SILICON VALLEY CLEAN ENERGY

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

Silicon Valley Clean Energy Authority
Board of Directors Meeting
Wednesday, April 12, 2017
7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

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

Consent Calendar (Action)

1a) Approve Minutes of the March 8, 2017, Board of Directors Meeting

1b) Approve Agreement with Pacific Energy Advisors for Technical Consulting Services, April 2017-September 2018

1c) Approve Smartphone Stipend for SVCE Employees

1d) Treasurer Report

Regular Calendar

2) Executive Committee Report (Discussion)

3) CEO Report (Discussion)

4) Alternative to Type 2 Renewable Energy (Action)

Board Member Announcements and Direction on Future Agenda Items

Adjourn

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Clerk for the Authority at (408) 721-5301 x1005. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.105 ADA Title II).

Silicon Valley Clean Energy Authority
Board of Directors Meeting
Wednesday, March 8, 2017
7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

DRAFT MINUTES

Call to Order

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

Roll Call

Present:
Chair Rob Rennie, Town of Los Gatos
Vice Chair Daniel Harney, City of Gilroy
Alternate Director Steve Schmidt, Town of Los Altos Hills
Alternate Director Anthony Eulo, City of Morgan Hill
Director Jim Griffith, City of Sunnyvale (arrived at 7:03 p.m.)
Director Margaret Abe-Koga, City of Mountain View
Director Howard Miller, City of Saratoga
Director Rod Sinks, City of Cupertino
Director Liz Gibbons, City of Campbell
Director Dave Cortese, County of Santa Clara (arrived at 7:06 p.m.)
Director Jeannie Bruins, City of Los Altos
Director Burton Craig, City of Monte Sereno

Absent:
None.

Public Comment on Matters Not Listed on the Agenda

Curtis Wright, San Jose resident, spoke regarding residential solar panels and support of an at-cost energy buyback program.

Consent Calendar

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

MOTION: Director Gibbons moved and Director Miller seconded the motion to approve Consent Calendar Items 1a-1g.
The motion carried unanimously with Director Cortese absent.

1a) Approve Minutes of the February 8, 2017, Board of Directors Meeting
1b) Adopt Resolution Confirming the Appointment of a New Chair and Vice Chair

1c) Adopt Resolution Certifying Authority Representatives on River City Bank Loans
1d) Adopt Amended Conflict of Interest Code
1e) Approve Amended Engagement Letter with Troutman Sanders LLP
1f) Approve Confirmation Agreements with Sonoma Clean Power and Pacific Gas and Electric Company to Acquire Resource Adequacy Capacity for 2017
1g) Approve Congestion Revenue Rights Entity Agreement with the California Independent System Operator Corporation

Regular Calendar

2) Executive Committee Report

Vice Chair Harney stated the Executive Committee met on February 22 and discussions included SVCE revenues vs. expenses, residential vs. commercial accounts, energy program options, a potential modification to the roll out, and power procurement.

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

3) CEO Report

CEO Tom Habashi presented the CEO report which included a new hire update on the Customer Service Representative (CSR) and Power Supply Director positions; CEO Habashi clarified that only one CSR will be hired as opposed to two as listed in the staff report. CEO Habashi provided an update on outreach to customers with exceptions, upgrade and opt out enrollment and power supply mix. CEO Habashi responded to Board questions.

Chair Rennie opened public comment.

Richard Fancher, Los Altos resident, spoke regarding his belief that SVCE has misled customers on providing better rates than PG&E and recommended action be taken as referenced in his letter to the Board; Fancher responded to Board questions.

Tara Martin-Milius, Sunnyvale resident, requested consideration of bucket 3 as part of SVCE's procurement of power supply.

Chair Rennie closed public comment.

The Board discussed the letter sent to PG&E's SmartRate customers and PG&E pricing and data. Pamela Leonard, Community Outreach Specialist, and CEO Habashi responded to Board questions. Director Bruins requested staff maintain a list of PG&E SmartRate customer opt outs to inform them of new SVCE programs once available.

The Board discussed adding a line about the exception programs to future mailers; Chair Rennie noted differing opinions from the Board.

4) Treasurer Report

Director of Administration and Finance, Don Eckert, presented the Treasurer report and responded to Board questions. CEO Habashi provided additional information and responded to Board questions.

Alternate Director Eulo inquired about the Customer Service Representative position referenced in the CEO Report; Director of Administration and Finance Eckert clarified that the position title is Account Services Representative I/II.

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

5) Request for Deferment of Enrollment to July 2017 for Selected Santa Clara County Municipal Accounts

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

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

MOTION: Director Bruins moved and Director Miller seconded the motion to approve Santa Clara County's request to defer enrollment of selected accounts from April 2017 to July 2017.

The motion carried unanimously.

6) Modification to SVCE Program Roll Out

CEO Habashi presented the staff report and provided an update on power procurement; CEO Habashi responded to Board questions.

Chair Rennie opened public comment.

Bruce Karney, President of the Board of Carbon Free Silicon Valley, spoke in support of merging phases 2 and 3 and suggested moving the roll out to August as opposed to July.

Chair Rennie closed public comment.

The Board provided comments regarding options for power procurement, additional details on financial impacts in staff reports for future items, and public perception on modification to the roll out.

Director Cortese left the meeting at 8 p.m.

MOTION: Alternate Director Eulo moved and Director Bruins seconded the motion to approve the modification to the SVCE Program rollout to combine the second and third phases into one enrollment phase in July 2017.

Following discussion, Board members requested a press release announcing the merge.

The motion carried unanimously with Director Cortese absent.

7) Approve SVCE Financial Policies

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

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

The following comments were given to staff:

FP7 – Purchasing Card Policy

Include the words “are prohibited” to Section 7c., “Personal or non-business expenditures of any kind.”;

Omit “or identification” in Section 7b., “P-Cards shall not be used for personal purchases or identification.”

FP1 – Accounting Policy

Move Item 3, “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 Authority’s CAFR,” to the end of the policy following Item 7, and add the sentence, “The Board shall have final approval over the audit.”

Chair Rennie summarized Board comments regarding the auditing process with the expectation that the auditor would meet with the Audit Committee to review details and make changes if necessary to the audit, which would then be presented to the Board; the auditor would attend the Board meeting to respond to Board questions.

Director of Administration and Finance Eckert summarized the direction from the Board to move Item 3 in *FP1—Accounting Policy* to the end of the policy with the addition of a sentence indicating that the Board will approve the audit results, omit the identification clause in *FP7 – Purchasing Card Policy*, Section 7b, and make sections 7a-7d in *FP7 – Purchasing Card Policy* grammatically consistent with an action.

MOTION: Alternate Director Eulo moved and Director Miller seconded the motion to approve SVCE Financial Policies FP1 through FP9, including the direction to staff as indicated by the Board and reiterated by Director of Administration and Finance Eckert.

The motion carried unanimously with Director Cortese absent.

8) Approve Amendment to FY 2016-2017 Annual Operating Budget

Director of Finance and Administration Eckert presented the item and responded to Board questions.

Chair Rennie opened public comment.

Bruce Karney spoke in support of using funds to develop high impact energy programs that will help SVCE member communities, including funding annual greenhouse gas reporting for all member jurisdictions.

Curtis Wright requested that SVCE not lose sight of its goal of reducing greenhouse gases and spoke in support of providing various programs to residents.

Bruce Naegel, Carbon Free Silicon Valley, spoke in support of annual measurements to track greenhouse gases.

Chair Rennie closed public comment.

MOTION: Director Miller moved and Director Gibbons seconded the motion to approve amendment to the FY 2016-17 Annual Operating Budget.

CEO Habashi responded to questions relating to energy programs.

FRIENDLY AMENDMENT: Director Bruins offered a friendly amendment to not list a specific program in the budget, but commit $400,000 to Energy Programs.

Director Miller and Director Gibbons accepted the friendly amendment.

RESTATED MOTION: Director Miller restated the motion to approve amendment to the FY 2016-17 Annual Operating Budget, with an edit to leave $400,000 for yet unspecified future energy programs.

The motion carried unanimously with Director Cortese absent.

9) Legislative/Regulatory Update

Regulatory/Legislative Analyst, Hilary Staver, presented the item and responded to Board questions. CEO Habashi responded to additional questions.

Chair Rennie opened public comment.

