



Courtenay C. Corrigan, Chair
Town of Los Altos Hills

Margaret Abe-Koga, Vice Chair
City of Mountain View

Liz Gibbons
City of Campbell

Rod Sinks
City of Cupertino

Daniel Harney
City of Gilroy

Jeannie Bruins
City of Los Altos

Rob Rennie
Town of Los Gatos

Marsha Grilli
City of Milpitas

Burton Craig
City of Monte Sereno

Steve Tate
City of Morgan Hill

Dave Cortese
County of Santa Clara

Howard Miller
City of Saratoga

Nancy Smith
City of Sunnyvale

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087

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

Wednesday, July 11, 2018
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 June 13, 2018, Board of Directors Meeting
- 1b) Receive Customer Program Advisory Group Report
- 1c) Receive May 2018 Treasurer Report
- 1d) Approve Employee Recruitment Incentive Policy
- 1e) Approve Time Extension and Authorize CEO to Execute Amendment to Agreement with DNV GL Energy Services USA, Inc. for GHG Emissions Accounting and Clean Energy Metrics Services
- 1f) Authorize CEO to Execute Agreement with Strategic Energy Innovations for Climate Corps Bay Area Fellows
- 1g) Approve Time Extension, Addition of Funds and Authorize CEO to Execute Amendment to Agreement with Ion Translations, LLC for Translation Services
- 1h) Authorize CEO to Execute Agreement with Rocky Mountain Institute for Prioritizing Goals, Barriers & Opportunities; Prototyping a Flagship Program Portfolio; and, Providing Subject Matter Expertise in Decarbonization Initiatives via Stakeholder Workshop Design and Facilitation Services



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Regular Calendar

- 2) CEO Report (Discussion)
- 3) Approve SVCE Integrated Resource Plan (Action)
- 4) Approve Strategic Plan Update (Action)
- 5) Proposed FY 2018-19 Operating Budget (Discussion)
- 6) SVCE Baseline Greenhouse Gas (GHG) Accounting and Energy Metrics Data (Discussion)
- 7) Executive Committee Report (Discussion)
- 8) Finance and Administration Committee Report (Discussion)
- 9) Legislative Ad Hoc Committee Report (Discussion)

Board Member Announcements and Direction on Future Agenda Items

Adjourn

svcleanenergy.org

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Silicon Valley Clean Energy Authority

Board of Directors Meeting

Wednesday, June 13, 2018

7:00 pm

Cupertino Community Hall

10350 Torre Avenue

Cupertino, CA

DRAFT MINUTES

Call to Order

Chair Corrigan called the meeting to order at 7:00 p.m.

Chair Corrigan acknowledged the items left at the dais were to celebrate the launch of Milpitas on June 1.

Roll Call

Present:

Chair Courtenay Corrigan, Town of Los Altos Hills
Alternate Director Lisa Matichak, City of Mountain View
Director Marsha Grilli, City of Milpitas
Director Steve Tate, City of Morgan Hill
Director Nancy Smith, City of Sunnyvale
Director Howard Miller, City of Saratoga
Director Rod Sinks, City of Cupertino
Alternate Director Marico Sayoc, Town of Los Gatos
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:

Director Daniel Harney, City of Gilroy

Public Comment on Matters Not Listed on the Agenda

No speakers.

Consent Calendar

Director Bruins requested to pull Item 1i for further discussion.

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

The motion carried unanimously with Director Harney absent.

- 1a) Approve Minutes of the May 9, 2018, Board of Directors Meeting
- 1b) Approve Minutes of the May 9, 2018, Board of Directors Special Meeting (Board Workshop)
- 1c) Approve Minutes of the May 9, 2018, Board of Directors Special Meeting
- 1d) April 2018 Treasurer Report
- 1e) Adopt Resolution Amending the Authority's Conflict of Interest Code to Amend Five Position Titles, Add Two Positions, and Delete Two Positions
- 1f) Approve Amendment to Reserves Policy
- 1g) Authorize the Chief Executive Officer to Negotiate an Office Lease Agreement to Expand Existing Office
- 1h) Approve Amendment to Employee Handbook to Establish Flexible Spending Accounts
- 1j) Approve Workplace Electric Vehicle Charging Policy

1i) Approve Employee Recruitment Incentive Policy

Director Bruins inquired when the recruitment incentive is payable and the tenure required of the recipient of the incentive; CEO Girish Balachandran suggested Staff revise the policy and bring an amended policy back to the Board for consent in July.

Regular Calendar

2) Employee Recognition and Introductions (Discussion)

CEO Girish Balachandran recognized Climate Corp Fellows Kelly Hoogland and Victoria Yu, and Director of Power Resources Dennis Dyc-O'Neal, for their work at SVCE. CEO Balachandran presented the three employees with certificates of recognition.

CEO Balachandran introduced Power Contracts and Compliance Manager Monica Padilla and SVCE Community Outreach Intern Alex Rosas.

3) Customer Program Advisory Group Progress Update Report (Discussion)

Director of Account Services and Customer Relations Don Bray introduced the item and Customer Program Advisory Group (CPAG) Chair Peter Evans presented a PowerPoint presentation. CPAG Chair Evans provided an update to the Board on the CPAG's progress in identifying potential customer programs.

Chair Corrigan opened public comment.

James Tuleya, Sunnyvale resident, Chairperson of Carbon Free Silicon Valley, leadership team of Sunnyvale Cool, and member of the CPAG, thanked the Board and Staff for forming the CPAG and allowing members to participate in the process for providing input and feedback on programs. Tuleya commented the cost estimate presented in the CPAG Program Evaluation Worksheet for the BE Smart Residential Water and Space Heating Upgrades was not accurate and was based on a misunderstanding of the program's proposal. Tuleya noted he works for Home Energy Analytics and introduced some of the services they provide.

Tuleya responded to Director questions regarding Home Energy Analytics.

Chair Corrigan closed public comment.

The Board recognized CPAG members in attendance and discussed the timeline for the CPAG; the group was in consensus for Staff to bring back a recommendation on a possible extension to CPAG member's terms to the September Board meeting.

4) Adopt Resolution Authorizing the CEO to Execute a 15-year Power Purchase Agreement (PPA) for Renewable Supply with Duran Mesa LLC (Action)

Director of Power Resources Dennis Dyc-O'Neal introduced the item and presented a PowerPoint presentation. Director of Power Resources Dyc-O'Neal responded to a question regarding potential wildlife impacts of the windfarm.

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

MOTION: Director Sinks moved and Director Tate seconded the motion to adopt Resolution 2018-08, delegating authority to the Chief Executive Officer to execute a Power Purchase Agreement (PPA) for Renewable Supply (PCC1) with Duran Mesa LLC.

The motion carried unanimously with Director Harney absent.

Director Sinks thanked Director of Power Resources Dyc-O'Neal for his work at SVCE and continuing work at obtaining renewable resources.

5) SVCE Employee Compensation and Benefits Strategy (Discussion)

CEO Balachandran introduced the item and a PowerPoint presentation; Director of Finance and Administration Don Eckert provided additional information. Staff responded to Board questions.

Director Cortese left the meeting at 7:58 p.m.

Director Sinks requested a value be assigned to each benefit as part of the compensation study, if it had not been done already.

The Board discussed the compensation and benefits strategy and provided feedback including support of offering a self-directed approach to benefits, offering benefits synergistic with SVCE's mission, creating positive morale and a happy work environment, be mindful that SVCE is a public agency and consider longterm financial stability, a suggestion for staff to take a more holistic approach to benefits as opposed to piecemealing, consider family oriented events, get feedback from employees on desired benefits, a suggestion to try telecommuting prior to creating a policy, offering flexibility for employees to volunteer, offer options for career growth, consider green vehicle parking, support for taking a week off during the holidays in December, and support for pay for performance, cost of living adjustments, and additional SVCE funded education and job training.

6) CEO Report

CEO Balachandran reported the Hermes award for the "Understanding Your Bill" video was received; the award was passed around the dais. CEO Balachandran provided an update on Marin Clean Energy's credit rating and SVCE's steps to obtain a rating, and introduced an idea to form a joint power authority (JPA) of Community Choice.

General Counsel Greg Stepanicich responded to Board questions regarding creating a JPA of JPAs; CEO Balachandran responded to Board questions.

CEO Balachandran announced SVCE was awarded \$325,000 for the Bay Area Air Quality Management District grant; Director Sinks provided additional information.

CEO Balachandran provided a recap of SVCE's Sacramento Lobby Day.

Manager of Regulatory and Legislative Effectiveness Hilary Staver provided a regulatory/legislative update. Director Bruins inquired if Directors had received an email requesting support for a letter addressed to Governor Jerry Brown regarding halting the permitting of new oil and gas projects, creating a public health drilling setback from homes and vulnerable areas, and 100% clean energy starting with investments and disadvantaged communities. Director Bruins noted she would forward the letter to Staff for review; Director Sinks suggested SVCE consult with the air district.

Chair Corrigan opened public comment.

James Tuleya noted he had seen the letter referenced by Director Bruins in environmental advocacy climate action group discussions.

7) Executive Committee Report

Chair Corrigan noted there was no report as the Executive Committee had not met since March and the next scheduled meeting was June 26, 11:30 a.m., at the SVCE Office.

8) Finance and Administration Committee Report

Director Craig, Chair of the Finance and Administration Committee, reported the Finance and Administration Committee met May 30 and voted to recommend the Amended Reserves Policy, reviewed various facility options and recommended to expand existing office space, recommended to establish a line of credit, and discussed and provided suggestions for potential SVCE benefits and compensation.

The Committee also called a special meeting scheduled for Tuesday, June 19.

9) Legislative Ad Hoc Committee Report

Director Smith commented on the May 16 Sacramento Lobby day and thanked Staff for coordinating the event; Director Sinks provided additional comments. Director Sinks requested Staff distribute the collateral used at the event.

Board Member Announcements and Direction on Future Agenda Items

Chair Corrigan thanked Alternate Directors Matichak and Sayoc for their participation in the meeting and commented she would like to adjourn the meeting celebrating Milpitas joining SVCE.

Chair Corrigan announced the next Board meeting would be Wednesday, July 11, and noted she would not be in attendance and Vice Chair Abe-Koga would be presiding over the meeting in her absence. Chair Corrigan requested Directors check their calendars and confirm Alternate Directors would be present if not able to attend the July 11 meeting.

Adjourn

Chair Corrigan adjourned the meeting at 9:24 p.m.



Item 1b

To: Silicon Valley Clean Energy Board of Directors

From: Peter Evans, CPAG Chair

Item 1b: Receive Customer Program Advisory Group Report

Date: 7/11/2018

REPORT

The sixth Customer Program Advisory Group (CPAG) meeting was held on June 20, 2018 at the Sunnyvale Senior Center.

The CPAG meeting agenda and summary report are listed below.

Consent Calendar

- 1) Approve Minutes of the May 16, 2018, Customer Program Advisory Group Meeting

Regular Calendar

- 2) Board Feedback (Discussion)
- 3) Customer Experience Presentation (Discussion)
- 4) SVCE Heat Pump Water Heater Grant Award (Presentation and Discussion)
- 5) Opportunities and Motivating Factors for Heat Pump Water Heater Adoption: Would You Sign Up for This? (Discussion)

The meeting opened with a recap of feedback received from the SVCE Board of Directors on the CPAG presentation at the June 13 board meeting. The chair conveyed the commendations from board members on the CPAG's work.

This was followed by a residential storage customer experience presentation by CPAG member Jeff Homan, from the City of Mountain View. This led to an in-depth discussion of the opportunities and barriers to residential storage adoption for SVCE customers.

Next, SVCE staff presented a summary of an SVCE heat pump water heater (HPWH) grant awarded by the Bay Area Air Quality Management District (BAAQMD), including an introductory review of the Sacramento Municipal Utility District (SMUD) Heat Pump Water Heater Program. CPAG members then discussed opportunities and motivating factors for Heat Pump Water Heater (HPWH) adoption in response to the question: 'Would you sign up for this?'.

The next regularly scheduled CPAG meeting will take place on July 18, from 11 a.m. – 1 p.m., at the Sunnyvale Recreation Center, Neighborhood Room.



