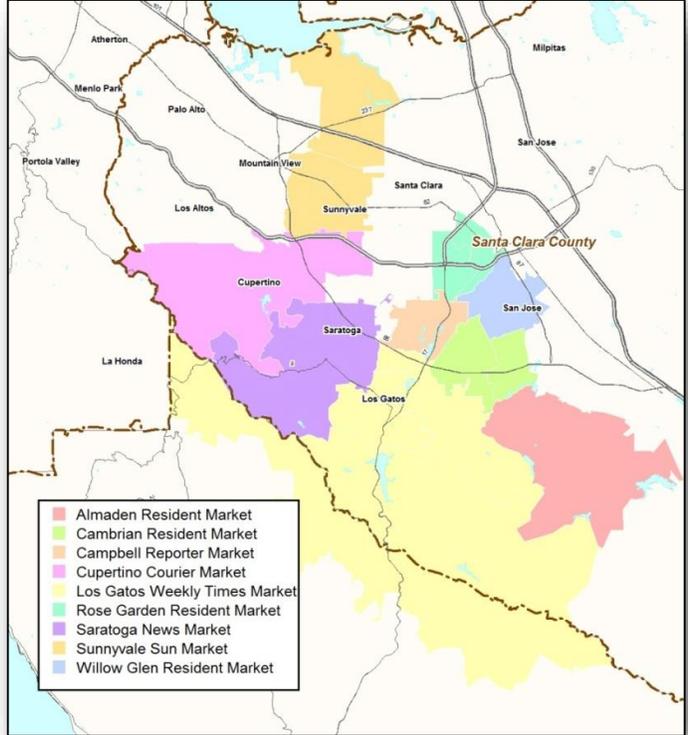


•SVCN provides hyper local coverage to some of the most affluent areas of Santa Clara County. Each publication is full of news and information about the local city or neighborhood it covers.

These weekly community newspapers are distributed each Friday to subscribers of the Mercury Greetings News along with additional non-subscriber households in this highly desirable market.

Total Circulation: 124,375

- Los Gatos Weekly Times: 18,161
- Saratoga News: 12,461
- Cupertino Courier: 15,186
- Sunnyvale Sun: 14,552
- Campbell Reporter: 10,189
- Independent Papers:
- Mountain View Voice: 16,000
- Gilroy Dispatch: 10,842
- Morgan Hill Times: 10,484
- Los Altos Town Crier: 16,500





freelancemediabuying.com

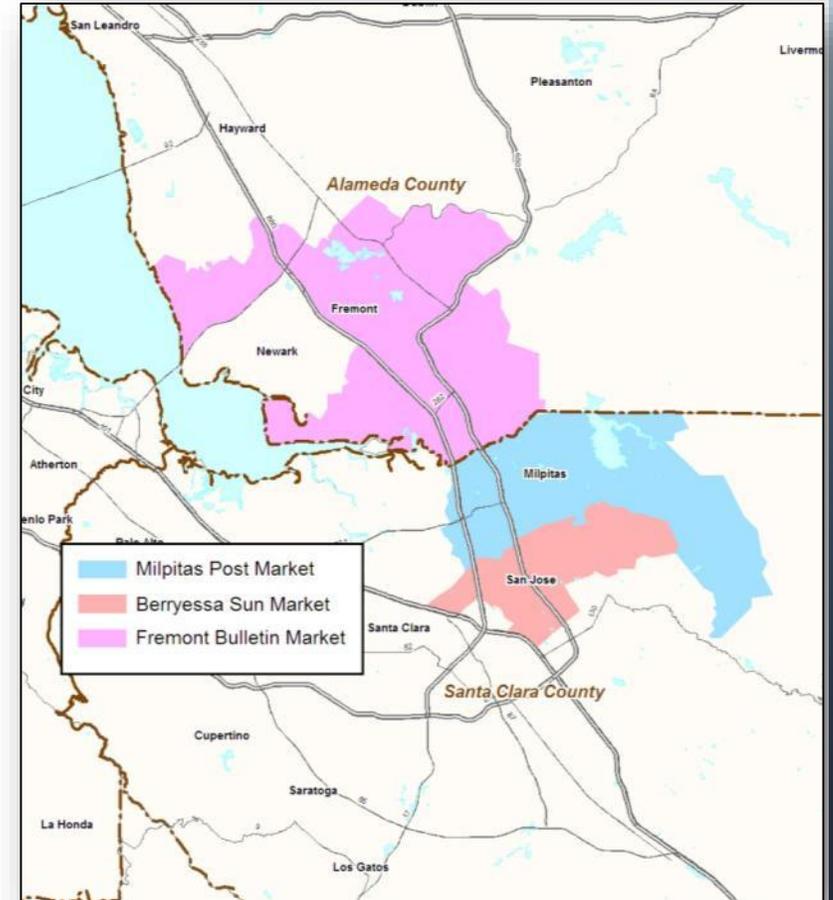
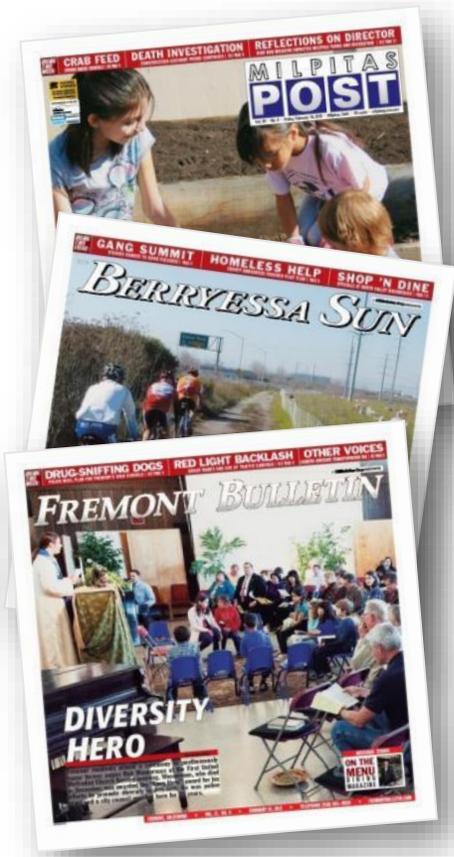
Milpitas Post

The *Milpitas Post* blankets the entire Milpitas community with distribution to both households and businesses alike. The *Berryessa Sun* and *Fremont Bulletin* are sister publications serving nearby communities.