James Tuleya, Sunnyvale resident, encouraged the Board to support Regulatory/Legislative Analyst Staver in collaboration with other Community Choice Aggregators (CCAs), his opinion on legislation and the challenge of overhead costs among investor-owned utilities.

Bruce Karney provided information on other CCA programs in the U.S. and potential legislative threats facing CCAs.

Chair Rennie closed public comment.

Board Member Announcements and Direction on Future Agenda Items

Chair Rennie reported that he and Community Outreach Specialist Leonard presented at the Los Gatos Chamber of Commerce.

Director Miller requested that the marketing department create an SVCE sign that states," This business/facility/shop is powered by 100% greenhouse gas free," with the SVCE logo that businesses can download and display in their windows.

Director Sinks noted that he would like to see charge point meters branded with the SVCE logo that read, "100% GHG Free".

Alan Suleiman, Director of Marketing & Public Affairs, provided an update on marketing efforts.

Director Sinks reported that he spoke at San Jose State University, Cupertino High School with Community Outreach Specialist Leonard, and will speak at the Cupertino Community Meeting on March 13, 6 p.m. at Cupertino Community Hall.

Director Miller reported on his community meeting in Saratoga.

Alternate Director Schmidt stated that he has been responsible for the Town of Los Altos Hills' greenhouse gas inventory since 2008 and reported that the Town of Los Altos Hills will hit targets in the short-term for greenhouse gas reductions as a result of SVCE.

Chair Rennie announced upcoming SVCE meetings:
March 28, 11:30 a.m. – Executive Committee Meeting, SVCE Office, 333 W. El Camino Real, Suite 290, Sunnyvale, CA
April 3, Noon – SVCE Launch Event, Cupertino Community Hall, 10350 Torre Ave., Cupertino, CA
April 12, 7 p.m. – Board Meeting, Cupertino Community Hall, 10350 Torre Ave., Cupertino, CA

Adjourn

Chair Rennie adjourned the meeting at 9:54 p.m.

SILICON VALLEY CLEAN ENERGY

Staff Report – Item 1b

To:	Silicon Valley Clean Energy Authority Board of Directors
From:	Tom Habashi, CEO
Item 1b:	**Approve Agreement with Pacific Energy Advisors for Technical Consulting Services, April 2017-September 2018**
Date:	4/12/2017

RECOMMENDATION

Approve agreement as shown in Attachment 1 with Pacific Energy Advisors, Inc., for technical consulting services from April 13, 2017 to September 30, 2018 for a monthly retainer of $25,000 to cover all work listed in Task 1 and not to exceed $90,000 for the term of the agreement for any work performed under Task 2.

BACKGROUND

In November 2015, The Silicon Valley Community Choice Energy Partnership (SVCCEP) contracted with Pacific Energy Advisors (PEA) to conduct a Technical Feasibility Study for a regional program in Santa Clara County. The study draft was released in November 2015 and the final study published in April 2016. The study evaluated program viability inclusive of the twelve communities that now comprise SVCEA.

In April 2016, SVCEA entered into an agreement with PEA to support the CEO in all operational functions related to resource planning and acquisition. That contract is nearing its term and the funds that were allocated to it have been spent.

ANALYSIS & DISCUSSION

Power supply planning and acquisition requires specialized knowledge and expertise to perform the requisite analysis, plan development, regulatory submittals, and effective energy procurement. Accordingly, these functions are well suited to be served through consulting expertise.

PEA has deep experience with supporting the power supply acquisition and regulatory compliance functions. They have supported the launch of existing programs in Marin, Sonoma, Lancaster, San Francisco and San Mateo. They also continue to support several Community Choice Energy programs in performing power supply acquisition functions. They are very familiar with the load and customer parameters of SVCEA's program and the organizational framework that supports it.

Compensation to PEA will be based on a monthly retainer of $25,000 for work described in Task 1, and not to exceed $90,000 for work described in Task 2 for the term of the agreement; both tasks are listed in Exhibit A of the attached agreement. The agreement will be for a term of April 13, 2017 to September 30, 2018.

ATTACHMENTS

1. Agreement with Pacific Energy Advisors for Technical Consulting Services

AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND PACIFIC ENERGY ADVISORS FOR TECHNICAL CONSULTING SERVICES

THIS AGREEMENT, is entered into this 12th day of April, 2017, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent joint powers authority, ("Authority"), and PACIFIC ENERGY ADVISORS, INC., a California corporation whose address is 1839 Iron Point Road, Suite 120, Folsom, CA 95630 (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").

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 technical consulting services to support the implementation and operation of the Authority upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. TERM

The term of this Agreement shall commence on April 13, 2017, and shall terminate on September 30, 2018, unless terminated earlier as set forth herein. The Agreement may be extended for a period of twelve months if mutually agreed by the Parties in writing by August, 2018.

2. SERVICES TO BE PERFORMED

Consultant shall perform the services 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 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 professionals in California's electric utility industry and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

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

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

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

8. **NON-DISCRIMINATION**

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

9. **HOLD HARMLESS AND INDEMNIFICATION**

Consultant shall, to the fullest extent allowed by law, 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 by mail, Attention: Chief Executive Officer," Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

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

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

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

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

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

11. CONFLICT OF INTEREST

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

12. PROHIBITION AGAINST TRANSFERS

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee,

or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by Consultant.

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

13. **SUBCONTRACTOR APPROVAL**

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

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

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

14. **REPORTS**

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

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

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

D. All Reports shall 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 by Authority 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. John Dalessi or Kirby Dusel shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**

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

18. **NOTICES**

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

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

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

TO CONSULTANT:
Pacific Energy Advisors, Inc.
1839 Iron Point Road, Suite 120
Folsom, CA 95630
Attn: John Dalessi, President

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 thirty (30) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance. Consultant may terminate this Agreement for any reason by giving thirty (30) calendar days written notice to the Authority.

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 studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of Authority.

20. **COMPLIANCE**

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

21. **CONFLICT OF LAW**

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

22. **ADVERTISEMENT**

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

23. **WAIVER**

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

24. **INTEGRATED CONTRACT**

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

25. **AUTHORITY**

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

26. **INSERTED PROVISIONS**

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

27. **CAPTIONS AND TERMS**

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

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

Pacific Energy Advisors, Inc A California Corporation	SILICON VALLEY CLEAN ENERGY AUTHORITY A Joint Powers Authority
By John Dalessi	By _____
Title President	Title _____
Date _____	Date _____

APPROVED AS TO FORM:

_____
Counsel for Authority

ATTEST:

_____
Authority Clerk

Exhibit A
Scope of Services

Task 1. Power Resources Management

Working with SVCEA leadership and its designated Scheduling Coordinator, PEA will assist in managing SVCEA's power resources portfolio in accordance with SVCEA's adopted policies and applicable regulatory requirements. PEA will support SVCEA in the areas of resource planning, portfolio management, electric procurement, and regulatory compliance activities related to electric power supply. The following tasks are included within this service area:

(a) Maintain Annual and Long Term Sales Forecast:

- Prepare and maintain SVCE customer and electric sales forecasts including forecast of: 1) monthly enrolled accounts, megawatt hours ("MWh") and megawatts ("MW") by load profile group; and 2) monthly coincident peak MW and hourly MW for the SVCE system.
- Update long term sales forecasts biannually and more frequently as necessary; monitor accuracy of load forecast on monthly basis; consider adjustment if variance exceeds threshold of 5% forecast error.

(b) Electric Supply Management:

- Maintain load and resource balance model to identify incremental electric procurement needs in consideration of quantified open positions, SVCE resource and risk management policies, and applicable regulatory requirements; coordinate with management to develop procurement strategies to address electric resource needs.
- Monitor net open positions and provide monthly reporting of net open positions pursuant to SVCE risk management policies.
- Support procurement and/or sales of energy and capacity products including preparing requisite solicitation documents, participating in supplier/developer communications, providing analytical support during proposal/bid evaluation, supporting contract negotiations, and other related, as-needed activities.
- Annually, prepare and update internal resource plans, including ten-year load and resource projections.
- Review and validate periodic invoices received from SVCE's Scheduling Coordinator and electric suppliers to ensure charges are consistent with contract terms; bring any identified discrepancies to management's attention; and support attempts to resolve issues with counterparties.
- Monitor energy market activities, including pricing trends and forward curves related to market energy, renewable energy and capacity.
- Prepare forecast of power supply expenses for annual budget.
- Maintain/manage relationships with qualified suppliers of requisite energy products: participate in periodic calls, email exchanges and other communications with and/or on behalf of SVCE.