TREASURER REPORT

**Fiscal Year to Date
As of May 31, 2018**

(Preliminary & Unaudited)

Issue Date: July 11, 2018

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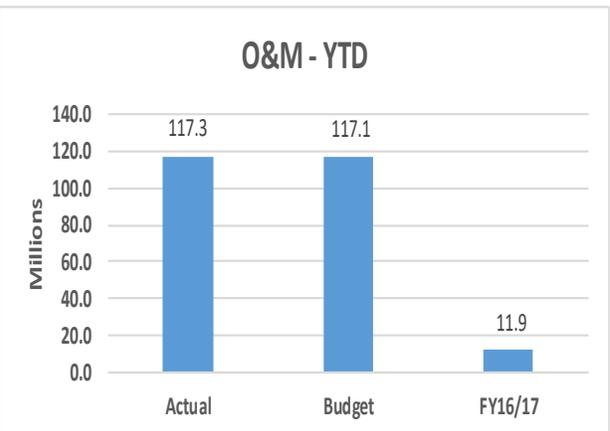
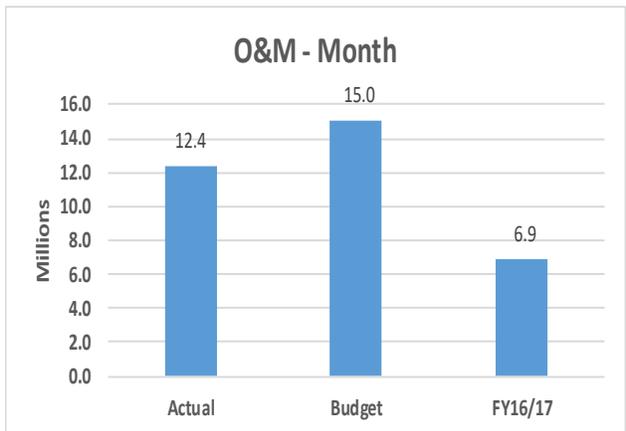
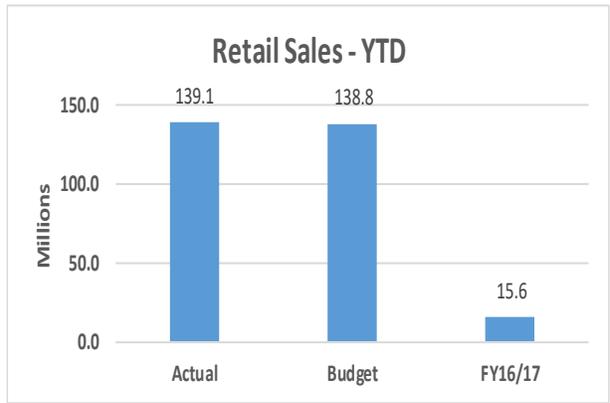
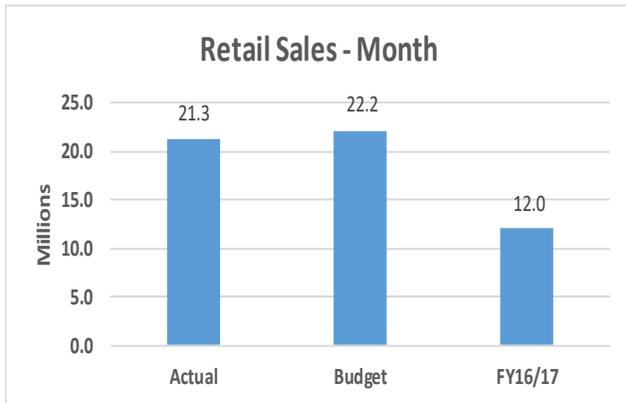
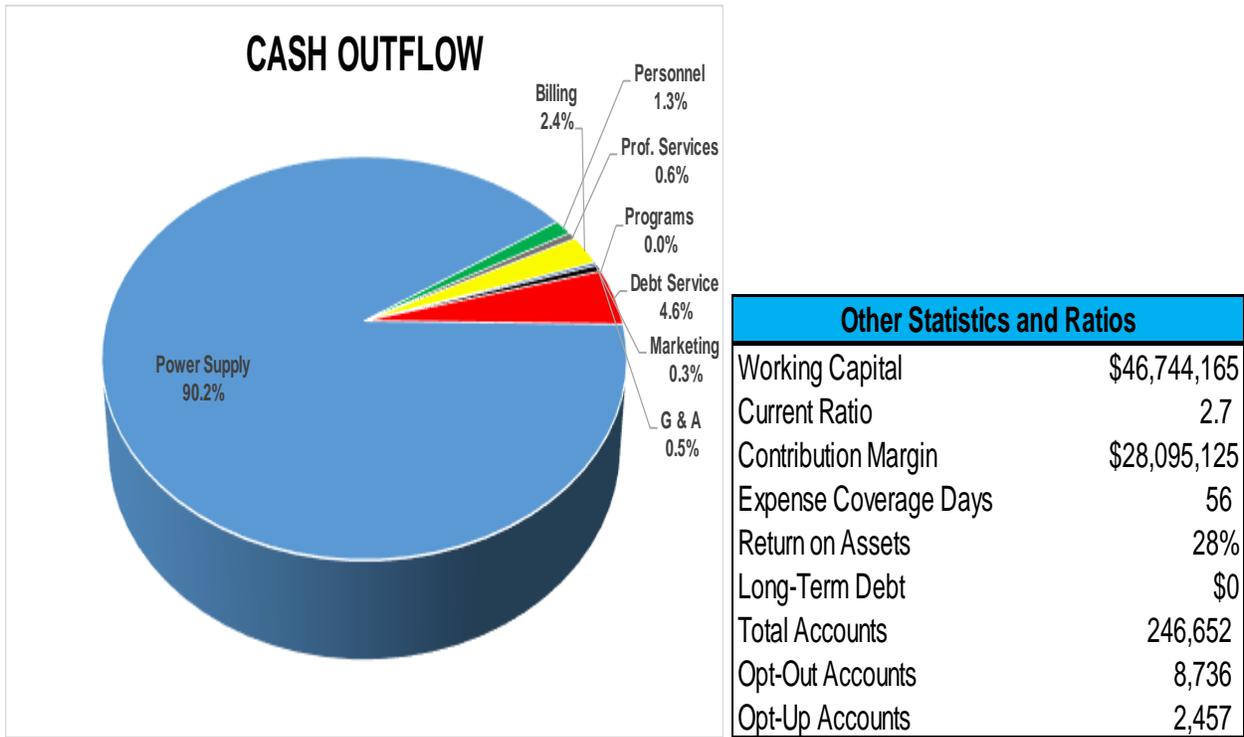
**SILICON VALLEY CLEAN ENERGY AUTHORITY
Financial Statement Highlights (\$ in 000's)**

Financial Highlights for the month of May 2018:

With the start of the cooling season, SVCE is on target both for revenues and expenses and has achieved stable liquidity. SVCE will begin serving the City of Milpitas on June 1, 2018.

- > SVCE operations resulted in positive change in net position for the month of \$8.9 million and year-to-date positive change in net position of \$21.7 million.
 - o May's revenue of \$21.2 million accounted for 267 GWh in net retail consumption.
 - o Results for the month came in \$1.1 million below plan likely due to the summer rate transition. Expect to see a catch-up in June.
 - o Year-to-date contribution margin is \$28.1 million with a current ratio of 2.7.
- > Retail GWh sales are on target.
 - o Since the mid-year budget adjustment, volume has been a combined 6 GWh's ahead of the amended budget.
 - o Energy load was re-forecasted for February through September in the mid-year budget. Forecasted GWh sales for the fiscal year is 3,542.
- > Power Supply
 - o Power supply costs for the month were lower than previous months as REC purchases slowed and energy settled at the CAISO provided a large credit.
 - o Incremental power supply needs, due to serving Milpitas, has been secured.
- > Programs/Capital
 - o Year-to-date programs activity includes GHG accounting services.
 - o A Customer Program Advisory Group was initiated in January 2018. Recommendations are expected at the June 2018 Board of Directors meeting.
- > Investing/Financing
 - o SVCE posted collateral for Resource Adequacy for MBCP of \$2.4 million. The loan is expected to be paid in August 2018.
 - o SVCE is debt free at the end of January 2018.

Change in Net Position	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Amended Budget
Actual	6,742	1,818	578	2,847	94	(416)	1,155	8,908					21,726	55,896
Power Supply Costs	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Amended Budget
Energy & REC's	13,251	12,727	14,439	13,620	14,992	14,302	12,992	11,700					108,023	
Capacity	275	743	657	724	742	643	714	800					5,297	
CAISO Charges	1,034	534	2,813	882	1,292	453	325	297					7,631	
NEM Expense	44	(19)	(47)	(63)	(4)	26	38	265					240	
Charge/Credit (IST/Net Rev)	591	(1,127)	(1,828)	(2,934)	(2,789)	285	(943)	(1,528)					(10,273)	
Net Power Costs	15,195	12,859	16,034	12,228	14,233	15,708	13,127	11,534	-	-	-	-	110,918	182,561
Other	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Amdended Budget
Capital Expenditures	-	-	9	2	-	10	-	2					23	50
Energy Programs	-	-	-	14	-	-	-	-					14	4,780
Load Statistics - GWh	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Amended Budget
Retail Sales Actual	285	266	295	278	254	282	255	267					2,182	
Retail Sales Budget	285	266	295	278	269	256	261	266					2,176	3,542



SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of May 31, 2018

ASSETS

Current Assets

Cash & Cash Equivalents	\$ 36,769,018
Accounts Receivable, net of allowance	14,082,626
Energy Settlements Receivable	-
Accrued Revenue	13,737,297
Other Receivables	239,594
Prepaid Expenses	5,032,466
Deposits	2,442,770
Restricted cash - lockbox	2,500,000

Total Current Assets 74,803,771

Noncurrent assets

Capital assets, net of depreciation	168,398
Deposits	3,129,060

Total Noncurrent Assets 3,297,458

Total Assets 78,101,229

LIABILITIES

Current Liabilities

Accounts Payable	995,936
Accrued Cost of Electricity	24,986,854
Accrued Payroll & Benefits	197,577
Other Accrued Liabilities	20,000
User Taxes and Energy Surcharges due to other gov'ts	674,239
Supplier Security Deposits	1,185,000

Total Current Liabilities 28,059,606

NET POSITION

Net investment in capital assets	168,398
Unrestricted (deficit)	49,873,225
Total Net Position	<u><u>\$ 50,041,623</u></u>

SILICON VALLEY CLEAN ENERGY AUTHORITY

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

October 1, 2017 through May 31, 2018

OPERATING REVENUES

Electricity Sales, Net	\$ 138,430,376
GreenPrime electricity premium	466,944
Other income	116,060

TOTAL OPERATING REVENUES **139,013,380**

OPERATING EXPENSES

Cost of Electricity	110,918,255
Staff Compensation and benefits	1,605,788
Data Management	2,226,399
Service Fees - PG&E	781,584
Consultants and Other Professional Fees	523,089
Legal	234,316
Communications & Noticing	352,355
General & Administrative	652,363
Depreciation	24,458

TOTAL OPERATING EXPENSES **117,318,607**

OPERATING INCOME(LOSS) **21,694,773**

NONOPERATING REVENUES (EXPENSES)

Interest Income	47,019
Interest and related expenses	(15,666)

TOTAL NONOPERATING EXPENSES **31,353**

CHANGE IN NET POSITION 21,726,126

Net Position at beginning of period 28,315,497

Net Position at end of period **\$ 50,041,623**

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS
October 1, 2017 through May 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 147,351,711
Receipts from other income	88,060
Receipts from supplier security deposits	1,185,000
Tax and surcharge receipts from customers	3,203,861
Energy settlements received	7,465,092
Desposits and collateral received	2,200,300
Payments to purchase electricity	(119,581,656)
Payments for staff compensation and benefits	(1,492,934)
Payments for data manager fees	(2,223,504)
Payments for PG&E service fees	(715,886)
Payments for consultants and other professional services	(534,293)
Payments for legal fees	(212,489)
Payments for communications and noticing	(298,602)
Payments for general and administrative	(726,139)
Energy settlements paid	(4,423,516)
Payments of deposits and collateral	(4,405,770)
Tax and surcharge payments to other governments	(3,222,591)
Net cash provided (used) by operating activities	<u>23,656,644</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Principal payments on loan	(5,630,000)
Interest and related expense payments	(22,892)
Net cash provided (used) by non-capital financing activities	<u>(5,652,892)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(25,350)</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest income received	<u>47,019</u>
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Net change in cash and cash equivalents	18,025,421
Cash and cash equivalents at beginning of year	<u>21,243,597</u>
Cash and cash equivalents at end of period	<u>\$ 39,269,018</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (Continued)