All are free, weekly community newspapers distributed each Friday, except the *Berryessa Sun*, which is delivered monthly on the 2nd Friday of each month.

Circulation:

Milpitas Post: 20,800





Media Budget & Tactics

Welcome Milpitas– Media Budget & Tactics

Welcome City of Milpitas Campaign Overview:

Digital: Moment Scoring, Facebook and Display

Timing: 4/2/2018-6/24/2018

Paid Proposed Impressions: 1,550,000

Proposed Added Value Impressions: 465,000

TOTAL PROPOSED IMPRESSIONS: 2,015,000

Value: \$25,650.00

Cost: \$21,000.00

Welcome City of Milpitas Print Campaign Overview:

Print: Milpitas Post

Timing: 3/23/2018-6/24/2018

Publications: Milpitas Post

Insertions: 14 insertions on Fridays 1/4 page ads \$471.36 per insertion

TOTAL PROPOSED IMPRESSIONS: 832,000

Cost: \$6,599.04



freelancemediabuying.com

Media Budget & Tactics

Bike to the Future– Media Budget & Tactics

Bike to the Future Campaign Overview:

Digital: Moment Scoring, Facebook and Display

Timing: 4/04/2018-5/4/2018

Paid Proposed Impressions: 216,667

Proposed Added Value Impressions: 21,667

TOTAL PROPOSED IMPRESSIONS: 238,334

Value: \$3,300.00

Cost: \$3,000.00

Bike to the Future Print Campaign Overview:

Print: Silicon Valley Community Papers

Timing: 4/04/2018-5/4/2018

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

Insertions: ¼ page color ads 2x insertions (each paper) 20 ads

Cost: \$6,733.65



freelancemediabuying.com

Media Budget & Tactics

General Awareness— Media Budget & Tactics

General Awareness Digital Campaign Overview:

Digital: Display Network Moment Scoring, Facebook and Display

Timing: 3/23/2018-4/3 and 5/11-6/24/2018

Paid Proposed Impressions: 1,550,000

Proposed Added Value Impressions: 465,000

TOTAL PROPOSED IMPRESSIONS: 2,015,000

Value: \$25,650.00

Cost: \$21,000.00

General Awareness Print Campaign Overview:

Print: Silicon Valley Community Papers

Timing: 3/23/2018-4/3 and 5/11-6/24/2018

Publications: Campbell Reporter, Cupertino Courier, Los Gatos Weekly, Saratoga News, Sunnyvale Sun, Morgan Hill Times/Gilroy Dispatch, Los Altos Town Crier, Mountain View Voice

Insertions: ¼ page color ads 8x insertions (each paper) 80 ads

Cost: \$20,685.41



freelancemediabuying.com

Added Value

Added Value:

- Our approach includes a paid media campaign that delivers beyond the allocated budget and costs that SVCE will actually pay. The campaign includes BONUS media (Added value and/or donated media) as well as partnership rates at a cost below the actual value. In addition, the campaign includes additional impressions and media to deliver MORE and extend the life of the campaign. We've outlined the numerous added value opportunities that come with your paid media strategy in the next section.
- 30% Added Value in media for Digital





freelancemediabuying.com

Summary of Services

- **Media Research:** We look at qualitative and quantitative research to make sure we are providing the best media options for you to reach your target market and performance goals.
- **Media Planning:** We create an excel spreadsheet showing vendor, description, weeks, impressions.
- **Media Buying & Negotiation of Added Value:** We negotiate on behalf of our clients to get the highest reach & frequency at the lowest cost. We have great relationships with the reps and are able to secure thousands of dollars in added value.
- **Providing Creative Specs:** Creation of excel spreadsheet showing deadlines and creative specs for creative agency.
- **Trafficking Creative:** Making sure the media gets the correct creative with creative instruction.
- **Media Tracking/Reporting & Optimization:** Ongoing campaign management and reporting and sending screen-shots so you can see your campaign in action.
- **Campaign Recaps:** When our campaign is final, we will provide you with a detailed performance report.
- **Reconciling Invoices:** We make sure all of our invoices are reconciled against media contracts and will handle any make-goods or discrepancies to be sure you received exactly what you ordered.
- **Payment of media invoices (if pre-paid)** We will pay the media invoices and provide you with all of the invoices and affidavits as proof of performance.



freelancemediabuying.com

Media Campaign Overview

Campaign	Media	Impressions	Investment
City of Milpitas	Digital	2,015,000	\$21,000.00
City of Milpitas	Print	728,000	\$6,599.04
Sub-Totals			\$27,599.04
Bike to the Future	Digital	238,334	\$3,000.00
Bike to the Future	Print	362,900	\$6,773.65
Sub-Totals			\$9,773.65
General Awareness	Digital	2,015,000	\$21,000.00
General Awareness	Print	310,900	\$20,685.41
Sub-Totals			\$41,685.41
2018 TOTALS			\$79,058.10