(c) Regulatory Compliance:

- Manage renewable energy portfolio per state/program standards; prepare Renewable Portfolio Standards ("RPS") compliance filings and serve as SVCE's liaison with pertinent regulatory agencies for matters related to RPS compliance.
- Manage SVCE's Western Renewable Energy Generation Information System ("WREGIS") account and various subaccounts, including report preparation, certificate transfer review and retirement (to facilitate mandatory and regulatory compliance), as-needed generator registration (example: Feed-In Tariff projects under contract with SVCE) and other account management activities. Provide support during third-party audit processes, if applicable (Green Prime product, for example, if SVCE chooses to pursue Green-e Energy certification for this product option), including data gathering and analysis, reporting and liaison activities with SVCE's selected auditor and Green-e Energy staff.
- Manage Resource Adequacy portfolio per state/program standards; prepare year-ahead and month-ahead peak demand forecasts and resource adequacy compliance demonstration filings; coordinate with SVCEA's Scheduling Coordinator and regulatory agencies to resolve any discrepancies that may arise during compliance review.
- Provide data analysis and assist in preparing reports related to the California's Power Source Disclosure Program, including technical elements of Power Content Label development and review; such support may also entail regulatory liaison activities required to successfully complete applicable reports.
- Prepare compliance filings pursuant to the California Energy Commission's biennial Integrated Energy Policy Report, Quarterly Fuels and Energy Report, and the U.S. Energy Information Agency monthly EIA-826 and annual EIA-861 reports.
- PEA will prepare required compliance documentation under this task and coordinate with SVCE's regulatory personnel or contractors, who will be responsible for formal submission of filings to the appropriate regulatory body.
- Prepare draft annual budget for SVCE program in cooperation with SVCE management and accountants.
- As necessary, coordinate with SVCE and its financial advisors with regard to matters that may impact SVCE's financial standing, debt levels, electric rates, annual budget, resource planning and other key concerns.

Task 2. Regulatory Support & Other Services

This task includes as-needed regulatory and other consulting services not otherwise included in Task 1. These services are generally expected to fall within the following support areas:

(a) Regulatory Support:

- Provide technical expertise, analysis and advice in relation to pertinent regulatory proceedings. Such services shall entail periodic reviews and editorial support during comment/brief drafting as well as coordination with SVCE staff/advisors on such matters.
- Provide support for other regulatory compliance filings such as those that may relate

to storage mandates or mandated resource plans.

- Update Implementation Plan as necessary to address changes to SVCE membership.

(b) Expert Witness Services:

- Includes preparing testimony and related expert witness services; representation in hearings and workshops; and lead/primary drafting responsibilities with regard to comments and briefs.

(c) Other Implementation Support/Staff Augmentation, as requested.

Exhibit B
Schedule of Performance

The work performed under Task 1 will be completed on an ongoing basis throughout the term of this Agreement. Work performed under Task 2 will be completed upon request and subject to mutually agreeable timelines for completion.

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 Schedule

Task 1. Power Resources Management: $25,000/month.

Task 2. Regulatory Support & Other Services; billed on a time and materials basis at the hourly rate schedule set forth below, subject to a total not to exceed cost of $90,000 for the term of the agreement.

Rates

Staff	Hourly Rate
John Dalessi	$295
Kirby Dusel	$250
Brian Goldstein	$205
Consultant	$130

Invoices and Payment

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 2 only), task(s) for which work was performed). Payment shall be made by the Authority to Consultant within thirty (30) days after receipt of a proper invoice.

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. Prior to reimbursement, travel expenses must be authorized in writing by Authority.

Exhibit D
Insurance Requirements and Proof of Insurance

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

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE**:

(1) **Workers' Compensation**:
Statutory coverage as required by the State of California.

(2) **Liability**:
Commercial general liability coverage with minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.

(3) **Automotive**:
Comprehensive automotive liability coverage with minimum limits of $1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.

(4) **Professional Liability**
Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least $1,000,000.

SILICON VALLEY CLEAN ENERGY

Staff Report – Item 1c

To:	Silicon Valley Clean Energy Authority Board of Directors
From:	Tom Habashi, CEO
Item 1c:	**Approve Smartphone Stipend for SVCE Employees**
Date:	4/12/2017

RECOMMENDATION

Approve Human Resource Policy #1, Smartphone Stipend Policy, to provide a stipend for qualified SVCE employees for business-related costs incurred when using their individually-owned smartphones.

DISCUSSION

The performance of certain job responsibilities may be enhanced or may require the use of a smartphone. Currently there is no policy in place to provide a monthly stipend to employees for using their personal smartphones for company business. Provided that all SVCE employees, current and future, are offered smartphone stipends, the total annual cost for SVCE will be $9,600.

ATTACHMENTS

1. HRP1 – Smartphone Stipend

SILICON VALLEY CLEAN ENERGY

HRP1

Category: Human Resources

SMARTPHONE STIPEND POLICY

1. **PURPOSE**
   a. SVCE recognizes that the performance of certain job responsibilities may be enhanced by or may require the use of a smartphone. The IRS considers these devices to be "listed property." As such, IRS regulations (IRS Section 274(d)4) require detailed record keeping including (a) the amount of the expense, (b) the time and place of the call, and (c) the business purpose for the call. The IRS can declare that all undocumented use of a smartphone is personal and should be taxed as wages, even if the majority of the calls are for business purposes.
   b. In order to comply with IRS rules regarding the taxable nature of cell phone usage by employees, SVCE will issue a smartphone stipend for those employees who hold positions where the duties of that position require the use of a smartphone. The benefits of such an approach include:
      i. A call log is not required;
      ii. Monthly reporting is not required;
      iii. A single phone may be used for both personal and business purposes;
      iv. The stipend will not be considered taxable income to the employee.

2. **SCOPE**
   This policy applies to all SVCE employees who will be receiving a stipend for their personal smartphone.

3. **POLICY**

   Employees who hold positions that include the need for a smartphone (see eligibility criteria below) may receive a stipend to compensate for business-related costs incurred when using their individually-owned smartphone. SVCE will not own smartphones for the use of individual employees.

4. **ELIGIBILITY**
   a. Employees whose job duties include the frequent need for a smartphone may receive extra compensation, in the form of a monthly stipend, to cover business related costs. An employee is eligible for a personal phone stipend if at least one of the following criteria is met:

SILICON VALLEY CLEAN ENERGY

HRP1

Category: Human Resources

i. The job function of the employee requires considerable time outside of his/her assigned office or work area and it is important to SVCE that s/he is accessible during those times;
ii. The job function of the employee requires him/her to be accessible outside of regularly scheduled or normal working hours where time sensitive decisions/notifications are required;
iii. The job function of the employee requires him/her to have wireless data and internet access.

5. STIPEND PLAN:

a. If an employee meets the eligibility requirements for a smartphone, as outlined above, a stipend may be requested in writing through their supervisor.
b. Once approved, the stipend amount will be added to the employee's regular pay. In order to meet IRS guidelines, any amount added for smartphone service will be identified as a non-taxable benefit.
c. The stipend will be paid as a flat rate per month.
d. The stipend allowance is neither permanent nor guaranteed. SVCE reserves the right to cancel the stipend for business reasons.
e. The amount of the stipend is $50 per month.
f. If an employee's job duties do not include the need for a smartphone, the employee is not eligible for a stipend.
    i. Such employees may request reimbursement for the actual extra expenses of business calls on their personal phone.
    ii. Reimbursement documentation should identify the business purpose.

6. EQUIPMENT PURCHASE

SVCE will not pay for the purchase of personal smartphones, activation fees or insurance.

7. OVERSIGHT

a. The department head is responsible for overseeing employee smartphone needs and assessing each employee's continued need of a phone for business purposes.
b. The Chief Executive Officer will have the final approval authority.

SILICON VALLEY CLEAN ENERGY

HRP1

Category: Human Resources

c. Support from SVCE's Information Technology contractors is limited to connecting a personally-owned smartphone to SVCE-provided services including email, calendar, and contacts.