October 1, 2017 through May 31, 2018

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

Operating Income (loss)	\$ 21,694,773
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	24,458
Revenue reduced for uncollectible accounts	700,134
(Increase) decrease in net accounts receivable	6,637,590
(Increase) decrease in energy settlements receivable	266,328
(Increase) decrease in other receivables	(39,594)
(Increase) decrease in accrued revenue	1,239,025
(Increase) decrease in prepaid expenses	(4,960,624)
(Increase) decrease in current deposits	(2,205,470)
Increase (decrease) in accounts payable	145,714
Increase (decrease) in accrued payroll & benefits	112,554
Increase (decrease) in energy settlements payable	132,595
Increase (decrease) in supplier security deposits	1,185,000
Increase (decrease) in accrued cost of electricity	(1,133,852)
Increase (decrease) in accrued liabilities	(900)
Increase (decrease) taxes and surcharges due to other governments	(141,087)
Net cash provided (used) by operating activities	<u>\$ 23,656,644</u>

**SILICON VALLEY CLEAN ENERGY
BUDGETARY COMPARISON SCHEDULE
October 1, 2017 through May 31, 2018**

	FYTD <u>Actual</u>	FYTD <u>Amended Budget</u>	<u>Variance</u> \$	%	FY 2017-18 <u>Amended Budget</u>	% Budget <u>Spent</u>
REVENUES & OTHER SOURCES						
Energy Sales	\$ 138,430,376	\$ 138,299,721	\$ 130,655	0%	\$ 253,508,101	
Green Prime Premium	466,944	405,326	61,618	15%	609,889	
Other Income	116,060	40,750	75,310	185%	50,750	
Investment Income	47,019	33,333	13,686	0%	100,000	
TOTAL REVENUES & OTHER SOURCES	<u>139,060,399</u>	<u>138,779,130</u>	<u>281,269</u>	<u>0%</u>	<u>254,268,741</u>	
EXPENDITURES & OTHER USES						
CURRENT EXPENDITURES						
Power Supply	110,918,255	110,246,622	(671,633)	-1%	182,561,000	61%
Data Management	2,226,399	2,151,412	(74,987)	-3%	3,276,512	68%
PG&E Fees	781,584	672,120	(109,464)	-16%	886,912	88%
Salaries & Benefits	1,605,788	2,139,596	533,808	25%	3,555,301	45%
Professional Services	743,567	883,333	139,766	16%	1,325,000	56%
Marketing & Promotions	270,894	366,667	95,773	26%	550,000	49%
Notifications	81,461	45,000	(36,461)	-81%	125,000	65%
Lease	214,043	223,075	9,032	4%	334,650	64%
General & Administrative	438,320	398,600	(39,720)	-10%	597,900	73%
TOTAL CURRENT EXPENDITURES	<u>117,280,311</u>	<u>117,126,426</u>	<u>(153,885)</u>	<u>0%</u>	<u>193,212,276</u>	<u>61%</u>
OTHER USES						
Customer Programs	13,838	2,541,919	2,528,081	0%	5,070,000	0%
Office Equipment	23,144	30,332	7,188	24%	50,000	46%
TOTAL OTHER USES	<u>36,982</u>	<u>2,572,251</u>	<u>2,535,269</u>	<u>99%</u>	<u>5,120,000</u>	<u>1%</u>
DEBT SERVICE						
Interest	15,666	15,666	-	0%	15,666	100%
Principal	5,630,000	5,630,000	-	0%	5,630,000	100%
TOTAL DEBT SERVICE	<u>5,645,666</u>	<u>5,645,666</u>	<u>-</u>	<u>0%</u>	<u>5,645,666</u>	<u>100%</u>
Total Expenditures, Other Uses & Debt Service	<u>122,962,959</u>	<u>125,344,343</u>	<u>2,381,384</u>	<u>2%</u>	<u>203,977,942</u>	<u>60%</u>
Net Increase(Decrease) in Available Fund Balance	<u>\$ 16,097,440</u>	<u>\$ 13,434,788</u>	<u>\$ 2,662,652</u>	<u>20%</u>	<u>\$ 50,290,799</u>	

SILICON VALLEY CLEAN ENERGY AUTHORITY

**BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Net Increase (decrease) in available fund balance per budgetary comparison schedule	\$ 16,097,440
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position	
Subtract depreciation expense	(24,458)
Add back capital asset acquisitions	23,144
Add back principal payments on debt	<u>5,630,000</u>
Change in Net Position	<u>21,726,126</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
October 1, 2017 through May 31, 2018

	October	November	December	January	February	March	April	May	June	July	August	September	YTD
OPERATING REVENUES													
Electricity sales, net	\$ 22,523,034	\$ 15,426,854	\$ 17,324,129	\$ 15,778,435	\$ 14,921,265	\$ 16,117,978	\$ 15,156,265	\$ 21,182,416	\$ -	\$ -	\$ -	\$ -	\$ 138,430,376
Green electricity premium	32,946	63,341	61,848	62,605	57,222	64,918	60,208	63,856					466,944
Other income	-	-	24,450	6,300	-	34,560	22,750	28,000					116,060
Total operating revenues	22,555,980	15,490,195	17,410,427	15,847,340	14,978,487	16,217,456	15,239,223	21,274,272	-	-	-	-	139,013,380
OPERATING EXPENSES													
Cost of electricity	15,195,616	12,859,048	16,034,462	12,228,493	14,232,977	15,707,933	13,126,160	11,533,566					110,918,255
Staff compensation and benefits	196,743	168,026	197,149	161,974	209,855	228,403	200,838	242,800					1,605,788
Data manager	276,838	277,564	277,114	281,602	275,000	287,603	281,378	269,300					2,226,399
Service fees - PG&E	920	200,000	104,290	120,027	101,645	81,816	84,000	88,886					781,584
Consultants and other professional fees	78,816	90,373	106,105	141,733	1,900	159,302	334,755	196,776					1,109,760
General and administration	55,285	66,571	110,236	62,956	59,744	168,407	74,931	54,233					652,363
Depreciation	2,762	2,762	3,001	3,059	3,058	3,153	3,299	3,364					24,458
Total operating expenses	15,806,980	13,664,344	16,832,357	12,999,844	14,884,179	16,636,617	14,105,361	12,388,925	-	-	-	-	117,318,607
Operating income (loss)	6,749,000	1,825,851	578,070	2,847,496	94,308	(419,161)	1,133,862	8,885,347	-	-	-	-	21,694,773
NONOPERATING REVENUES (EXPENSES)													
Interest income	-	-	-	-	-	3,452	20,727	22,840					47,019
Interest and related expense	(7,442)	(8,224)	-	-	-	-	-	-	-	-	-	-	(15,666)
Total nonoperating revenues (expenses)	(7,442)	(8,224)	-	-	-	3,452	20,727	22,840	-	-	-	-	31,353
CHANGE IN NET POSITION	\$ 6,741,558	\$ 1,817,627	\$ 578,070	\$ 2,847,496	\$ 94,308	\$ (415,709)	\$ 1,154,589	\$ 8,908,187	\$ -	\$ -	\$ -	\$ -	\$ 21,726,126

PERSONNEL REPORT

HEADCOUNT				
<u>Position</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
Account Representative I	1	1	0	
Account Representative II	1	0	1	
Account Services Manager	1	1	0	
Administrative Analyst	1	1	0	
Administrative Assistant	1	1	0	
Associate Legislative Analyst	1	0	1	
Board Clerk/Executive Assistant	1	1	0	
Chief Executive Officer	1	1	0	
Community Outreach Manager	1	1	0	
Community Outreach Specialist	1	1	0	
Director of Finance and Administration	1	1	0	
Director of Customer Care	1	1	0	
Director of Decarbonization and Grid Innovation Programs	1	0	1	
Director of Power Resources	1	1	0	
IT Analyst	1	1	0	
Manager of Regulatory & Legislative Effectiveness	1	1	0	
Power Contracts & Compliance Manager	1	1	0	
Power Settlements & Compliance Analyst	1	1	0	
Senior Regulatory Analyst	<u>1</u>	<u>0</u>	<u>1</u>	
Total*	<u>19</u>	<u>15</u>	<u>4</u>	

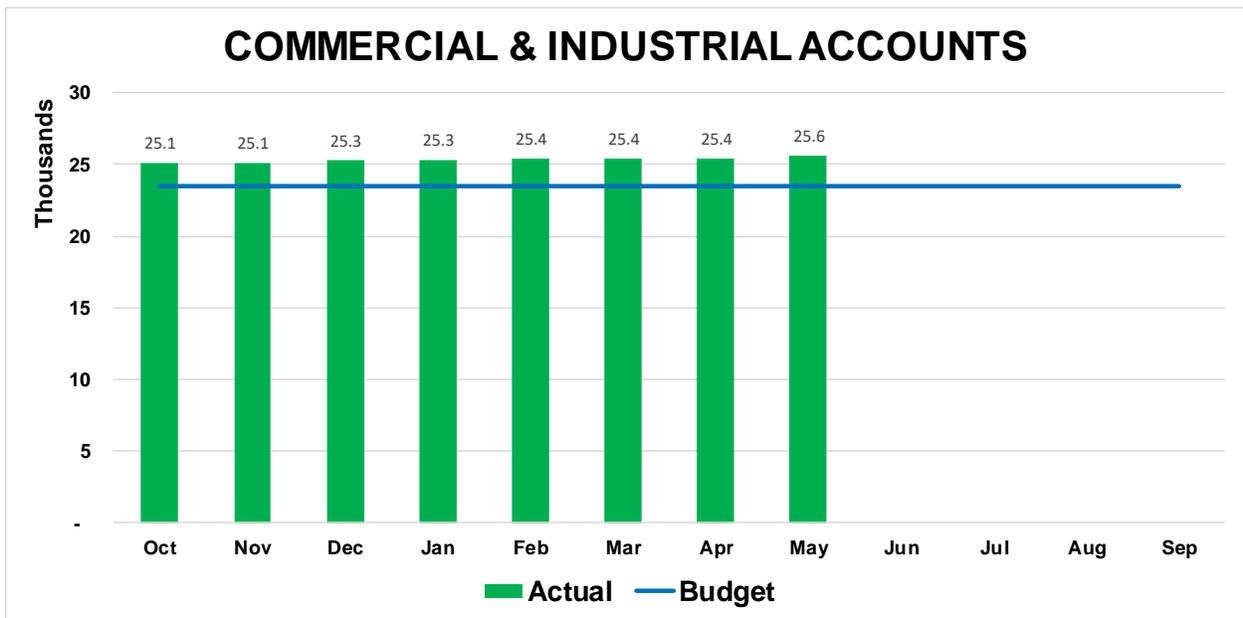
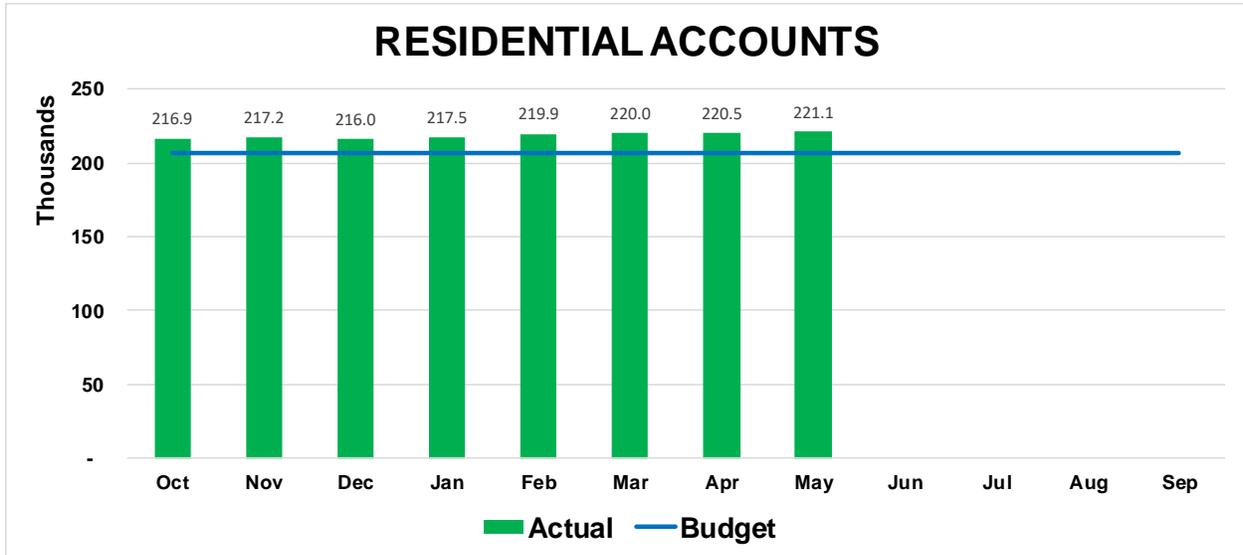
*Note: There are 21 total positions approved but 2 positions have yet to be defined.

