



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

Wednesday, January 11, 2017
7:00 pm

Santa Clara County Board Room
70 West Hedding Street, 1st Floor
San Jose, CA

MEETING MINUTES

Call to Order

Chair Sinks called the meeting to order at 7:01 p.m.

Chair Sinks led the salute to the flag.

Roll Call

Present:

Chair Rod Sinks, City of Cupertino
Vice Chair Rob Rennie, Town of Los Gatos
Director Jeannie Bruins, City of Los Altos
Alternate Director John Harpootlian, Town of Los Altos Hills
Director Burton Craig, City of Monte Sereno
Alternate Director Anthony Eulo, City of Morgan Hill
Director John McAlister, City of Mountain View
Director Dave Cortese, County of Santa Clara
Director Howard Miller, City of Saratoga
Director Jim Griffith, City of Sunnyvale
Director Liz Gibbons, City of Campbell
Director Daniel Harney, City of Gilroy

Absent:

None.

Public Comment on Matters Not Listed on the Agenda

Public comment was considered following the Consent Calendar.

Chair Sinks opened public comment.

Bruce Karney, President of Carbon Free Mountain View, informed the Board that SVCE buttons were left on the dais for Board members and that Carbon Free Mountain View created a Google Group, *Carbon Free Silicon Valley*.

Chair Sinks closed public comment.

Consent Calendar

General Counsel Greg Stepanicich responded to a question regarding Item 1b.

MOTION: Alternate Director Anthony Eulo moved and Director Miller seconded the motion to approve the Consent Calendar.

FRIENDLY AMENDMENT: Director Bruins requested the following amendments to Item 1a) Approve Minutes of the December 14, 2016, Board of Directors Meeting:

- Rearrange the order of the listed Consent Calendar items to make it clear that Item 1d was pulled from consent for discussion
- Amend Item 4 to reflect that the motion was made to approve Resolution 2016-14 amending the ongoing meeting place and time of the Board of Directors
- Amend Item 6 to include the resolution number, Resolution 2016-15, in the motion and refer to the resolution number going forward for future minutes

Alternate Director Eulo and Director Miller accepted the friendly amendment.

The motion carried 11-0-1 (Director Craig abstained).

- 1a) Approve Minutes of the December 14, 2016, Board of Directors Meeting**
- 1b) Approve Agreement with Braun Blaising McLaughlin & Smith, P.C. to support SVCE on regulatory matters**
- 1c) Approve Extension of Agreement with the City of Mountain View for Administrative and Fiscal Services and Reimbursement**

Regular Calendar

2) Executive Committee Report

Chair Sinks reported that the Executive Committee had not met since December 7, 2016. Chair Sinks reported that members of the Board and staff have been meeting with various legislators including Senator Jerry Hill, Assemblymember Marc Berman, and Assemblymember Anna Caballero to discuss Community Choice Energy. Chair Sinks stated that CEO Tom Habashi would present the items of appointing a new Chair, Vice Chair, and Executive Committee at the February Board meeting.

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

3) CEO Report

CEO Habashi presented the CEO report which included an update on new hires, current employee salaries, a power supply source update, a revised 10 year pro forma, and advisory committees. CEO Habashi stated the selection of the Board Chair and Vice Chair and the Executive Committee Members will be addressed at the February Board meeting. CEO Habashi responded to Board questions.

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

4) Adopt Resolution Approving Rate Schedules effective April 1, 2017 through December 31, 2018 (Action)

Don Bray, Account Services Manager, presented the staff report and responded to Board questions.

Following discussion, the Board requested the following amendments to Resolution 2017-01:

In the second reference to Whereas, "**WHEREAS**, staff recommended at the June 8, 2016 Board Meeting that the Authority's customer generation rates will be 1% lower than Pacific Gas & Electric's Generation rates in place as of January 2017," include language that this statement is reflective of the default service. It was also requested to include the product names in each Exhibit title and make reference to the products in the corresponding sections of the resolution.

MOTION: Director Bruins moved and Director Miller seconded the motion to adopt Resolution 2017-01 approving rate schedules effective April 1, 2017, including the amendments as indicated by the Board.

Director Bruins noted that going forward resolutions should be addressed by number.

Greg Stepanicich, General Counsel, recommended that the *Whereas* clause refer to the default service option and the body of the resolution refer to the product name "GreenStart" and "GreenPrime".

The Board added a request to include language in the second reference to *Whereas* reflecting that the Board took action to set the policy as opposed to "staff recommended at the June 8, 2016 Board Meeting"; CEO Habashi confirmed this request.

Chair Sinks opened public comment.

No speakers.

Chair Sinks closed public comment.

The motion carried unanimously.

Following action on Item 4, Director Cortese left the meeting.

5) SVCE Energy Risk Management Policy

CEO Habashi presented the staff report and provided information regarding the formation of a Risk Oversight Committee. CEO Habashi responded to Board questions. General Counsel Stepanicich provided additional information.

Director Gibbons recommended one and two-year Risk Oversight Committee assignments to keep continuity in the group, and requested a report twice per year. CEO Habashi confirmed that there would be a six-month report included in the CEO report.

Chair Sinks opened public comment.

No speakers.

Chair Sinks closed public comment.

6) Approve SVCE Financial Policies

Don Eckert, Director of Administration and Finance, presented the staff report and responded to Board questions.

The following suggestions and comments were given to staff:

FP1 – Accounting Policy

Board members requested language in the policies that states formal action or consideration be given for contract renewals as opposed to automatic renewals.

CEO Habashi confirmed that this will be addressed in the Purchasing Policy.