8. EMPLOYEES RIGHTS & RESPONSIBILITIES

a. The employee is responsible for purchasing a smartphone and establishing a service contract with the cell phone service provider of his/her choice. The contract is in the name of the employee, who is solely responsible for all payments to the service provider.
b. Because the smartphone is owned personally by the employee, the stipend provided is not considered taxable income and the employee may use the phone for both business and personal purposes, as needed.
c. SVCE does not accept any liability for claims, charges or disputes between service provider and the employee.
d. Any smartphone that has data capabilities must be secured based on current security standards including password protection and encryption. If a smartphone with data capabilities is stolen or missing, it must be reported to the employee's supervisor as soon as possible.
e. Employees are expected to delete all SVCE data from the smartphone when their employment with the agency ends, except when required to maintain their data in compliance with litigation hold notice.

TREASURER REPORT

Fiscal Year to Date
As of March 2017

(Preliminary & Unaudited)

Issue Date: April 12, 2017

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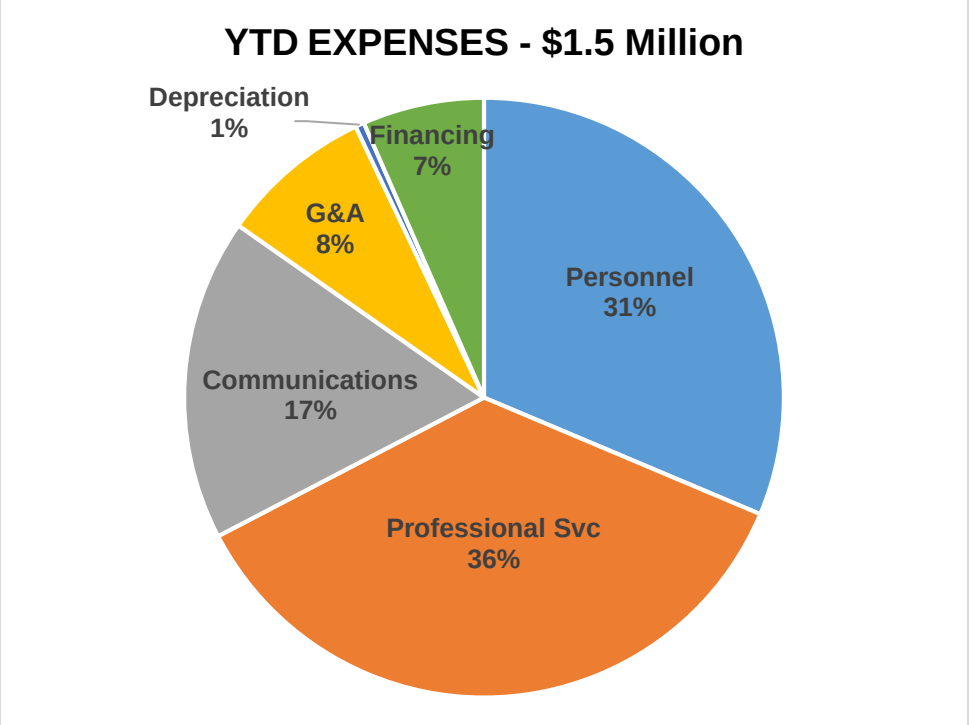
SUMMARY

SVCE activities during March 2017 resulted in a negative ($300,000) change in net position bringing year-to-date net position to negative ($1.5) million.

The change in the implementation schedule will result in a ramping up of notification, personnel and other expenses in April and May, while operating revenues are expected in late May/early June. Staff is aware of this issue and is managing expenses accordingly.

During March, SVCE executed a draw of $500,000 from the non-revolving line of credit (NRLOC) to provide working capital. SVCE currently has a balance of $400,000 of unrestricted cash and $1 million remaining in the NRLOC. There are sufficient funds for working capital needs until revenues are received.

Staff recommends the Treasurer's report for April activities be presented to the Board at the June meeting to allow time for the accurate reconciliation and reporting of revenues and power supply expenses.



SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION
As of March 31, 2017

ASSETS

Current Assets		
Cash & Cash Equivalents	$	416,165
Prepaid Expenses		77,911
Deposits		500,000
Restricted cash - lockbox		1,000,000
Total Current Assets		**1,994,076**
Noncurrent assets		
Capital assets, net of depreciation		167,323
Deposits		128,560
Restricted cash - debt collateral		1,900,000
Total Noncurrent Assets		**2,195,883**
Total Assets		**4,189,959**

LIABILITIES

Current Liabilities		
Accounts Payable		107,692
Accrued Interest Payable		7,840
Accrued Payroll & Benefits		65,535
Total Current Liabilities		**181,067**
Noncurrent Liabilities		
Notes Payable to Bank		3,900,000
Loans Payable to JPA members		2,730,000
Total Noncurrent Liabilities		**6,630,000**
Total Liabilities		**6,811,067**

NET POSITION

Net investment in capital assets		167,323
Unrestricted (deficit)		(2,788,431)
Total Net Position	**$**	**(2,621,108)**

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Fiscal Year to Date

OPERATING EXPENSES	
Staff Compensation & Benefits	$ 473,670
Consultants and Other Professional Fees	345,079
Legal	198,780
Communications & Noticing	262,544
General & Administrative	124,309
Depreciation	7,200
Total OPERATING EXPENSES	**1,411,582**
NONOPERATING EXPENSES	
Interest and related expenses	22,161
Financing costs	77,000
TOTAL NONOPERATING EXPENSES	**99,161**
CHANGE IN NET POSITION	(1,510,743)
Net Position at beginning of period	(1,100,365)
Net Position at end of period	**$ (2,611,108)**

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS
Fiscal Year to Date

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for salaries and benefits	$ (413,357)
Payments for consultants and other professional services	(542,211)
Payments for legal services	(198,780)
Payments for communication and noticing	(262,438)
Payments for general and administrative	(172,921)
Net cash provided (used) by operating activities	**(1,589,707)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Bank notes and loans from JPA members	4,065,591
Deposits for collateral	(2,900,000)
Deposits and collateral paid	(600,000)
Interest and related expense payments	(14,321)
Finance costs	(77,000)
Net cash provided (used) by non-capital financing activities	**474,270**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	**(174,523)**
Net change in cash and cash equivalents	(1,289,960)
Cash and cash equivalents at beginning of year	1,706,125
Cash and cash equivalents at end of period	**$ 416,165**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (loss)	$ (1,411,582)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	7,200
(Increase) decrease in prepaid expenses	(52,536)
Increase (decrease) in accounts payable	(47,263)
Increase (decrease) in accrued payroll & benefits	55,046
Increase (decrease) in accrued liabilities	(140,572)
Net cash provided (used) by operating activities	**$ (1,589,707)**

SILICON VALLEY CLEAN ENERGY
BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR TO DATE

REVENUES & OTHER SOURCES	FYTD Actual	FYTD Budget	Variance $	Variance %	FY 2016-17 Budget	% Budget Spent
Energy Sales	$ -	$ -	$ -	0%	$ 103,303,000	0%
Green Prime Premium	-	-	-	0%	247,000	0%
Investment Income	-	-	-	0%	16,000	0%
TOTAL REVENUES & OTHER SOURCES	**0**	**0**	**0**	**0%**	**103,566,000**	**0%**
EXPENDITURES & OTHER USES						
CURRENT EXPENDITURES						
Power Supply	-	-	-	0%	66,671,000	0%
Data Management	-	-	-	0%	1,030,000	0%
PG&E Fees	-	-	-	0%	430,000	0%
Salaries & Benefits	473,670	852,000	(378,330)	-44%	1,902,000	25%
Professional Services	543,859	865,000	(321,141)	-37%	1,730,000	31%
Marketing & Promotions	85,897	117,500	(31,603)	-27%	235,000	37%
Notifications	176,647	325,000	(148,353)	-46%	410,000	43%
Office Lease	56,993	67,250	(10,257)	-15%	245,000	23%
General & Administrative	67,316	62,500	4,816	8%	125,000	54%
TOTAL CURRENT EXPENDITURES	**1,404,382**	**2,289,250**	**(884,868)**	**-39%**	**72,778,000**	**2%**
OTHER USES						
Customer Programs	-	-	-	0%	400,000	0%
Office Equipment	174,523	210,000	(35,477)	-17%	250,000	70%
CPUC Deposit	100,000	100,000	-	0%	100,000	100%
TOTAL OTHER USES	**274,523**	**310,000**	**(35,477)**	**-11%**	**750,000**	**37%**
DEBT SERVICE						
Financing	77,000	77,000	-	0%	77,000	100%
Interest	22,161	27,500	(5,339)	-19%	84,000	26%
TOTAL DEBT SERVICE	**99,161**	**104,500**	**(5,339)**	**-5%**	**161,000**	**62%**
Total Expenditures, Other Uses & Debt Service	**1,778,066**	**2,703,750**	**(925,684)**	**-34%**	**73,689,000**	**2%**
Net Increase(Decrease) in Available Fund Balance	**$ (1,778,066)**	**$ (2,703,750)**	**$ 925,684**	**-34%**	**$ 29,877,000**	**-6%**