CONTINGENT POSITIONS				
Position	Positions		Variance	
	FY2017-18 Budget	FY2017-18 Actual		
Climate Fellows / Temporary	4	4	-	

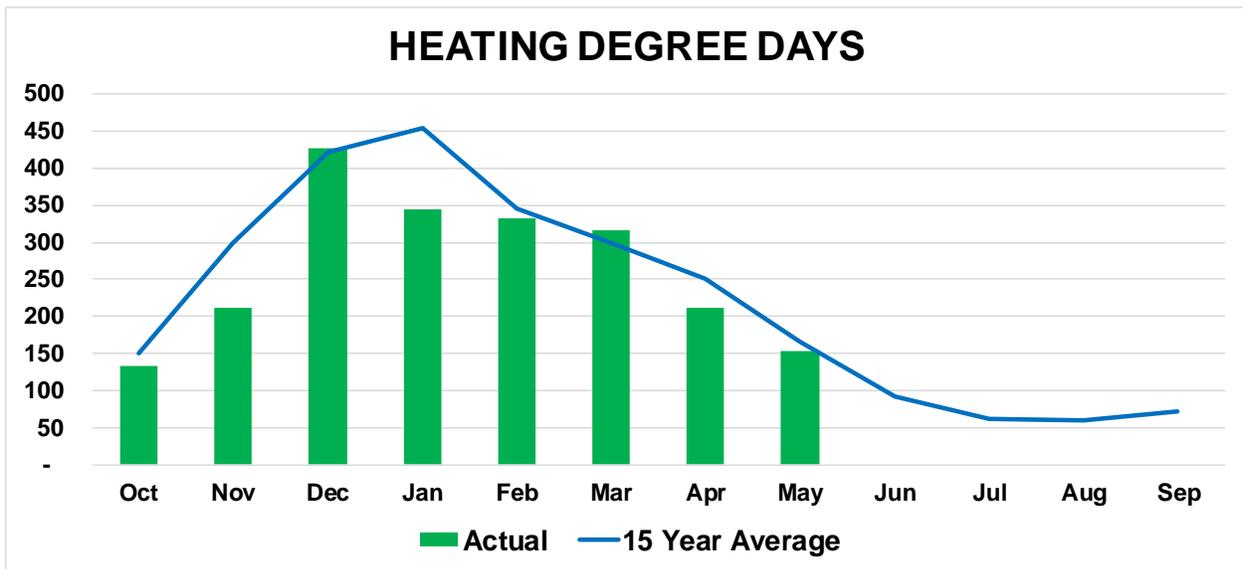
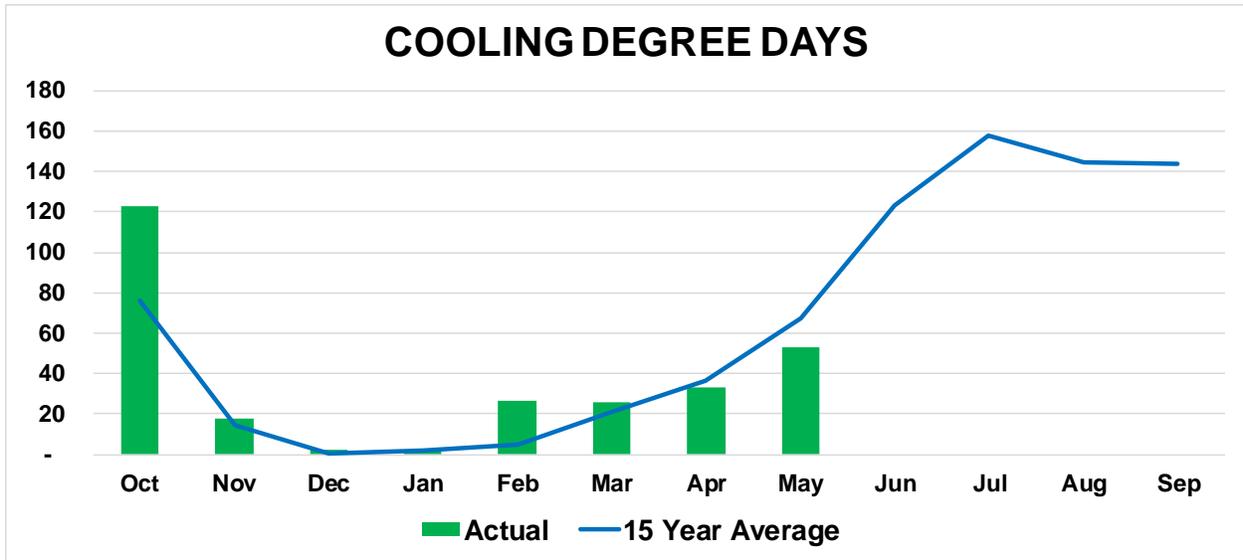
**SILICON VALLEY CLEAN ENERGY AUTHORITY
INVESTMENTS SUMMARY
October 1, 2017 through May 31, 2018**

Return on Investments	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	YTD Total
<i>Money Market</i>	\$0	\$0	\$0	\$0	\$0	\$3,452	\$20,727	\$22,840					<u>\$47,019</u>
<hr style="border-top: 1px dashed black;"/>													
Portfolio Invested													
<i>Average daily portfolio available to invest</i>						\$36,750,070	37,850,501	34,800,713					
<i>Average daily portfolio invested</i>						\$20,003,452	20,004,143	20,024,915					
<i>% of average daily portfolio invested</i>						54.4%	52.9%	57.5%					
<hr style="border-top: 1px dashed black;"/>													
Detail of Portfolio													
	<u>Purchased Rate %</u>			<u>Maturity Rate %</u>			<u>Carrying Value</u>						
<i>Money Market - River City Bank</i>	1.26%			1.26%			\$20,024,179						
<hr style="border-top: 1px dashed black;"/>													

CUSTOMER ACCOUNTS



WEATHER STATISTICS



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

	Total	Days				
		0-30	31-60	61-90	90-120	Over 120
Accounts Receivable	\$15,254,822	\$13,756,840	\$649,756	\$231,992	\$172,845	\$443,389
Period %	100%	90.2%	4.3%	1.5%	1.1%	2.9%



Staff Report – Item 1d

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1d: Approve Employee Recruitment Incentive Policy

Date: 7/11/2018

RECOMMENDATION

Approve HR Policy #2 establishing an employee recruitment policy authorizing the Chief Executive Officer (CEO) to offer the greater, of 10% of the salary, referenced in the offer letter, or \$15,000.

FINANCE AND ADMINISTRATION COMMITTEE RECOMMENDATION

At the May 30, 2018 meeting, the Finance and Administration Committee approved this recommendation.

BACKGROUND

At the June 13, 2018 Board of Directors meeting, the Board instructed staff to amend the proposed policy to include a provision for the Agency to be reimbursed the recruitment bonus by the employee if the employee voluntarily leaves the agency but deferred to staff to recommend a minimum length of employment. The revised policy recommends a minimum twelve (12) months employment with the agency.

STRATEGIC PLAN

This report supports the “Best Place to Work” goal of the strategic plan.

ALTERNATIVE

There are no alternatives considered for this report.

FISCAL IMPACT

Assuming a proposed headcount of 25 positions, with 17 positions filled, there is approximately a \$120,000 fiscal impact to fill vacancies.

Assuming a 10% employee turnover, there would be an annual fiscal impact of \$50,000.

ATTACHMENTS

1. HR Policy #2 – Recruitment Policy



HRP2

Category: HUMAN RESOURCES

EMPLOYEE RECRUITMENT INCENTIVE POLICY

I. PURPOSE

A recruitment incentive is a lump sum of money and/or reimbursement for one-time benefits that the agency provides to a prospective employee. The purpose of the recruitment incentive is to entice the applicant to sign-on with the organization.

II. POLICY

The Chief Executive Officer (CEO) is authorized to offer one-time incentives that do not exceed the greater of 10% of the salary referenced in the offer letter or \$15,000 to prospective applicants.

Employees who leave employment with the Agency within twelve (12) months from the date from which the bonus is received shall reimburse the Agency in full unless terminated by the Agency.



Staff Report – Item 1e

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1f: Approve Time Extension and Authorize CEO to Execute Amendment with DNV GL Energy Services USA, Inc. for GHG Emissions Accounting and Clean Energy Metrics Services

Date: 7/11/2018

RECOMMENDATION

Authorize the CEO to execute a schedule extension for the agreement with DNV GL Energy Services USA, Inc. for greenhouse gas (GHG) emissions accounting and clean energy metrics services, from June 30th, 2018 to September 30th, 2018.

BACKGROUND

At SVCE's Board of Directors meeting on November 29th, 2017, the SVCE Board approved a contract with DNV-GL for specialized consulting services to support initial definition of required inventory and metrics data, and identification of activity data sources; tools and processes for annual collection, analysis, reporting and archiving; and development of initial data sets for a 2015 baseline year and calendar year 2017.

The Not-to-Exceed contract totaled \$96,900, and the term of the contract was December 1, 2017 through June 30, 2018.

ANALYSIS & DISCUSSION

Collection of activity data for 2017 required access to datasets that were not determined and/or released until several months after the end of the year, including critical elements such as natural gas usage data, and SVCE's annual emissions factor.

As a result, the timeline for the inventory and energy data metrics project has been extended by three months, from the originally-projected end date of June 30th, 2018, to September 30th, 2018. There is no change in the Not-to-Exceed contract amount of \$96,900.

ATTACHMENTS

1. First Amendment to Agreement with DNV GL Energy Services USA, Inc for GHG Emissions Accounting and Clean Energy Metrics Services
2. Executed Agreement with DNV GL Energy Services USA, Inc.

**FIRST AMENDMENT TO AGREEMENT WITH DNV GL ENERGY SERVICES USA, INC.,
FOR GREENHOUSE GAS EMISSIONS ACCOUNTING AND CLEAN ENERGY METRICS
SERVICES**

WHEREAS, the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency (“Authority”), and DNV GL ENERGY SERVICES USA, INC., entered into that certain agreement entitled Greenhouse Gas Emissions Accounting and Clean Energy Metrics Services, effective on December 1, 2017, hereinafter referred to as “Original Agreement”; and

WHEREAS, Authority and DNV GL Energy Services USA, Inc. have determined it is in their mutual interest to amend certain terms of the Original Agreement.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, THE PARTIES AGREE AS FOLLOWS:

1. Article 1, (Term) of Original Agreement shall be amended to read as follows:

“The term of this Agreement shall commence on December 1, 2017, and shall terminate on September 30, 2018, unless terminated earlier as set forth herein.”
2. This Amendment shall be effective on June 13, 2018.
4. Except as expressly modified herein, all of the provisions of the Original Agreement shall remain in full force and effect. In the case of any inconsistencies between the Original Agreement and this Amendment, the terms of this Amendment shall control.
5. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the dates set forth besides their signatures below.

CONSULTANT, DNV GL Energy Services
USA Inc.

SILICON VALLEY CLEAN ENERGY
AUTHORITY,
A Joint Powers Authority

By: 
[signature]
Betty Seto
[employee name]
Head of Department
[title/department]

By: _____
[signature]
Girish Balachandran
[name]
CEO
[title]

Date: 6/8/2018

Date: _____

RECOMMENDED FOR APPROVAL

Don Bray, Director of Account Services and
Community Relations

APPROVED AS TO FORM:

ATTEST:

Counsel for Authority

Authority Clerk

**AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY
AND DNV GL ENERGY SERVICES USA, INC FOR GREENHOUSE GAS EMISSIONS
ACCOUNTING AND CLEAN ENERGY METRICS SERVICES**

THIS AGREEMENT is entered into this 30th day of November, 2017, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent joint powers authority, ("Authority"), and DNV GL ENERGY SERVICES USA, INC., a corporation whose address is 1400 Ravello Dr., Katy, TX (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

RECITALS:

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

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

C. Authority and Consultant desire to enter into an agreement for greenhouse gas emissions accounting and clean energy metrics services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on December 1, 2017, and shall terminate on June 30, 2018, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference. Consultant and Authority agree to make every reasonable effort to perform the services in Exhibit "A" in accordance with the contractual delivery dates in Exhibit "B".

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed ninety six thousand nine hundred United States dollars (\$96,900.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of similar specially trained professionals and agrees

that all services shall be performed by qualified and experienced personnel. EXCEPT AS STATED IN THIS SECTION, CONSULTANT MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, WHICH EXCEED THE FOREGOING WARRANTY.

5. **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.

6. **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.