FP2 – Budget Policy

Board discussion included a request for consideration of a two-year budget in the future, a request that language be consistent regarding reference to the corporate year, a request for clearer language on Item 5 regarding the final budget document that would be issued to the public and a 30-day timeline for distribution, clarification regarding communications from the CEO if budgetary control limitations need to be exceeded due to unforeseen circumstances, and a request to reevaluate the \$500,000 figure authorized to the CEO for such instances and make a recommendation that aligns with current business.

Chair Sinks summarized the request to staff to reevaluate the \$500,000 threshold in Item 11 to reflect business done prior to engaging in facilities business.

FP3 – Capital Projects Policy

Board discussion included a recommendation that project cost estimates include a line item for contingency, a request for clarification in Item 4 regarding the definition of a capital project, clarification regarding whether the contingency amount is included in the contract amount or if it is in addition to the contract amount, a request for an evaluation on the ongoing operational or maintenance cost so the long-term costs are understood, in Item 6, a request to remove the last word “District”, and a request for a standard Project Pro-Forma sheet.

CEO Habashi summarized the Board comments to have staff list all capital project expenditures including contract amount, staff time, and a 15% contingency. CEO Habashi confirmed that staff will have the authority to spend up to that amount inclusive of the contingency, and similar language would be included in the policy.

FP4 – Debt Limitations Policy

Board discussion included a suggestion there may not be a need for a Debt Limitations Policy because the contingency will need to be evaluated differently depending on the project.

FP5 – Customer Generation Rates

Board discussion included a request that the “2.0x” in Item 3 be written in words rather than numerically.

FP6 – Purchasing Policy

Board discussion included that the \$100,000 threshold was too high and a request that the figures in the Procurement Standards be reevaluated. A suggestion was made to reach out to City Finance departments to review their thresholds for approval.

FP7 – Purchasing Card Policy

Board discussion included the importance of purchasing card oversight and guidelines.

Following discussion, CEO Habashi stated staff will revise the policies and bring them back for Board approval in February.

Chair Sinks opened public comment.

No speakers.

Chair Sinks closed public comment.

MOTION: Director Gibbons moved and Director Craig seconded the motion to return the discussion on Financial Policies to the Board in February.

The motion carried unanimously with Director Cortese absent.

7) Approve Customer Confidentiality Policy

Don Bray, Manager of Account Services, presented the staff report.

MOTION: Alternate Director Eulo moved and Director Miller seconded the motion to approve the SVCEA Customer Confidentiality Policy 'Notice for Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information'.

Chair Sinks opened public comment.

No comment.

Chair Sinks closed public comment.

The motion carried unanimously with Directors Cortese and McAlister absent.

Alternate Director Eulo requested Board Member Announcements be heard prior to consideration of Item 8.

8) Approve Resolution to Adopt SVCE Net Energy Metering Rate Schedule, and Approve Customer Phase-In Approach

General Counsel Stepanicich stated there was a question regarding conflicts of interest for Board members who have solar facilities on their residences or businesses. Stepanicich stated those members would be a beneficiary of the policy and therefore it would be a conflict of interest. Stepanicich inquired as to which Board members should abstain from the item. By show of hands; six of the 11 Board members present would need to abstain from voting on the item due to a conflict of interest.

General Counsel Stepanicich stated that in order to create a quorum, a random selection method would be administered under the Rule of Necessity, which would allow two Board members who would have otherwise abstained, to participate in the vote on the matter.

Chair Sinks called a five-minute recess at 9:00 p.m.

The Board reconvened at 9:03 p.m. with Director Cortese absent.

General Counsel Stepanicich administered the random selection process and Directors Bruins and Craig were randomly selected to participate. A quorum was met and the remaining members with a conflict of interest were asked to leave the room at 9:06 p.m.

Account Services Manager Bray presented the item and responded to Board questions. CEO Habashi provided additional information and responded to Board questions.

Board members provided comments regarding rate costs, the \$5,000 maximum accrued credit balance for current NEM customers, true up dates, roll out timing, and tracking solar customers who decide to opt-out.

CEO Habashi summarized Board comments to staff which included a request for a report to the Board on the opt-up and opt-out responses and a request for recommended community outreach ideas once the reasoning behind customer opt-outs is received.

Chair Sinks opened public comment.

Bruce Karney spoke regarding his experience working for Solar City and provided feedback on the enrollment schedule for solar customers.

Sri S., Sunnyvale resident, spoke in support of automatic enrollment of NEM customers and stated the potential for confusion in the monthly and annual billing cycles.

Chair Sinks closed public comment.

MOTION: Director Bruins moved and Director Gibbons seconded the motion to approve Resolution 2017-02 establishing the Silicon Valley Clean Energy Net Energy Metering Rate Schedule NEM-SVCE,

effective February 1, 2017 as presented, with a direction to staff to bring back information including all who have opted-out.

The motion carried unanimously.

Board Member Announcements

Board Member Announcements were considered following Item 7.

Director Bruins announced that the City of Los Altos chose to opt-up to GreenPrime at their January 10, 2017 meeting.

Vice Chair Rennie reported that he and Outreach Specialist Pamela Leonard presented to the Rotary Club of Los Gatos.

Director Miller reported that he met with Outreach Specialist Leonard and two Chinese newspapers for an article on SVCE.

Director Harney reported that he and Misty Mersich are working on an SVCE article for the *Gilroy Life* newspaper scheduled to publish on January 28, 2017.

Chair Sinks reported that he went to the California Public Utilities Commission and visited high schools in Cupertino to provide information regarding SVCE.

Following Board Member Announcements, the Board considered Item 8.

Adjourn

Chair Sinks adjourned the meeting at 10:10 p.m.