PERSONNEL REPORT FOR MARCH 2017

HEADCOUNT			
Position	**Budget**	**Actual**	**Variance**
Chief Executive Officer	1	1	0
Account Representative I / II	1	0	1
Account Services Manager	1	1	0
Administrative Analyst	2	1	1
Administrative Assistant	1	0	1
Board Clerk/Executive Assistant	1	1	0
Community Outreach Manager	1	1	0
Community Outreach Specialist	2	0	2
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	0	1
Power Resource Planning & Programs Analyst	2	0	2
Regulatory/Legislative Analyst	1	1	0
Total	**19**	**8**	**11**

CONTINGENT POSITIONS			
	Hours		
	FY2016-17	**FY2016-17**	
Position	**Budget**	**Actual**	**% YTD Spent**
Marketing Interns	4,300	0	0%

FINANCING REPORT

($ in Millions)	Member Agency Loan	Non-Revolving Line of Credit	Revolving Line of Credit
Original Amount	$2.7	$2.0	$18.0
YTD Draws	$2.7	$1.0	$2.9
Balance 3/31/17	**$0.0**	**$1.0**	**$15.1**

Forecast

The cash burn for April through early June will be approximately $1 million. SVCE expects to draw down the remaining balance of the non-revolving line of credit.

The $750,000 draw to serve as a deposit for PG&E mentioned in the March Board meeting will not be needed.

The non-revolving line of credit is available for power supply related expenses. Projected draws of $5 - $7 million are expected in June.

SILICON VALLEY CLEAN ENERGY

Staff Report – Item 3

To:	Silicon Valley Clean Energy Authority Board of Directors
From:	Tom Habashi, CEO
Item 3:	**CEO Report**
Date:	4/12/2017

REPORT

SVCEA New Hires

John Supp joined SVCE as the new Account Representative on April 3. John, working with Don Bray, will be responsible for a wide range of customer service and program development. John has a Bachelor's degree from UCLA in Political Science and most recently served as a consultant for George L. Nichols and Associates where he supported energy utilities through strategic planning, program design and optimization.

Pamela Leonard was promoted to the position of Community Outreach Manager. Through her work as our Community Outreach Specialist over the past four months, she has shown her dedication and skill in conducting strategic outreach and advocating on behalf of the Authority. Pamela will continue to implement marketing campaigns and coordinate various outreach efforts in support of SVCE.

Isabel Miranda joined SVCE as a community outreach student intern on April 3. She is a graduating senior at Santa Clara University majoring in economics and double minoring in political science and international business.

Eric Acedo will be joining SVCE mid-April as our Administrative Assistant. Eric has a Bachelor's degree from San Jose State University in Environmental Studies and most recently provided administrative support to a San Jose school.

CAISO Registration

Effective March 21, SVCE is registered at the California Independent System Operator (CAISO). The registration will allow SVCE to transact with the CAISO and reserve capacity allocation on certain transmission lines that are prone to seasonal congestion. This is a prudent mitigation to hedge transmission congestion costs.

Energy Risk Oversight Committee

The Energy Risk Oversight Committee (EROC) met for the first time on March 13. The meeting was to introduce the concept, discuss the various risks and define the means to mitigate them. Various risk policies were introduced to the Committee for review. The EROC met again on April 10 to learn of SVCE's Net Open Position (NOP) for the remainder of 2017 and discuss the best strategies to close that position. The Energy Risk Management Policy will be shared with the Board during the meeting scheduled in May.

Agenda Item: 3 **Agenda Date: 4/12/2017**

Sustainability Managers Roundtable

SVCE invited sustainability program representatives from its member agencies to participate in a roundtable exchange of ideas on future priorities for and collaborations with SVCE. This forum is also proposed to lead to the formation of an Advisory Committee to support ongoing connectivity between SVCE and its member agencies. The meeting is scheduled for April 13.

CEO Agreements Executed

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

1) Acterra: Agreement for Community Outreach Assistance, $24,549.00.

ATTACHMENTS

1. CAISO Notice of New Market Participation
2. Community Outreach Update, April 2017
3. Regulatory/Legislative Update, April 2017
4. Agenda Planning Document, May – October 2017

California ISO

Market Notice

March 23, 2017

REQUESTED ACTION
Information Only

CATEGORIES
ISO News and Information

Notice of New Market Participant

SUMMARY
Silicon Valley Clean Energy Authority has successfully completed the California ISO CRR Holder (CRRH) registration process.

MESSAGE
The following market participant has successfully completed the ISO certifications as specified below:

New Market Participant	Address	Identification (SCID)	Effective Date in Master File	Certification Completed
Silicon Valley Clean Energy Authority	333 W. El Camino Real Suite 290 Sunnyvale, CA 94087	SVCE	March 21, 2017	CRRH

FOR MORE INFORMATION CONTACT
ISO Customer Services at 916-608-7320

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Glossary of terms and acronyms

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SILICON VALLEY CLEAN ENERGY

Community Outreach Update
April 2017

1. Events and Presentations

SVCE staff presented or spoke to more than 750 people from Feb. 22 through our final Phase 1 community outreach meetings on March 30.

Below is a list of upcoming community events and meetings that SVCE staff will be tabling or presenting at through April and early-May.

Date	Time	Event Description	Location
Apr. 7	6:30 – 8 PM	Sunnyvale Community Movie Night	Community Center, 550 E Remington Dr. ***Sunnyvale***
Apr. 15	2 – 4 PM	Saratoga State of the City	Civic Theater, 13777 Fruitvale Avenue, ***Saratoga***
Apr. 22	8 – 11 AM	Gilroy R5K Fun Run	Christmas Hill Park, 7050 Miller Avenue, ***Gilroy***
Apr. 22	11 AM – 3 PM	Cupertino Earth Day & Arbor Day Festival	Civic Center Plaza, 10350 Torre Ave, ***Cupertino***
Apr. 23	10 AM – 1 PM	Los Gatos Spring into Green	Town Plaza Park, ***Los Gatos***
Apr. 23	1 – 4 PM	Los Altos Hills Earth Day Festival	Westwind Community Barn, 27210 Altamont Road, ***Los Altos Hills***
Apr. 30	12 – 4 PM	Sunnyvale Living Green Fair	Sunnyvale Public Library 665 W Olive Ave, ***Sunnyvale***
May 2	10 – 11 AM	Gilroy Community Presentation #2	Gilroy Senior Center, 7371 Hannah Street, ***Gilroy***

2. Business Outreach

Chambers of Commerce

Outreach to join as members and host meetings with chambers continue.

- SVCE is sponsoring and tabling at the Chamber XPO on April 27, hosted by chambers of commerce throughout Santa Clara County. Of our member communities, Los Altos, Cupertino, Sunnyvale and Mountain View are among the local chambers that participate in this event.

Trade and Industry Allies

Staff presented to the California Solar Electric Industry Association on March 22.

Large Commercial Customers

Staff is attending several corporate Earth Day festivals in April:

- April 20 – Intuit Earth Day, Mountain View
- April 21 – LinkedIn Employee Environment Fair, Sunnyvale
- April 25 – Google Earth Day, Mountain View

3. Enrollment Notifications, Upgrade and Opt Out Update

Post-enrollment notification mailings for Phase 1 customers will start to go out on Monday, April 10. Pre-enrollment notifications for Phase 2 customers will start to be mailed on Monday, April 24.