7. **NON-DISCRIMINATION**

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

8. **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, 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.

9. **LIMITATION OF LIABILITY**

In no event shall Consultant's liability to Authority include consequential, indirect, incidental, punitive, or special damages or loss of profits or revenue. Consultant's total aggregate liability to Authority for breach of contract or professional negligence claims shall, to the extent permitted by law, be limited to the lesser of (a) the remuneration paid to Consultant under this Agreement, or (b) a maximum aggregate sum of three hundred thousand United States dollars (\$300,000.00).

10. **INSURANCE:**

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

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

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

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

any nature under any policy required by this Agreement or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by any policy required by this Agreement.

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

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

G. Claims-Made Coverage. If coverage is maintained on a claims-made basis, Consultant shall maintain the minimum insurance coverage as set forth in this Agreement for a period of five (5) years following the final performance of services under this Agreement.

11. CONFLICT OF INTEREST

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

12. PROHIBITION AGAINST TRANSFERS

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

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

13. SUBCONTRACTOR APPROVAL

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

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the

insurance required by this Agreement. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

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

14. REPORTS

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

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

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

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

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

15. RECORDS

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of three (3) 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. Betty Seto, DNV GL 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. For purposes of this Section, proprietary and confidential information includes without limitation customer energy usage data and any other customer information protected Authority's Customer Confidentiality Policy (<https://www.svcleanenergy.org/customer-confidentiality>). It also includes any other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

18. **NOTICES**

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

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

TO AUTHORITY:

333 W. El Camino Real, Ste 290
Sunnyvale, CA 94087
Attention: Chief Executive Officer

TO CONSULTANT:

Betty Seto
DNV GL Energy Services USA, Inc.
155 Grand Avenue, Suite 500
Oakland, CA 94612

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 ten (10) business

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 by giving thirty (30) days prior written notice thereof to Authority, but only in the event of Authority's failure to pay an invoice for services satisfactorily performed and after expiration of thirty (30) days following written notice by Consultant to Authority of such failure to pay.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. Upon termination, Consultant shall immediately deliver to the Authority any and all copies of reports, studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement.

20. **COMPLIANCE**

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

21. **CONFLICT OF LAW**

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

22. **ADVERTISEMENT**

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

23. **WAIVER**

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

24. **INTEGRATED CONTRACT**

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

25. **AUTHORITY**

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

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were

included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**

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

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

DNV GL Energy Services USA Inc.
A Corporation

By Betty Lee
Title Head of Department
Date 12/6/17

SILICON VALLEY CLEAN ENERGY
AUTHORITY
A Joint Powers Authority

By Donald Ely
Title Interim CEO
Date 12-8-17

RECOMMENDED FOR APPROVAL

Alan S. 12/11/17
By:

APPROVED AS TO FORM:

[Signature]
Counsel for Authority

ATTEST:

[Signature]
Authority Clerk

Exhibit A
Scope of Services

1 SCOPE OF WORK

1.1 Task A. Determine GHG Inventory Approach and Methodology

DNV GL will “Determine and document a GHG inventory methodology (including references, citations and assumptions), available activity data sets and supporting tools to establish emissions data for energy and transportation sectors emissions data.” More specifically, this is in relation to the three sectors to be included in the 2015 and 2017 GHG Inventories (i.e., electricity, natural gas and transportation).

In order to ensure that “The methodology, activity data and tools should be currently used by a majority of the SVCE Jurisdictions currently practicing GHG accounting and climate action planning activities,” DNV GL will summarize the proposed methodology for Task B and C, based on the scan of the existing GHG inventories completed.

Table 1 provides DNV GL’s preliminary understanding of the availability of existing GHG inventories. Our pricing is based on the assumption that this is the approximate level of existing GHG and climate action planning activities across member agencies.

Table 1. Summary of Known GHG Inventories by SVCE Jurisdictions¹

City	Year Covered in Latest GHG Audit	MT CO2E per Latest GHG Audit	% from Base Year (Latest Audit)	Audit Contractor	Next Audit Year
Campbell	None			De Novo Planning Grp.	2015
Cupertino	2010	307,288		AECOM	
Gilroy					
Los Altos	2005	182,830		PMC (Oakland)	No plan
Los Altos Hills ^A	2015	77,583	-14%	HEA (Los Altos Hills)	2016
Los Gatos	Avg. 2006-08	381,640			
Monte Sereno					
Morgan Hill	2007	300,000		In-house	No plan
Mountain View	2012	786,954	7%	EcoShift (Santa Cruz)	2015
Saratoga					
Sunnyvale	2014	971,140	-16%	Int'l (formerly PMC)	2016
Uninc SCC					

Deliverable:

- Brief memo summarizing the proposed inventory methodology and data sources for the GHG inventory sectors to be utilized by SVCE for the 2015 and 2017 updates. (Draft and one round of edits to finalize the memo)

1.2 Task B. Calculate Community GHG Emissions for 2015

For Calendar Year 2015, DNV GL would calculate community-wide GHG emissions for each of the 12 member jurisdictions across the following sectors:

- “Electric consumption in kWh, broken out by residential and commercial customer groups, and by PG&E versus Direct Access, with associated GHG emissions factors” (Data source: SVCE)
- “Natural gas usage in therms, broken out by residential and commercial customer groups; including where possible non-natural gas fuel usage, e.g. propane, fuel oil, biomass, if material.” (Data source: PG&E, CEC)
- Vehicle transportation, broken out by sub-sector if/as applicable, e.g. autos, trucks, off-road. (Note that emissions or emissions savings attributable to electric vehicles will be clearly accounted for, and not double-counted in the buildings sector) (Data source: MTC or VTA, if available. Off-road data sourced from BAAQMD)

¹
² Source: “CAP and GHG Survey – SVCE Member Agencies.pdf”

To assist SVCE in understanding exogenous factors to the energy consumption, DNV GL would compile heating degree day (HDD) and cooling degree day (CDD) data to “help understand the degree to which changes in electricity and natural gas usage data from year to year may be caused by changing weather-related heating and cooling requirements.” The annual HDD and CDD data would be based on local weather station data for each of the 12 member jurisdictions. (If interested, developing the HDD and CDD datasets for 2015 and 2017 may be conducted by a SVCE intern with guidance from DNV GL. The project budget would be utilized to explain, guide and QA/QC the intern work.)

The emissions data “described above should be calculated separately for each of twelve SVCE Jurisdictions (Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale, and unincorporated Santa Clara County), and then combined to form an SVCE service area total for each sub/sector and a grand total.”

DNV GL will provide for SVCE a single workbook summarizing all emissions inventories, with an optional task to provide standalone workbooks for each of the 12 jurisdictions. The workbook will clearly outline the calculation methodology per Task A, and reference “underlying activity data sources and emissions factors, supporting calculations, and any special methods utilized for data quality assurance, cleansing, and synthesis.”

Deliverable:

- Single Excel workbook of “2015 finalized GHG emissions data and associated activity data, by sector, sub-sector and jurisdiction.” The Excel based workbook will serve as “a summary SVCE inventory tracking and reporting tool, such that jurisdiction-specific data may be easily extracted by SVCE for use by a requesting jurisdiction, and that data across all SVCE communities may be easily aggregated and summarized for use by SVCE.”
- One in-person meeting (2 staff)
- Optional deliverable (not included at this time): Standalone workbooks that have extracted GHG inventory, calculations, activity data and source references for each of the 12 member jurisdictions

1.3 Task C. Calculate Community GHG Emissions for 2017

Following Task B. Calendar Year 2015 GHG Emissions Inventories, DNV GL will provide a separate workbook with 2017 inventories with updated energy consumption, emissions factor and other activity data related to electricity, natural gas and transportation for calendar year 2017. The 2017 SVCE GHG Emissions Workbook will utilize an identical format to the 2015 workbook, with any minor adjustments and formatting tweaks as requested by SVCE. Note that the updated data from PG&E, SVCE, CEC and other sources may not be available until Q2 2018.

The 2017 SVCE GHG Emissions Workbook will include a summary graphic of the trend and differences from the 2015 inventory, by jurisdiction, sector (e.g., residential/commercial) and by category (e.g., electricity/natural gas/transportation), including HDD and CDD data.

Deliverable:

- Single Excel workbook of “2017 finalized GHG emissions data and associated activity data, by sector, sub-sector and jurisdiction.” The Excel based workbook will serve as “a summary SVCE inventory tracking and reporting tool, such that jurisdiction-specific data may be easily extracted by SVCE for use by a requesting jurisdiction, and that data across all SVCE communities may be easily aggregated and summarized for use by SVCE.”

1.4 Task D. Clean Energy Asset Baseline Study

DNV GL will assist SVCE in developing “baseline data associated with potential deployment of clean energy assets and infrastructure in the SVCE service territory.” For Calendar Year 2017, DNV GL will “develop an initial inventory of clean energy assets” based on SVCE’s preliminary list of clean energy assets provided in SVCE’s Draft Scope of Work

Table 2 provides an initial assessment of possible data sources for the list of clean energy assets provided in SVCE’s Draft Scope of Work, with the relatively easy sources highlighted in gray.

Table 2. Initial Assessment of Data Availability

Clean ENERGY ASSET	Anticipated Difficulty	INITIAL ASSESSMENT
Registered battery electric and plug-in hybrid electric vehicles	Easy – with some data analysis	DMV data (County of San Mateo got the data) https://cleanvehiclerebate.org/eng/cvrp-rebate-map (searchable by zip code)
Level 2 electric vehicle charging infrastructure at homes, public places, and workplaces	Easy-Medium	Public and workplace Level 2 – Easy (www.plugshare.com , ChargePoint and other data sources) Home Level 2 – Medium (some data in www.plugshare.com , and also look at EV tariffs, estimated 95% of these are Level 2)
Level 3 (DC fast chargers) charging infrastructure	Easy	www.plugshare.com
Residential heat pump water heaters installed	Easy if use RASS	Residential Appliance Saturation Survey (Permit data difficult and potentially inaccurate)
Residential heat pump space heaters installed	Easy if use CEUS	Commercial End Use Survey (Permit data difficult and potentially inaccurate)
Residential and commercial behind the meter battery storage installations by	Hard	May need to interview manufacturers/project developers,

count and capacity (range)		potentially SGIP
Utility-scale battery storage installations by count and rated capacity (ranges)	Medium	Few expected – look at Bloomberg New Energy Finance
Residential and commercial solar installations by count and rated capacity (ranges)	Easy	California Solar Initiative, we think it is available by incorporated City
Utility-scale solar installations by count and rated capacity (ranges)	Easy	Bloomberg New Energy Finance
Fuel cell installations ³ by count and approximate rated capacity (designated by nat gas and biogas-fueled)	Medium	Maybe SGIP, or call to Bloom Box
Generator count and rated capacity (ranges) and fuel type, residential and commercial, and their approximate utilization	Hard	Hospitals, hotels, universities, assumptions from industry reports. Possibly BAAQMD permitting
Number of all-electric buildings including usable square footage	Hard	Could analyze monthly billing data at the account level to identify electrically heated buildings
Other building-related TBD, e.g. Energy Star, LEED, Zero Net Energy	Easy (mostly)	ENERGY STAR website LEED database NBI ZNE database (lacking residential) Potentially look at solar PV system sizes for residential

The above table represents our initial understanding of relevant data sources, but it is not clear how granular the data may be for each clean energy asset – i.e., whether data is readily available by jurisdiction or zip code, and date of the source data collected (2017 or earlier).

Based on the above initial assessment, and SVCE’s desire that “SVCE clean energy asset data should be sourced, calculated, and/or reasonably approximated from raw data that will be readily obtainable year to year, and not require primary research to obtain,” DNV GL will focus on collecting data associated with the eight (8) identified “easy” clean energy asset data category, as highlighted in green in the above table.

DNV GL will work with SVCE to assess the applicability of the various data sources and opportunities for improving data availability/analysis. DNV GL will provide for SVCE a single workbook summarizing the 2017 inventory of clean energy assets (e.g., in a Summary Worksheet) across SVCE and by individual jurisdiction where possible. For each clean energy asset, DNV GL will “provide data source(s) and methodology used for establishing the inventory value(s) such that the same approach can be used in future years.”

³ May not qualify as clean if natural gas-fired; useful to understand overall fuel cell capacity

Deliverable:

- Single Excel workbook summarizing the SVCE Initial Inventory of Clean Energy Assets for 2017. For each clean energy asset, DNV GL will “provide data source(s) and methodology used for establishing the inventory value(s) such that the same approach can be used in future years.”
- One in-person meeting (2 staff)
- As an optional task (not included at this time), DNV GL could set up the SVCE Initial Inventory of Clean Energy Assets 2017 Workbook as a Tracking Tool that supports annual tracking and some automated calculations for future tracking.

