



**Silicon Valley Clean Energy Authority**

**Board of Directors Meeting**

Wednesday, August 9, 2017

7:00 pm

Cupertino Community Hall  
10350 Torre Avenue  
Cupertino, CA

**MEETING 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  
Alternative Director Steve Schmidt, Town of Los Altos Hills  
Director Steve Tate, City of Morgan Hill  
Director Jim Griffith, City of Sunnyvale  
Director Margaret Abe-Koga, City of Mountain View (by teleconference from Napili Point Unit #C, C Building, 5925 Honoapiilani Rd., Lahaina, HI 96761)  
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  
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**

Bruce Karney suggested inviting the City of Milpitas to join SVCE. He stated that the voting shares total is 99.9% and suggested that the .1% should go to the City of Los Gatos.

Chair Rennie stated that Director Miller, CEO Tom Habashi, and Director of Marketing & Public Affairs Alan Suleiman met with the City of Milpitas City Council inviting them to join SVCE.

**Consent Calendar**

General Counsel Greg Stepanicich requested to pull Item 1l. Director Sinks requested to comment on Item 1d. Director Griffith requested to pull Item 1f.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

Regarding agenda Item 1d, Director Sinks commented that he had spoken with CEO Habashi regarding the agreements to acquire resource adequacy capacity. CEO Habashi responded to Board questions.

MOTION: Director Bruins moved and Director Gibbons seconded the motion to approve the Consent Calendar with the exception of Items 1f and 1l.

The motion carried unanimously.

- 1a) Approve Minutes of the June 14, 2017, Board of Directors Meeting 1b) Approve Minutes of the July 10, 2017, Board of Directors Special Meeting**
- 1c) Approve Revision to Executive Committee Composition to Reduce the Number of Committee Members to Five**
- 1d) Authorize CEO to Approve Confirmation Agreements with CalPeak Power, LLC and Wellhead Power Exchange, LLC to Acquire Resource Adequacy Capacity for 2018, and with Marin Clean Energy for Sale of Resource Adequacy Capacity for 2017**
- 1e) Authorize CEO to Approve Master Agreement with TransAlta Energy Marketing (U.S.) Inc., to Acquire Type 2 Energy for CY 2018**
- 1g) Adopt Resolution Amending Conflict of Interest Code to Include Power Contracts & Compliance Specialist Position**
- 1h) Authorize CEO to Approve Agreement with Strategic Energy Innovations for Climate Corps Bay Area Fellow Hosting Services to Facilitate Hiring of Two Fellows to Support Marketing Activities**
- 1i) May and June 2017 Treasurer Report**
- 1j) Adopt Resolution to Authorize the Addition of the Director of Administration and Finance to Conduct Transactions with River City Bank 1k) Confirm the Process for Collection and Remittance of Utility Users Tax**

**1f) Approve 2017 Update to Annual Energy Use and Voting Shares as Required by SVCE Joint Powers Agreement**

CEO Habashi and General Counsel Stepanicich provided information and responded to Board questions.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

MOTION: Director Griffith moved and Director Bruins seconded the motion to approve the 2017 Update to Annual Energy Use and Voting Shares as Required by SVCE Joint Powers Agreement and that legal counsel verify the voting shares as suggested by a member of the public.

The motion carried unanimously.

**1l) Approve Finance Policies Regarding Chart of Accounts and Document Control**

General Counsel Stepanicich stated that the records retention period for bank reconciliations, form I-9s (after termination), and receiving sheets should be changed to 2 years in attachment 1.2 of the staff report.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

MOTION: Director Bruins moved and Director Gibbons seconded the motion to approve the Finance Policies Regarding Chart of Accounts and Document Control.

The motion carried unanimously.

### **Regular Calendar**

Chair Rennie announced that Director Abe-Koga will leave the teleconference at 10:00 p.m. Director Bruins suggested hearing agenda Items 4, 6, and 7 prior to one of the Directors leaving at 8:00 p.m. Director Sinks suggested to hear enough of Item 3 first to hear the update on opt-outs.

The agenda items were taken out of order:

### **3) CEO Report**

CEO Habashi presented the CEO report which included an update on SVCE new hires and opt outs. CEO Habashi responded to Board questions regarding the opt outs. CEO Habashi explained that the rest of the CEO report will be continued later in the agenda.