Enrollment Notices As of April 4, 2017: ~56,000

	Upgrade	Opt Out	Opt Out % of Load (as of 3/24/17)
Residential	304	649	.3%
Commercial	1499	156	

4. Press Releases and Media

Press Releases:

- SVCE to Deliver 100% Carbon Free Electricity and Savings Earlier than Planned, *published 3-13-2017*
- Silicon Valley Clean Energy Launches Carbon-Free Electricity Operation, *published 4-4-2017*

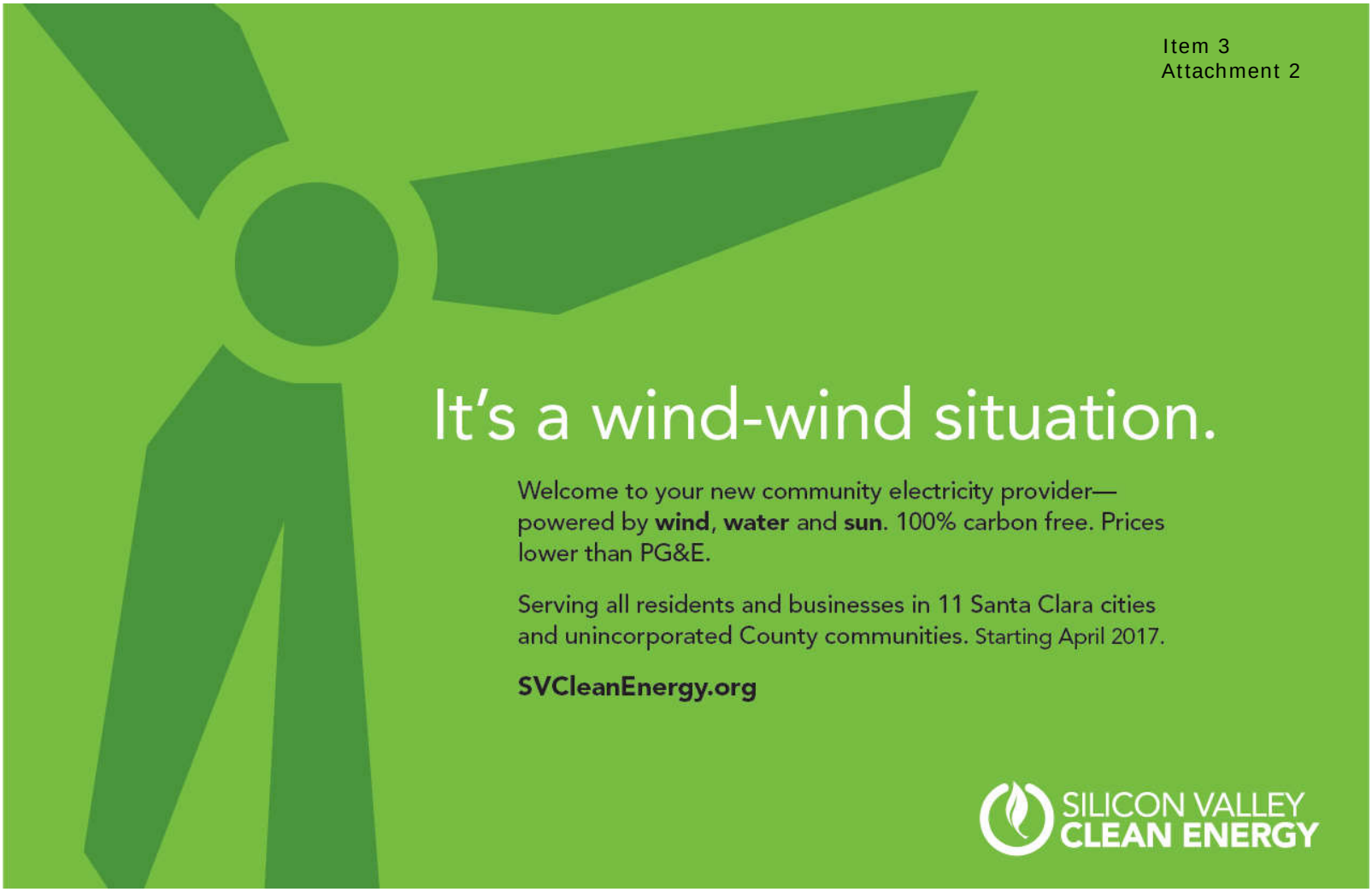
Both press releases are available on the homepage and in the news section of the SVCE website.

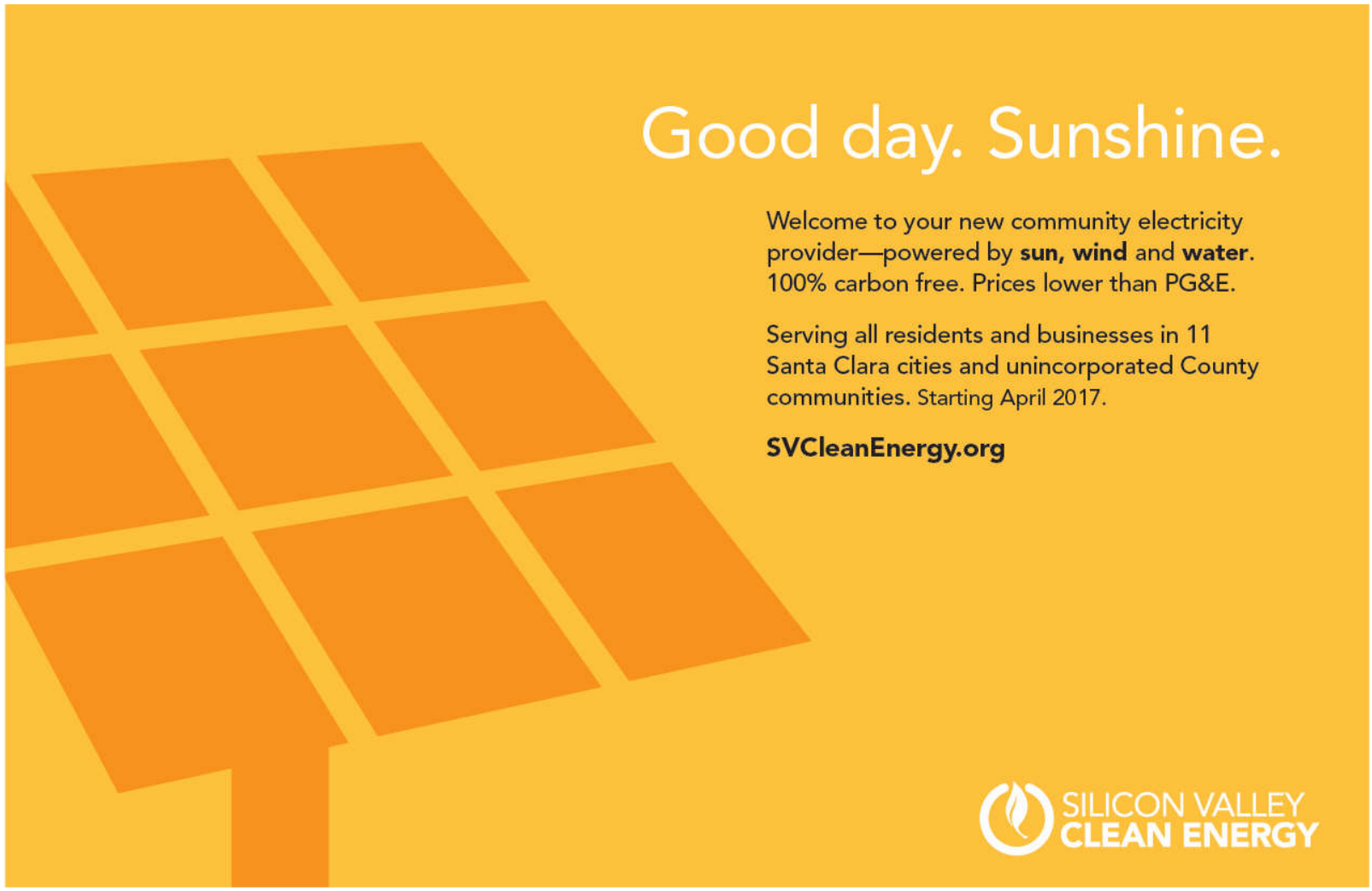
Media:

- New Silicon Valley Clean Energy claims to have cleaner energy than PG&E, ABC 7, *published and aired on 4-3-2017*
- SV Clean Energy presentation draws a crowd, Los Altos Town Crier, *published 3-29-2017*
- Meeting on new citywide clean energy program set for March 30, The Morgan Hill Times, *published 3-13-2017*
- March meetings will inform on clean energy plan, Los Altos Town Crier, *published 3-1-2017*
- Silicon Valley Implementing Community Choice Energy Program, Energy Manager Today, *published 2-27-2017*

5. Ad Campaign

SVCE's marketing team launched a soft advertising campaign in mid-March. The campaign consists of print and digital ads welcoming the community to their new electricity provider. The print ads have been placed in a local, community papers and the digital ads are geotargeted to customers within our service area (attached).