1.5 Task E. Target Market Assessment

To support SVCE in developing new innovative programs for electrification and demand management, DNV GL will analyze the energy use characteristics of different potential target markets across the service territory.

Table 3 summarizes the list of energy use characteristics provided in SVCE’s Draft Scope of Work document, and DNV GL’s initial assessment of most likely data sources.

Table 3. Initial Assessment of Market Characteristics Data Availability

MARKET CHARACTERISTICS	Anticipated Difficulty	INITIAL ASSESSMENT of DATA SOURCES
Estimated total number of registered vehicles by type, e.g. personal transportation, commercial transportation, public transportation	Uncertain	Primary focus: Personal transportation - DMV data? Secondary focus depending on data availability and direction from SVCE: Commercial transportation – perhaps DMV? (Commercial vehicles registered locally) Public transportation/shuttles? - VTA
Estimated total number of residential dwelling units by type, e.g. detached homes, MUD; and vintage	Medium	County Assessors data – but may require significant data processing, depending on data format. DNV GL will work with SVCE to determine a “reasonable” level of analysis given the task budget.
Estimated number of commercial/industrial buildings, categorized by size/use	Medium	County Assessors data – but may require significant data processing, depending on data format?
Estimated residential natural gas use by application, e.g. space heating, water heating, pool or spa heating,	Easy if use RASS	Residential Appliance Saturation Survey applied to PG&E data for each jurisdiction (collected as part of Task B

cooking, clothes drying		and C)
Estimated commercial natural gas use by application, e.g. space heating, water heating, industrial processes	Easy if use CEUS	Commercial End Use Survey applied to PG&E data for each jurisdiction (collected as part of Task B and C)
Estimated residential electricity use by application, e.g. HVAC, lighting, refrigeration, washing/laundry, plug loads	Easy if use RASS	Residential Appliance Saturation Survey applied to SVCE data for each jurisdiction (collected as part of Task B and C) or other
Estimated commercial electricity use by application, e.g. HVAC, lighting, data center, office plug loads	Easy if use CEUS	Commercial End Use Survey applied to SVCE data for each jurisdiction (collected as part of Task B and C)
Commercial electricity use load shapes, winter and summer seasons (analysis to be conducted by SVCE)	Not applicable	Analysis to be conducted by SVCE, and provided to DNV GL
Residential electricity use load shapes, winter and summer seasons (analysis to be conducted by SVCE)	Not applicable	Analysis to be conducted by SVCE, and provided to DNV GL

DNV GL will provide the results of the analysis in an Excel workbook and provide a summary presentation of key findings. The analysis will help SVCE to better understand the local building stocks across each of the member jurisdictions and associated energy use characteristics and how energy is used.

Deliverable:

- Single Excel workbook summarizing the SVCE Market Energy Use Characteristics as listed above, for the SVCE service area in total and by SVCE jurisdiction. The workbook will include some cross-tabulation of results across different parameters such jurisdiction, fuel type, building type and sector. (Draft and final)
- One in-person meeting (2 staff)
- PowerPoint presentation summarizing of preliminary recommendations for target markets and program opportunities
- Not included now, but possibly for future consideration is development of an infographic or other type of graphic for external communication/marketing.

Exhibit B Schedule of Performance

This schedule may be modified with the written approval of the Authority.

For: Silicon Valley Clean Energy
GHG Emissions Accounting and Clean Energy Metrics

 Draft deliverable
 Final deliverable

Submitted by: DNV GL Energy Services USA Inc

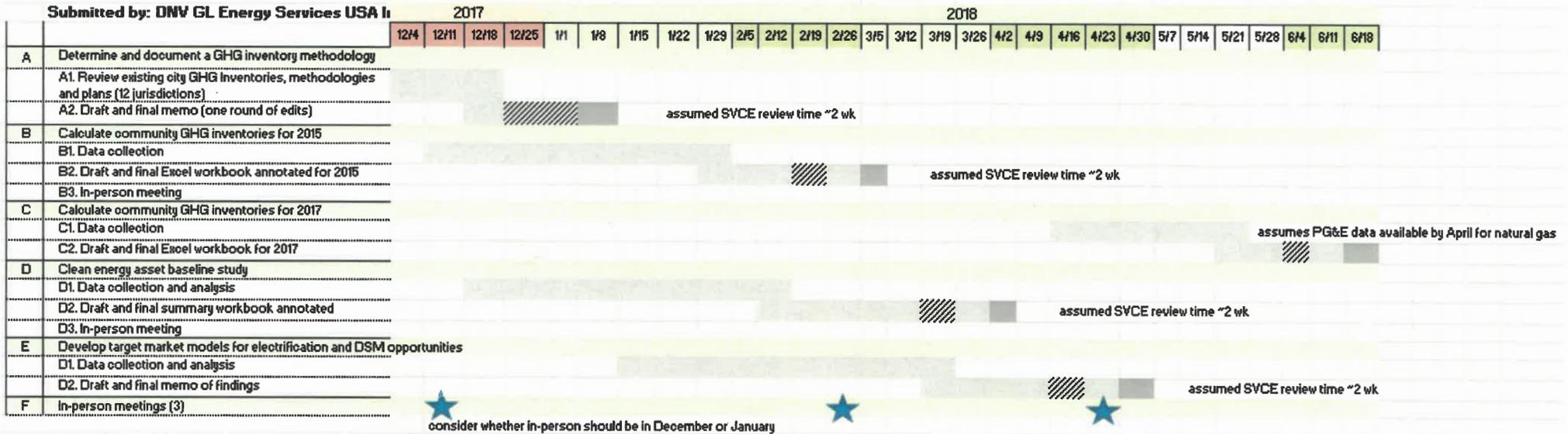


Exhibit C Compensation

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

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of Ninety Six Thousand Nine Hundred dollars (\$96,900.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

Task #	Tasks	DNV GL Labor						Total Labor Costs	Other Direct Costs (mileage)	Other Direct Costs mark-up (5%)	Total Fee
		Principal Consultant	Project Mgr & GHG	Buildings/ Energy	Electrification/ EVs	Analyst Support	Total Hours				
		Betty Seto	Ben Butterworth	Doug Kot	Blake Herrschaft	Lauren Taymor					
		\$205	\$150	\$205	\$175	\$135					
A	Determine and document a GHG inventory methodology										
	A1. Review existing city GHG Inventories, methodologies and plans (12 jurisdictions)	6	10				16	\$ 2,730		\$0	
	A2. Draft and final memo (one round of edits)	8	12				20	\$ 3,440		\$0	
										Total Task A	
										\$6,170	
B	Calculate community GHG inventories for 2015										
	B1. Data collection	8	40				72	#####		\$0	
	B2. Develop single Excel workbook annotated; Clean up file, summary graphs, separate by jurisdiction, one round of edits	6	20				50	\$ 7,470		\$0	
	B3. In-person meeting	5	5				10	\$ 1,775	\$ 60	\$3	
										Total Task B	
										\$20,188	
C	Calculate community GHG inventories for 2017										
	C1. Data collection	6	18				36	\$ 5,550		\$0	
	C2. Develop single Excel workbook; Data clean up and 2015, 2017 trends analysis (summary graphics) and one round of edits	6	16				40	\$ 6,060		\$0	
										Total Task C	
										\$11,610	
D	Clean energy asset baseline study										
	D1. Data collection and analysis	12	36	8	24	32	112	#####		\$0	
	D2. Develop single Excel workbook annotated; Clean up file, summary graphs, separate by jurisdiction, one round of edits	8	24		12	24	68	#####		\$0	
	D3. In-person meeting	5	5				10	\$ 1,775	\$ 60	\$3	
										Total Task D	
										\$30,438	
E	Develop target market models for electrification and DSM opportunities										
	E1. Data collection and analysis	12	36		12	32	92	#####		\$0	
	E2. Excel workbook and PowerPoint summary; draft + plus one round of edits	16	16	8	8	24	72	#####		\$0	
	E3. In-person meeting with presentation	6	6				12	\$ 2,130	\$ 60	\$3	
										Total Task E	
										\$28,433	
	TOTAL	104	244	16	56	190	610	\$96,650	\$180	\$9	
	Notes:										
1	Assumes time-and-materials, with not-to-exceed based on hourly rates enclosed										
2	Other direct costs include mileage, based on IRS federal mileage reimbursement										
3	Direct cost mark-up of 5%		5%								
4	Cost per additional in-person meeting (per person)	\$1,800									

Invoices

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

Reimbursable Expenses

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority.

Additional Services

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

Exhibit D
Insurance Requirements and Proof of Insurance

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

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**
Statutory coverage as required by the laws of any State in which the services are performed.
- (2) **Liability:**
Commercial general liability coverage with minimum limits of \$1,000,000 per claim made 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.



Staff Report – Item 1f

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1f: Authorize CEO to Execute Agreement with Strategic Energy Innovations for Climate Corps Bay Area Fellows

Date: 7/11/2018

RECOMMENDATION

Authorize the CEO to execute the Service Agreement, any nonfinancial amendments, and other related documents for Climate Corps fellow hosting services with the nonprofit Strategic Energy Innovations, not to exceed \$45,000 through June 30, 2019.

BACKGROUND

SVCE was introduced to Strategic Energy Innovations (SEI) and the Climate Corps Bay Area (CCBA) fellowship program through the City of Cupertino’s sustainability office, who had a fellow placed there for the 2017 – 2018 CY, and worked on outreach projects for SVCE. In recognizing the need for additional outreach support in SVCE’s pre-launch period, the CCBA fellow transferred to working solely with SVCE in January 2017. The following year, 2017-2018, SVCE elected to have two fellows to better implement and improve outreach efforts.

SEI’s services include recruitment for fellows along with preliminary interviews, monthly trainings for fellows, and opportunities for professional development. The CCBA fellowship extends over a 10-month period and the services include helping with outreach, communications efforts, report preparation, and any other needs the organization has for marketing and program development.

ANALYSIS & DISCUSSION

One of the core reasons that SVCE was established was to curb climate change through purchasing carbon-free electricity and supporting programs that aligned with this mission. The CCBA fellowship program allows young professionals to work with companies, agencies and local governments on projects that address climate change issues. Hosting a CCBA fellow will not only help to develop the professional skills of recent college graduates, but will also help SVCE reaching the organization’s strategic plan goals.

A CCBA fellow has been hosted at SVCE the past two cycles, including hosting two fellows this past year. Climate Corps fellows have been instrumental in the success of SVCE outreach projects. A well-attended and praised Bike to the Future scholarship competition was implemented and hosted by the fellows this past term, which would continue to be implemented this following year with the next fellow. The fellows were also in charge of the SVCE Understanding Your Bill video which has since won the Hermes Award.

The added benefit of working with a defined fellowship program is that much of the recruitment effort and liability for the fellows is managed by SEI. The scope of work for SEI includes:

- Recruitment assistance

Agenda Item: 1f**Agenda Date: 7/11/2018**

- Training and support of selected fellow
- Development of metrics for Fellow to measure and track progress
- Provide monthly follow-ups to review progress

Climate Corps Bay Area fellows support the next generation of climate leaders, and the potential return on investment for SVCE is customer retention through better community outreach.

STRATEGIC PLAN

In SVCE's strategic plan, the customer and community section places an emphasis on customer awareness. Continuing to have a CCBA fellow helps SVCE to achieve awareness goals by having extra staff available to attend more community meetings and events.

ALTERNATIVE

The alternative is to not hire a Climate Corps Fellow, and the planning and execution of next year's Bike to the Future event will fall to staff. The small outreach team at SVCE will also share the increased workload of supporting outreach events throughout the SVCE service area.

FISCAL IMPACT

The fiscal impact of this agreement would be \$45,000, which is included in the 2018-2019 FY budget, should it be approved by the SVCE board. The total contract amount that SVCE pays is directed to SEI as the Climate Corps program administrator and supports recruitment, accreditation and professional development aspects of the fellowship. Fellows receive a \$2,500 stipend per month, which is administered and processed by SEI.