### **4) FY 2017-18 Operating Budget**

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

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

### **6) Approve Policy Direction to Provide for Disposition of Net Revenue (Action)**

CEO Habashi presented the staff report and responded to Board questions. Director of Marketing & Public Affairs Suleiman provided additional information.

Director Cortese left the meeting at 8:01 p.m.

Chair Rennie opened public comment.

Bruce Karney submitted a chart showing projected net revenue distributed amongst the jurisdictions in SVCE. Karney suggested not approving any of the options in the staff report and suggested another option of offering incentives to new customers to join SVCE. Karney responded to Board questions.

Chair Rennie closed public comment.

MOTION: Director Griffith moved and Director Gibbons seconded the motion to approve the staff recommendation of 1) SVCE rates will be adjusted annually to remain at 1% below PG&E's rates, 2) customer programs, aimed at reducing GHG, will be funded at 2% of gross revenues, and 3) funding of reserves would be as outlined in Option 1 of the staff report except no cash rebates until it's decided to revisit in next year's budget cycle.

The motion passed unanimously with Director Cortese absent.

### **3) CEO Report**

Regulatory/Legislative Analyst Hilary Staver provided a regulatory and legislative update, including the Power Charge Indifference Adjustment (PCIA).

Community Outreach Manager Pamela Leonard stated that SVCE will be participating with 64 partners in a social media campaign, "Do Your Thing for the Sun", to reduce energy consumption during 9-11am on August 21 due to the eclipse, and responded to Board questions.

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

### **7) Approve Process to Adjust SVCE Rates for CY 2018 (Action)**

Manager of Account Services Don Bray presented the item and responded to Board questions.

Chair Rennie opened public comment.

Bruce Karney stated that the month of January would be the worst month to have a rate change and provided comments on option 2 of the staff report.

Chair Rennie closed public comment.

MOTION: Director Griffith moved and Director Gibbons seconded the motion to approve process to adjust SVCE rates for CY 2018 as outlined in option 2 and added two items: (1) direct staff to look at possibly rescheduling the November Board meeting to review the best estimates of PG&E's projected rates and PCIA for 2018, and (2) if the rates become effective in February and a premium rate was found to have been charged in January, then that premium in January would be averaged over the rates of the remaining 11 months, with the option of staff returning to the Board should something unusual occur.

Director Craig amended the motion to include rate history on the website.

Director Griffith and Director Gibbons included the amendment.

The motion passed unanimously with Director Cortese absent.

### **8) Overview of Demand Side Programs to Reduce Green House Gas Emissions**

Director of Marketing and Public Affairs Suleiman and Manager of Account Services Bray presented the staff report and responded to Board questions.

Director Abe-Koga left the teleconference at 10:08 p.m.

Chair Rennie opened public comment.

Bruce Karney stated that he had sent a letter to SVCE from Carbon Free Mountain View, Carbon Free Silicon Valley, and Carbon Free Palo Alto and summarized that the candidate programs should be analyzed further.

Barbara Fukumoto, 23-year resident of Sunnyvale, suggested taking time to develop these programs and allowing public input.

Jeff Hamel, Head of Energy Partnerships, Nest Labs, said that he worked with 150 utilities across the United States and Canada and 75% have opted in.

Chair Rennie closed public comment.

### **5) Request for Offers for Renewable Resources with Energy Storage**

Power Contracts and Compliance Manager Dennis Dyc-O'Neal presented the staff report. CEO Habashi responded to Board questions.

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

## **2) Executive Committee Report**

Vice Chair Harney stated that the Executive Committee met on July 25 and discussed the FY 2017-18 operating budget, the proposed process for a 2018 SVCE rate adjustment, and an overview of demand side programs to reduce green house gas emission which were on the agenda tonight. Chair Rennie provided a summary of two ad hoc committees on hiring an interim CEO and hiring the CEO.

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

Chair Rennie announced the item for the Closed Session.

### **Public Comment on Closed Session**

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

Chair Rennie stated that CEO Habashi will probably leave after this item and thanked him for all his hard work. CEO Habashi expressed his appreciation to the Board.

The Board adjourned to Closed Session in the kitchen at 11:30p.m.