It's a wind-wind situation.
Welcome to your new community electricity provider—powered by **wind**, **water** and **sun**. 100% carbon free. Prices lower than PG&E.
Serving all residents and businesses in 11 Santa Clara cities and unincorporated County communities. Starting April 2017.
SVCleanEnergy.org
SILICON VALLEY CLEAN ENERGY


Good day. Sunshine.
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Regulatory and Legislative Update
April 2017

Regulatory

PCIA Working Group: The Power Charge Indifference Adjustment (PCIA) working group has ended and resulted in two deliverables: a report documenting the discussions and a joint IOU-CCA Petition for Modification to the California Public Utilities Commission (CPUC). The Petition for Modification proposes that the IOUs use a standardized PCIA calculation template in their Energy Resource Recovery Account forecast filings. The template would present key data that the CCAs need to make PCIA forecasts, making it easier for CCAs to plan for future PCIA costs. This request is noncontroversial and likely to be accepted at the CPUC, but doesn't address the fundamental issues with the PCIA (high cost, variability, etc.). The joint CCAs are planning to file a second Petition for Modification within the month that would expand access to confidential IOU contract data, further improving the CCAs' visibility on future PCIA costs.

Portfolio Allocation Mechanism (PAM) proposal: The IOUs have continued to promote their alternative to the PCIA to members of the CPUC. On March 15th, representatives of four CCAs (including SVCE) conducted ex parte meetings with staffers to Commissioners Peterman, Randolph, and Picker. The conversations focused on 1) how to improve the PCIA, 2) problems with the PAM proposal and why it doesn't address the flaws in the PCIA, and 3) the idea of a proceeding to consider a broad spectrum of alternatives to the PCIA (as opposed to a narrower application process specifically for PAM). The IOUs are expected to file a formal application to institute PAM within the month.

Integrated Resource Planning (R. 16-02-007): Six CCA parties including SVCE sent a letter to the CPUC Energy Division discussing how the IRP process for CCAs instituted by SB 350 should be implemented. Key points included the importance of preserving CCA autonomy and a review of the non-IRP areas where CCAs are already under full CPUC jurisdiction. *A CPUC staff proposal on how to implement the SB 350 CCA IRP requirements is expected to be released within the month, followed by a workshop*.

Energy Storage Rulemaking (R.15-03-011): SVCE filed a Motion for Party Status on March 16th so that we can participate in the proceeding, followed by a set of comments and reply comments on the latest proposed decision (PD). The PD and comments focused in part on establishing an automatic limiter, which would ensure that CCAs don't double-pay for compliance with energy storage requirements as set forth in AB 2514 (once through their own procurement and once through the PCIA).

Transportation electrification (A. 17-01-022) and RPS (R. 15-02-020) proceedings: SVCE was granted party status. SVCE hasn't had to be involved in these proceedings yet, but may wish to be in the future.

Legislative

SB 618 would give CPUC approval authority over CCA IRPs (rather than current certification): Temporary victory! It was supposed to be heard in the Senate Energy, Utilities, and Communications Committee on April 4th, but was pulled from the Committee meeting agenda the evening beforehand. It will likely be reinstated at a later meeting.

Senator Jerry Hill, who sits on the Committee and represents Sunnyvale, Mountain View, Los Altos, and Los Altos Hills, has expressed intent to oppose the bill.

Legislative Platform: In May, SVCE staff will hold a half-day legislative workshop to develop and formalize SVCE's goals and strategies for legislative advocacy. This will include establishing SVCE positions on current bills, as well as principles that staff can use to evaluate amendments and new bills. *Proposed dates and an agenda will be forthcoming shortly.*

SVCEA Board of Directors Agenda Planning

Revised: 4/7/17

	MAY	JUN	JUL	AUG	SEPT	OCT
MILESTONES	Ph 1 Notice #4 Ph 2 Notice #2		**Launch Phase 2** Ph 2 Notice #3	Ph 2 Notice #4 NEM Customer Notice #1	NEM Customer Notice #2	**NEM Q3 Enrollment**
	May 10, 2017	**June 14, 2017**	**July 12, 2017**	**August 9, 2017**	**September 13, 2017**	**October 11, 2017**
ADMININSTRATION, POLICIES	IT Policies, Energy Risk Management policy	HR Policies Formation of Finance/Audit Committee Strategic Plan Review	Approval of Strategic Plan	FY 2017-18 Budget discussion	FY 2017-18 Budget approval	
STAFFING	Staff Appointments	Staff Appointments	Staff Appointments	Staff Appointments	Staff Appointments	
CONTRACTS						

SILICON VALLEY CLEAN ENERGY

Staff Report – Item 4

To:	Silicon Valley Clean Energy Authority Board of Directors
From:	Tom Habashi, CEO
Item 4:	**Alternative to Type 2 Renewable Energy**
Date:	4/12/2017

RECOMMENDATION

Approve new approach to hedge the cost of power supply, allowing an alternative to the use of PCC2 renewable resources.

BACKGROUND

In July 2016, the SVCE Board approved a policy to source electricity from carbon free resources that would be sufficient to meet 100% of the Authority's power supply obligations on day one. Furthermore, the Board approved that this resource portfolio be composed of:

- 50% large hydro resources
- 25% other renewable sources (solar, wind, etc.) located in or dynamically scheduled into California (PCC1)
- 25% renewable resources located in other western states that could be bundled with other unspecified resources in case of transmission constraints limiting deliverability into California (PCC2)

Absent from that mix were renewable resources that could be purchased off the Western grid and scheduled into another state's service area while allowing SVCE to hold the Renewable Energy Credits (RECs). Such resources are categorized as PCC3.

ANALYSIS & DISCUSSION

In September of 2016, SVCE issued an RFP soliciting power supplies to meet all or some of SVCE's power supply needs for the 2017-2021 period. In November, SVCE received 12 proposals indicating that the market had sufficient capacity to meet SVCE's hydro and PCC1 commitments. However, PCC2 resources were in short supply. Subsequent solicitation confirmed that the availability of PCC2 resources is dwindling in the market. One explanation is that power providers have increasingly found ways to remove transmission constraints hindering the delivery of their renewable resources, thus qualifying these resources as PCC1 and commanding a premium of approximately 25% over the PCC2 prices.

There is an ongoing debate between operational utilities (including SVCE) and the various legislative, regulatory, and interest groups over the economic, environmental, and operational value of the different types of renewable resources. However, the lack of PCC2 resources is an issue that SVCE must address now to manage supply price and regulatory risks. To remain true to the principle of sourcing 100% of demand from carbon free resources on day one and filling the PCC2 short position, SVCE must choose from several options:

1. Replace PCC2 open position with large hydro

SVCE offers two products to customers: GreenStart, which is 50% eligible renewables (large hydro is not eligible), and GreenPrime, which is 100% eligible renewable. Using more than 50% of large hydro in the resource mix would certainly reduce the eligible renewable percentage in the GreenStart product to less than 50% of the power mix. This would require a revamp of our product offering and marketing efforts, and could erode the trust and support that SVCE customers have placed in the Authority. This option would save SVCE an annual average of $4 million over the next five years.

2. Replace PCC2 open position with PCC1 resources

This option would increase the PCC1 category to 50% of the resource mix on day one. State law requires SVCE to meet 27% of its total customer demand in 2017 with eligible renewables, 20.5% of which must be PCC1. This PCC1 portion increases steadily over the years to reach 37.5% of total customer demand by 2030. By increasing its commitment to 100% carbon free on day one, SVCE has effectively committed to spend an additional $18+ million annually compared to the cost of meeting minimum compliance with the state mandates. Increasing PCC1 to 50% of the total resource mix would increase supply cost by $5.5 million annually over the next five years.