ATTACHMENTS

1. Service Agreement with Strategic Energy Innovations

**AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND
STRATEGIC ENERGY INNOVATIONS FOR
CLIMATE CORPS FELLOW HOSTING SERVICES**

THIS AGREEMENT, is entered into this 1st day of August 2018, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency, ("Authority"), and Strategic Energy Innovations, a nonprofit organization whose address is 899 Northgate Dr #410, San Rafael, CA 94903 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

RECITALS:

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

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

C. Authority and Consultant desire to enter into an agreement for Climate Corps fellow hosting upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on August 1, 2018, and shall terminate on June 30, 2019, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

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

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed forty-five thousand dollars (\$45,000) 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 specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

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

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

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

8. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, 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 and without limitation of the provisions of this Agreement related to insurance, with respect to all services performed in connection with the Agreement, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liability, 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, pertaining to, or related to the performance of this Agreement by Consultant or Consultant's employees, officers, officials, agents or independent contractors. 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 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 certified 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 required to be provided by this Agreement shall be printed on recycled paper. All Reports shall be copied on both sides of the paper except for one original, which shall be single sided. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement 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 maintained in accordance with generally accepted accounting principles and 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.

If supplemental examination or audit of the records is necessary due to concerns raised by Authority's preliminary examination or audit of records, and the Authority's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Consultant shall reimburse Authority for all reasonable costs and expenses associated with the supplemental examination or audit.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Stephen Miller 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:
Stephen Miller
Strategic Energy Innovations
899 Northgate Dr. Suite 410
San Rafael, CA 94903

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 and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. If the termination is for cause, Authority may deduct from such payment the amount of actual damage, if any, sustained by Authority due to Consultant's failure to perform its material obligations under this Agreement. 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.

CONSULTANT
Strategic Energy Innovations

By _____
Name: Stephen Miller
Title: Deputy Director
Date _____

SILICON VALLEY CLEAN ENERGY
AUTHORITY
A Joint Powers Authority

By _____
Name: Girish Balachandran
Title: Chief Executive Officer
Date _____

RECOMMENDED FOR APPROVAL

Don Bray, Director of Account Services
& Customer Relations

APPROVED AS TO FORM:

Counsel for Authority

ATTEST:

Authority Clerk

Exhibit A
Scope of Services

Through Climate Corps, SEI agrees to:

- Recruit and assist in selection of a Fellow for a commitment of 1480 hours over a period of 10 months.
- Train and support the selected Fellow with a comprehensive training program that includes a training manual, a multi-day orientation led by an array of experts, monthly trainings, a mid-year two-day retreat, and two Professional Development Assessment reviews.
- Work with the Partner to develop a specific Fellowship Scope for specific Partner initiatives that aligns with Climate Corps goals and defines the Training Plan for the Fellow.
- Provide assistance in defining and developing metrics for the Fellow to measure and track the progress of project activities throughout their Fellowship.
- Provide monthly follow-ups to review progress with Site Supervisor and Fellows.
- Define and implement any corrections to Fellow's plan determined to be necessary based on feedback collected from Fellow and Partner.

Partner agrees to:

- Take part in the recruitment and interview process to identify a Fellow best fitted for the specific projects' needs, with the understanding that Partner has right of refusal of any proposed Fellow.
- Provide one to three specific climate resiliency initiatives that their Fellow can work on during their term of service.
 - Initiatives must be well-defined, approved for implementation, and include specific learning objectives.
 - Partner Agency will work with SEI to finalize a mutually agreed-upon Fellowship Scope no later than one month after the Fellow arrives on site.
- Assign a Site Supervisor who will be available to meet at least weekly with the Fellow for one-on-one project meeting time, coordinate other necessary staff supervision needed for successful implementation of the Fellowship Scope.
- Support Fellow to complete monthly reporting to SEI indicating whether progress is being made on the initiatives.
- Provide feedback on Program and Fellow effectiveness by:
 - Filling out and submitting a Professional Development Assessment providing feedback on Fellow activities two times a year;
 - Participating in program-wide conference calls to discuss program progress; and
 - Responding to Partner Agency feedback surveys as requested.
- Attend or send a representative to Partner Orientation.
- Not to hire Fellow for projects related to SEI community service programs during the Fellowship term (if the Partner decides to hire the Fellow for like projects prior to the completion of the program year of service, the Agreement will be considered terminated, and SEI will be due estimated program costs as set forth below).

- Refrain from using the Fellow for displacement of a Partner Agency employee during the Fellowship term. Assume full risk and responsibility for any accidents related to allowing the Fellow to operate any Partner-owned vehicles while under this contract.
- Allow SEI to share results from this program through grant reporting, program marketing, and fundraising.
- Provide program-wide support through either:
 - Sponsoring a venue and staff presentations for a monthly training event for all Fellows; or
 - Participating in a program sponsored training session or professional development event.
 - Being receptive to informational interview requests from 1 or more current Fellows.

Exhibit B
Schedule of Performance

This Agreement will become effective on the date of final signature and shall continue in full force and effect through June 30, 2019, unless earlier terminated. Should the host agency fail to select a Fellow after participating in the Climate Corps recruit, then the host agency agrees to compensate SEI \$2,500 for the recruiting effort.

Partner funds are committed to all Program expenses as of May 1, 2019. In the event that this Agreement is terminated prior to May 1, 2019, program reimbursements will be determined as follows:

1. Climate Corps considers it a success when partners hire on their Fellows. If a Fellow is hired on by the host agency before the fellowship's official end date, then the reimbursement will be calculated by looking at the avoided costs in unspent Fellow stipend payments for balance of the invoice period (so either the Fall or Spring Semester,) subtracting out a buyout contingency the equates to 15% of the total program fee associated with the Fellow if before the end of Fall Semester, or equaling 10% of the total program fee associated with the Fellow if after the close of the Fall Semester.
2. If a Fellow is fired or otherwise leaves the program and is NOT hired on by the Partner Agency, then the reimbursement will be issued on a prorated basis for unspent Partner funds, calculated based on an 8-month spend down that equates to \$130/day for 237 days between September 5, 2018 – May 1, 2019.

In the event that a Fellow terminates their program participation early, SEI staff will work with the Program Partner to:

1. Recruit for a replacement should the Fellow leave prior to the late January/ early February spring semester registration into Climate Corps certificate courses; or
2. Work with the Program Partner to transition the Fellow's work internally (to other Fellows/ staff) and to reimburse the partner for unexpended funds as detailed in the above scenario #2.

Exhibit C Compensation

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

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of forty-five thousand dollars (\$45,000), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

<u>Task</u>	<u>Not to Exceed Amount</u>
Host Agency will provide SEI with \$45,000 per Fellow and requests [1] Fellow for the remaining Program Year for a total payment amount of [\$45,000] to support the implementation of the program. Host Agency will complete payments within thirty (30) days of receiving invoices. The invoices will be dispersed according to the following schedule:	

- Invoice 1 (60%):
 - Due: September 15, 2018
 - Amount: [\$27,000]
- Invoice 2 (40%):
 - Due: January 15, 2019
 - Amount: [\$18,000]

Total: \$45,000

Rates

Flat fee for fellowship stipend.

Reimbursable Expenses

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

Additional Services

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

Exhibit D
Insurance Requirements and Proof of Insurance

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

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

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



Staff Report – Item 1g

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1g: Approve Time Extension, Addition of Funds and Authorize CEO to Execute Amendment to Agreement with ION Translations, LLC for Translation Services

Date: 7/11/2018

RECOMMENDATION

Staff recommends that the Board authorize the CEO to execute the first amendment to the agreement with ION Translations for translation services from October 24, 2017 through September 30, 2019, and for an addition of \$20,000, a total amount not to exceed \$40,000.

BACKGROUND

The existing ION Translations agreement was executed on October 24, 2017 for an amount not to exceed \$20,000. The contract has \$5,000 remaining and is set to expire October 24, 2018. Staff is requesting to extend the agreement to September 30, 2019 and increase the agreement by \$20,000. The total agreement amount is not to exceed \$40,000.

ANALYSIS & DISCUSSION

In preparation for SVCE's launch in April 2017, staff researched which languages other than English were spoken in the home for more than 10% of SVCE's customer population. It was determined that in addition to English, all materials and communications from the agency should also be provided in Spanish and traditional Chinese. SVCE utilized the communications and marketing agreement with Moore Iacofano Goltsman, Inc. (MIG) to implement translated materials for webpages, review the website forms, assist with call center Integrated Voice Response, notification postcards and the development of other collateral handouts. MIG's translation vendor was ION Translations.

In fall 2017, MIG's scope of work no longer included translation services, so staff undertook an informal solicitation with several Bay Area translation companies for proposals. Translations services are an ongoing need for all marketing and operations materials that need to be presented in Spanish, Chinese and the addition of Vietnamese for the Milpitas enrollment. ION Translations was awarded the contract for their ability to produce materials in all three languages quickly, consistently and accurately.

STRATEGIC PLAN

As referenced in SVCE's Strategic Plan, Goal 3 and Goal 4 are both related to customer awareness and satisfaction.

- Strategy 3.2 - Build awareness and trust through continuous interaction with the SVCE community - highlights the importance of accessibility to SVCE materials for outreach purposes.
- Strategy 4.2 – Create a customer-centric culture identifies the importance of ensuring customer satisfaction by delivering information to customers in a pleasant and effective manner.

ALTERNATIVE

The alternative is to find another translation vendor by re-soliciting for translation services.

FISCAL IMPACT

\$20,000 from the marketing budget will be allocated to this contract.

ATTACHMENTS

1. First Amendment to Agreement for Services ION Translations LLC
2. First Amendment to Agreement for Services ION Translations LLC – Exhibit B
3. Executed Agreement with ION Translations

RECOMMENDED FOR APPROVAL

Don Bray, Director of Account Services and
Customer Relations

APPROVED AS TO FORM:

ATTEST:

Counsel for Authority

Authority Clerk

Exhibit B
Compensation

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

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of forty-thousand dollars (\$40,000.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

<u>Task</u>	<u>Not to Exceed Amount</u>
Translation Services	\$40,000.00
Total	\$40,000.00

Pricing & Rates

ION’s pricing for translation is generally based on word count in accordance with the schedule below. Translations may be billed hourly at \$95.00/hour in cases in which the documents are handwritten or contain text with poor legibility. Discounts may be applied to documents with substantial internal repetition or repetition with preexisting translation memories (glossaries). Multilingual/foreign-language typesetting is charged at the same hourly rate of \$95.00/hour. The per-unit costs below are all-inclusive and project management is not billed as a separate fee.

Translation Rates (Translation + Review):

Current: 1/1/2017 Language	Translation into English	Translation from English
Spanish (US/Latin America)	\$0.21 per English word	\$0.28 per English word
Portuguese (Brazil)	\$0.21 per English word	\$0.28 per English word
Spanish (Spain)	\$0.21 per English word	\$0.30 per English word
Portuguese (Portugal/Angola)	\$0.21 per English word	\$0.30 per English word
French (Canada/France)	\$0.21 per English word	\$0.30 per English word
German	\$0.21 per English word	\$0.30 per English word
Italian	\$0.21 per English word	\$0.30 per English word
Danish	\$0.22 per English word	\$0.30 per English word
Dutch	\$0.22 per English word	\$0.30 per English word
Russian	\$0.22 per English word	\$0.30 per English word
Polish	\$0.22 per English word	\$0.30 per English word
Swedish	\$0.24 per English word	\$0.30 per English word
Norwegian	\$0.24 per English word	\$0.30 per English word
Romanian / Hungarian	\$0.24 per English word	\$0.30 per English word
Bulgarian	\$0.24 per English word	\$0.30 per English word
Serbian / Croatian	\$0.24 per English word	\$0.30 per English word
Czech	\$0.24 per English word	\$0.30 per English word
Slovak	\$0.24 per English word	\$0.30 per English word
Finnish	\$0.24 per English word	\$0.30 per English word
Greek	\$0.24 per English word	\$0.30 per English word
Croatian	\$0.24 per English word	\$0.30 per English word
Armenian	\$0.24 per English word	\$0.30 per English word

Turkish	\$0.24 per English word	\$0.30 per English word
Afrikaans	\$0.24 per English word	\$0.32 per English word
Ukrainian	\$0.24 per English word	\$0.32 per English word
Haitian Creole	\$0.24 per English word	\$0.32 per English word
Kazakh / Turkmen	\$0.28 per English word	\$0.34 per English word
Icelandic	\$0.34 per English word	\$0.40 per English word
Chinese (Simplified/Traditional)	\$0.28 per English word	\$0.32-\$0.34 per English word
Japanese	\$0.28 per English word	\$0.34-\$0.36 per English word
Korean	\$0.30 per English word	\$0.34-\$0.36 per English word
Vietnamese	\$0.30 per English word	\$0.34-\$0.38 per English word
Thai	\$0.30 per English word	\$0.34-\$0.38 per English word
Tagalog	\$0.28 per English word	\$0.32-\$0.34 per English word
Malay	\$0.28 per English word	\$0.32-\$0.34 per English word
Bahasa Indonesian	\$0.28 per English word	\$0.32-\$0.34 per English word
Bengali	\$0.30 per English word	\$0.34-\$0.38 per English word
Khmer (Cambodian)	\$0.30 per English word	\$0.34-\$0.38 per English word
Burmese	\$0.30 per English word	\$0.34-\$0.38 per English word
Lao	\$0.30 per English word	\$0.34-\$0.38 per English word
Hmong	\$0.32 per English word	\$0.36-\$0.40 per English word
Hebrew	\$0.28 per English word	\$0.32-\$0.34 per English word
Arabic	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word
Kurdish	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word
Hindi / Urdu / Punjabi / Gujarati	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word
Farsi / Dari	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word
Somali / Swahili / Xhosa / Zulu	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word

* Please inquire regarding other languages

Minimum fee: \$95.00 (per project, per language)

Additional Services

Proofreading \$95.00 per hour*

Formatting \$95.00 per hour*

Multilingual/foreign-language typesetting \$95.00 per hour

Project Management Not an additional cost

* Note: As a company policy, we include editing/review by a separate linguist and formatting in standard project (per word) costs. These services are billed separately in extraordinary cases.