### **Convene to Closed Session, Conference Room C (Cupertino City Hall)**

Public Employee Appointment  
Title: Chief Executive Officer

The Board returned to Cupertino Community Hall from Closed Session at 11:53 p.m. with Directors Abe-Koga and Cortese absent.

### **Report from Closed Session**

General Counsel Stepanicich stated the Board met in Closed Session and the Board gave direction to negotiate terms with the candidate for the interim CEO position.

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

This item was not heard.

### **Adjourn**

Chair Rennie adjourned the meeting at 11:54 p.m.

### **Attachment**

1. Document Submitted to SVCE Board by Bruce Karney

Avg. Annual Surplus	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022		
\$ 28,121,833	\$ 28,877,000	\$ 40,822,000	\$ 35,716,000	\$ 26,053,000	\$ 21,889,000	\$ 15,374,000		
	Surplus	Surplus	Surplus	Surplus	Surplus	Surplus		
Jurisdiction	kWh (2016*)	Voting Share	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
\$ 1,546,701 Campbell	206,632,307	5.5%	\$ 1,588,235	\$ 2,245,210	\$ 1,964,380	\$ 1,432,915	\$ 1,203,895	\$ 845,570
\$ 1,771,676 Cupertino	234,914,343	6.3%	\$ 1,819,251	\$ 2,571,786	\$ 2,250,108	\$ 1,641,339	\$ 1,379,007	\$ 968,562
\$ 2,137,259 Gilroy	284,334,863	7.6%	\$ 2,194,652	\$ 3,102,472	\$ 2,714,416	\$ 1,980,028	\$ 1,663,564	\$ 1,168,424
\$ 984,264 Los Altos	132,365,808	3.5%	\$ 1,010,695	\$ 1,428,770	\$ 1,250,060	\$ 911,855	\$ 766,115	\$ 538,090
\$ 337,462 Los Altos Hills	43,543,838	1.2%	\$ 346,524	\$ 489,864	\$ 428,592	\$ 312,636	\$ 262,668	\$ 184,488
\$ 1,546,701 Los Gatos	207,102,990	5.5%	\$ 1,588,235	\$ 2,245,210	\$ 1,964,380	\$ 1,432,915	\$ 1,203,895	\$ 845,570
\$ 112,487 Monte Sereno	16,339,961	0.4%	\$ 115,508	\$ 163,288	\$ 142,864	\$ 104,212	\$ 87,556	\$ 61,496
\$ 1,602,945 Morgan Hill	211,478,618	5.7%	\$ 1,645,989	\$ 2,326,854	\$ 2,035,812	\$ 1,485,021	\$ 1,247,673	\$ 876,318
\$ 4,499,493 Mountain View	597,856,147	16.0%	\$ 4,620,320	\$ 6,531,520	\$ 5,714,560	\$ 4,168,480	\$ 3,502,240	\$ 2,459,840
\$ 2,868,427 Santa Clara County (uninc.)	380,323,888	10.2%	\$ 2,945,454	\$ 4,163,844	\$ 3,643,032	\$ 2,657,406	\$ 2,232,678	\$ 1,568,148
\$ 928,021 Saratoga	122,099,904	3.3%	\$ 952,941	\$ 1,347,126	\$ 1,178,628	\$ 859,749	\$ 722,337	\$ 507,342
\$ 9,758,276 Sunnyvale	1,297,588,283	34.7%	\$ 10,020,319	\$ 14,165,234	\$ 12,393,452	\$ 9,040,391	\$ 7,595,483	\$ 5,334,778
<b>Total</b>	<b>3,734,580,950</b>	<b>99.9%</b>						

Avg. Annual Budget	SVCE Programs Budget
\$ 3,917,333	\$400,000
	\$4,790,000
	\$4,583,000
	\$4,556,000
	\$4,577,000
	\$4,598,000

Proposed surplus returned per kWh \$ 0.0077 \$ 0.0109 \$ 0.0095 \$ 0.0069 \$ 0.0057 \$ 0.0040

Proposed surplus returned per year for an average residential customer \$ 43 \$ 60 \$ 52 \$ 38 \$ 32 \$ 22

Assumptions:  
 kWh sales grow 0.5% per year  
 Avg. residential customer uses 462 kWh/month