3. Replace PCC2 open position with twice the quantity of PCC3 resources

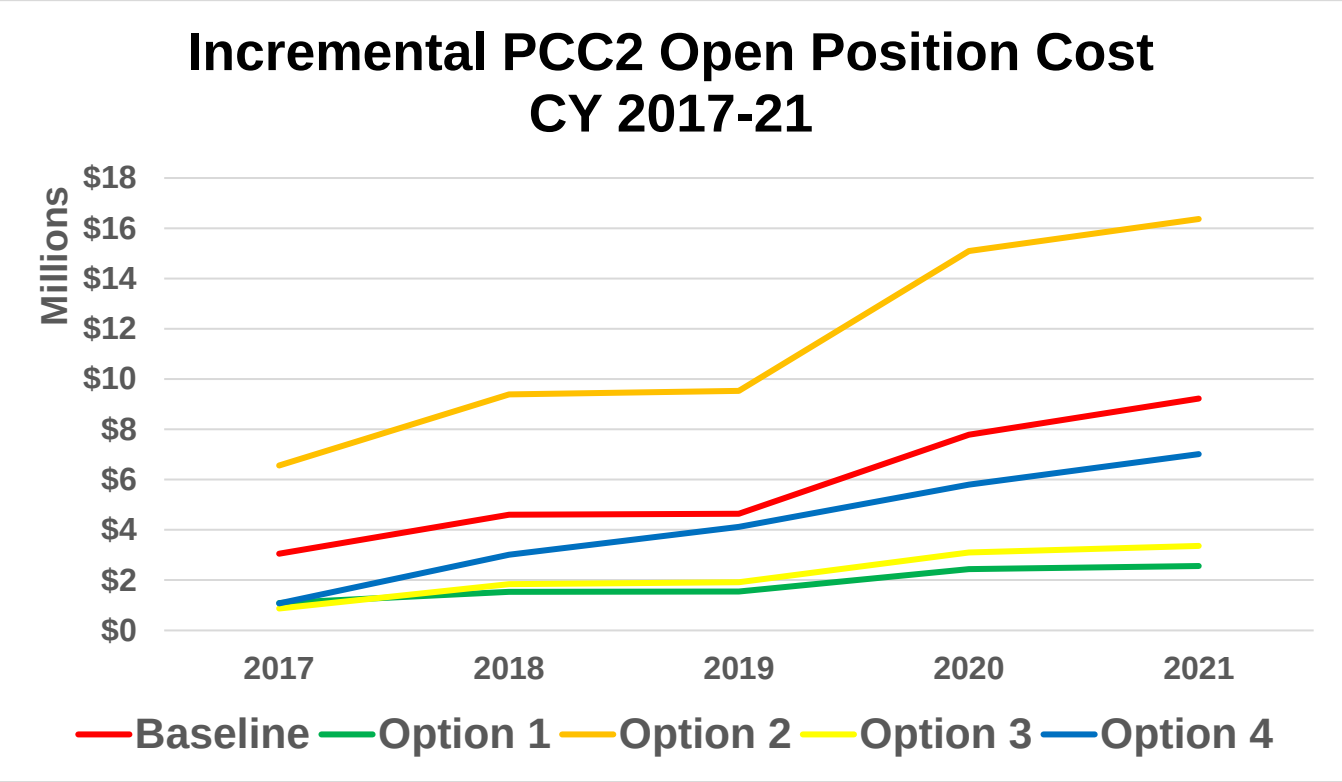
This option would purchase two PCC3 RECs for every unit of PCC2 resources that SVCE is unable to find on the market. This would result in a net negative carbon footprint for SVCE's generation portfolio and it would reduce the cost of supply resources by an average of $3.6 million annually over the next five years. However, environmental and labor groups, already very critical of the use of PCC3 renewables, may use SVCE's sizable, and arguably unnecessary, position of PCC3 resources as an example of SVCE having little regard for the legitimacy of PCC3 renewables.

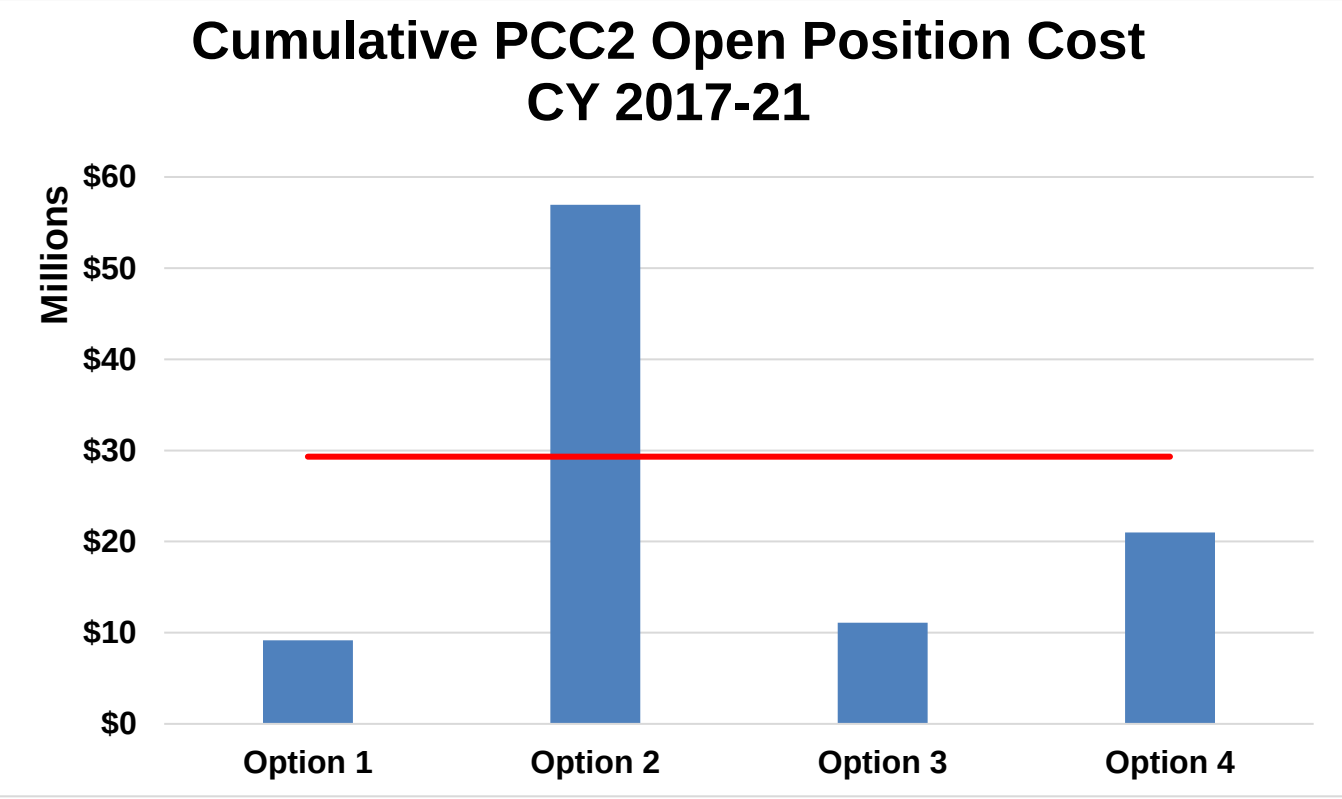
4. Replace PCC2 open position with a combination of PCC1 and PCC3

Currently, state law requires SVCE to meet a minimum of 75% of its total eligible renewable obligation (27% of customer demand in 2017 increasing steadily to 50% by 2030) using PCC1 resources. SVCE could voluntarily increase that PCC1 portion to cover the entire 100% of the state mandate on an annual basis. The difference between the 50% eligible renewables in the power supply mix that was established by the Board and the state mandated renewables (23% in 2017 declining steadily to 0% in 2030) could be met using PCC3 resources. This option exceeds legislative mandates for the next 14 years, satisfies the Board's commitment to 100% carbon free power on day one, and doesn't require any change to SVCE's product offerings. This option would reduce the cost of supply resources annually by $1.6 million over the next five years.

The following tables compare the incremental and cumulative cost of meeting the PCC2 short position for the next five years.

Agenda Item: 4 **Agenda Date: 4/12/2017**





CONCLUSION

If the effort to fill the PCC2 open position is unsuccessful, SVCE should fill this position with a combination of PCC1 and PCC3 resources as outlined in option 4.