Invoices

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

Reimbursable Expenses

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

Additional Services

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

**AGREEMENT BETWEEN SILICON VALLEY CLEAN ENERGY AND
ION TRANSLATIONS, LLC FOR TRANSLATION SERVICES**

THIS AGREEMENT, is entered into this 24th day of October, 2017, by and between SILICON VALLEY CLEAN ENERGY, an independent public agency, and ION TRANSLATIONS, LLC, a California corporation whose address 940 Dwight Way, Suite 1, Berkeley, CA 94710 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

RECITALS:

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

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

C. Authority and Consultant desire to enter into an agreement for printing services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on October 24, 2017, and shall terminate on October 24, 2018, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform the services set forth in Exhibit "A, on an as-needed basis, as requested by Authority.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed twenty thousand dollars (\$20,000.00) based on the rates and terms set forth in Exhibit "B," 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 specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

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

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

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

8. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, 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 and without limitation of the provisions of this Agreement related to insurance, with respect to all services performed in connection with the Agreement, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liability, 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, pertaining to, or related to the performance of this Agreement by Consultant or Consultant's employees, officers, officials, agents or independent contractors. 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 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 "C," 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 certified 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 required to be provided by this Agreement shall be printed on recycled paper. All Reports shall be copied on both sides of the paper except for one original, which shall be single sided. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement 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 maintained in accordance with generally accepted accounting principles and 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.

If supplemental examination or audit of the records is necessary due to concerns raised by Authority's preliminary examination or audit of records, and the Authority's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Consultant shall reimburse Authority for all reasonable costs and expenses associated with the supplemental examination or audit.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. R. Blair Sly 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:
R. Blair Sly
ION Translations, LLC
940 Dwight Way, Suite 1
Berkeley, CA 94710

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 and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. If the termination is for cause, Authority may deduct from such payment the amount of actual damage, if any, sustained by Authority due to Consultant's failure to perform its material obligations under this Agreement. 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.

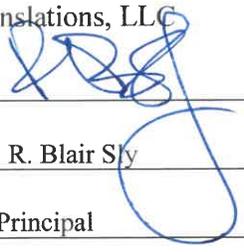
27. **CAPTIONS AND TERMS**

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.

CONSULTANT

ION Translations, LLC

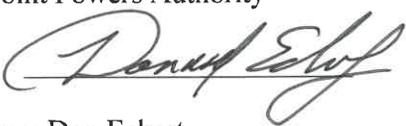
By:  _____

Name: R. Blair Sly

Title: Principal

Date 18 October 2017

SILICON VALLEY CLEAN ENERGY
A Joint Powers Authority

By:  _____

Name: Don Eckert

Title: Interim CEO

Date 11-22-17

RECOMMENDED FOR APPROVAL


Alan Suleiman, Director of Marketing &
Public Affairs

Exhibit A
Scope of Services

Silicon Valley Clean Energy will utilize Ion Translation, LLC for translation services for a variety of collateral needs such as webpages, letter, flyers, and brochures.

Introduction

ION Translations, LLC is a full-service translation company offering comprehensive linguistic support to corporate and government clients. In addition to providing technical translations in the fields of medicine and law, we work with local agencies and institutions that serve the Bay Area on projects related to public health, transportation, elections (ballot measures, etc.) and community planning. We are certified as an Alameda County SLEB (No. 07-90991), and as a Very Small Local Business Enterprise (VSLBE) by the Alameda County Transportation Commission (No. ION20160414-03). We maintain documented procedures that conform to the industry-accepted translation quality standards outlined in EN 15038. Our dedicated project managers work with an extensive team of well-vetted translation specialists who translate exclusively into their native language to produce translations that are accurate in content, style and cultural nuance. We value quality, integrity, exceptional responsiveness and clear communication with our clients.

Scheduling

Translator schedules are adjusted as projects are approved by our clients. Our translators are generally able to start on a given project within 1-2 days of approval. Once translation is started, the pace of translation is based on industry-standard metrics of 2,000 words per translator per day and 8,000 words of editing/review per day for European languages. For Asian languages, we use a metric of 1,500 words per translator per day for translation and 5,000 words of editing/review per day.

Depending on the size of the project, it is possible to add more translators as necessary to ensure on-time delivery, although there are also cases in which this is not advisable for the sake of consistency in terminology and style.

Rush charges may be applied for same-day delivery or delivery on a schedule exceeding the industry-standard metrics indicated above. Our rush surcharges vary from 25% to 50% depending on the type and volume of material.

Exhibit B
Compensation

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

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of twenty thousand dollars (\$20,000.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

<u>Task</u>	<u>Not to Exceed Amount</u>
Translation Services	\$20,000.00
Total	\$20,000.00

Pricing & Rates

ION's pricing for translation is generally based on word count in accordance with the schedule below. Translations may be billed hourly at \$95.00/hour in cases in which the documents are handwritten or contain text with poor legibility. Discounts may be applied to documents with substantial internal repetition or repetition with preexisting translation memories (glossaries). Multilingual/foreign-language typesetting is charged at the same hourly rate of \$95.00/hour. The per-unit costs below are all-inclusive and project management is not billed as a separate fee.

Translation Rates (Translation + Review):

Current: 1/1/2017 Language	Translation into English	Translation from English
Spanish (US/Latin America)	\$0.21 per English word	\$0.28 per English word
Portuguese (Brazil)	\$0.21 per English word	\$0.28 per English word
Spanish (Spain)	\$0.21 per English word	\$0.30 per English word
Portuguese (Portugal/Angola)	\$0.21 per English word	\$0.30 per English word
French (Canada/France)	\$0.21 per English word	\$0.30 per English word
German	\$0.21 per English word	\$0.30 per English word
Italian	\$0.21 per English word	\$0.30 per English word
Danish	\$0.22 per English word	\$0.30 per English word
Dutch	\$0.22 per English word	\$0.30 per English word
Russian	\$0.22 per English word	\$0.30 per English word
Polish	\$0.22 per English word	\$0.30 per English word
Swedish	\$0.24 per English word	\$0.30 per English word
Norwegian	\$0.24 per English word	\$0.30 per English word
Romanian / Hungarian	\$0.24 per English word	\$0.30 per English word
Bulgarian	\$0.24 per English word	\$0.30 per English word
Serbian / Croatian	\$0.24 per English word	\$0.30 per English word
Czech	\$0.24 per English word	\$0.30 per English word
Slovak	\$0.24 per English word	\$0.30 per English word
Finnish	\$0.24 per English word	\$0.30 per English word
Greek	\$0.24 per English word	\$0.30 per English word
Croatian	\$0.24 per English word	\$0.30 per English word
Armenian	\$0.24 per English word	\$0.30 per English word

Turkish	\$0.24 per English word	\$0.30 per English word
Afrikaans	\$0.24 per English word	\$0.32 per English word
Ukrainian	\$0.24 per English word	\$0.32 per English word
Haitian Creole	\$0.24 per English word	\$0.32 per English word
Kazakh / Turkmen	\$0.28 per English word	\$0.34 per English word
Icelandic	\$0.34 per English word	\$0.40 per English word
Chinese (Simplified/Traditional)	\$0.28 per English word	\$0.32-\$0.34 per English word
Japanese	\$0.28 per English word	\$0.34-\$0.36 per English word
Korean	\$0.30 per English word	\$0.34-\$0.36 per English word
Vietnamese	\$0.30 per English word	\$0.34-\$0.38 per English word
Thai	\$0.30 per English word	\$0.34-\$0.38 per English word
Tagalog	\$0.28 per English word	\$0.32-\$0.34 per English word
Malay	\$0.28 per English word	\$0.32-\$0.34 per English word
Bahasa Indonesian	\$0.28 per English word	\$0.32-\$0.34 per English word
Bengali	\$0.30 per English word	\$0.34-\$0.38 per English word
Khmer (Cambodian)	\$0.30 per English word	\$0.34-\$0.38 per English word
Burmese	\$0.30 per English word	\$0.34-\$0.38 per English word
Lao	\$0.30 per English word	\$0.34-\$0.38 per English word
Hmong	\$0.32 per English word	\$0.36-\$0.40 per English word
Hebrew	\$0.28 per English word	\$0.32-\$0.34 per English word
Arabic	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word
Kurdish	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word
Hindi / Urdu / Punjabi / Gujarati	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word
Farsi / Dari	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word
Somali / Swahili / Xhosa / Zulu	\$0.28-\$0.32 per English word	\$0.34-\$0.38 per English word

** Please inquire regarding other languages*

Minimum fee: \$95.00 (per project, per language)

Additional Services

- Proofreading \$95.00 per hour*
- Formatting \$95.00 per hour*
- Multilingual/foreign-language typesetting \$95.00 per hour
- Project Management Not an additional cost

* Note: As a company policy, we include editing/review by a separate linguist and formatting in standard project (per word) costs. These services are billed separately in extraordinary cases.

Invoices

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

Reimbursable Expenses

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

Additional Services

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

Exhibit C
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) **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.



Staff Report – Item 1h

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1h: Authorize CEO to Execute Agreement with Rocky Mountain Institute for Prioritizing Goals, Barriers & Opportunities; Prototyping a Flagship Program Portfolio; and, Providing Subject Matter Expertise in Decarbonization Initiatives via Stakeholder Workshop Design and Facilitation Services

Date: 7/11/2018

RECOMMENDATION

Staff recommends that the Board authorize the CEO to execute the agreement with Rocky Mountain Institute (RMI) for prioritizing goals, barriers and opportunities for future program offerings; leading the development of a flagship program portfolio through a rapid-cycle design and prototyping process; and, sharing insights from subject matter experts in the EV Grid and Smart Electrification initiatives via stakeholder workshop design and facilitation services from July 11, 2018 through October 31, 2018 and for an amount not to exceed \$50,000.

BACKGROUND

To achieve its mission to reduce dependence on fossil fuels by providing carbon-free, affordable and reliable electricity and innovative programs for the community, SVCE adopted Strategy 5.2 of the Strategic Plan, to establish an SVCE decarbonization program roadmap (abbrev. "roadmap"). Figure 1 is a schematic of the key stakeholder groups, interim deliverables and milestones, and timeline of the roadmap development, as presented in prior staff reports and presentations.



Figure 1: Schematic of roadmap development

As depicted in Figure 1, Staff is carrying out a multi-month, multi-stakeholder engagement plan for the development of a programs roadmap. The following efforts are now complete and brought to the SVCE Board of Directors (BOD):

- Customer Program Advisory Group (CPAG) Initial Recommendations (BOD, June 2018)
- Member Agency Working Group (MAWG) Recommendations (BOD, July 2018)

In the coming months, SVCE Staff will carry out the following remaining activities to complete the roadmap development:

- Compilation of Commercial & Industrial (C&I) Recommendations
- High-level Roadmap (BOD, planned September 2018)
- Detailed Roadmap (BOD, planned Winter 2018)

ANALYSIS & DISCUSSION

To effectively integrate the feedback of key stakeholder groups (CPAG, MAWG and C&I customers) and incorporate the perspectives of other stakeholders within the broader ecosystem (vendors, entrepreneurs, academics, etc.), Staff plans to organize a 2-day, stakeholder workshop facilitated by leading subject matter experts in electric mobility, smart grid and electrification in late September or October 2018. The goals of the workshop are multifold:

- get feedback on the high-level roadmap
- prioritize goals for future program offerings
- identify opportunities and barriers
- prototype one or more flagship programs through a rapid-cycle design and prototyping process
- incorporate technical expertise and guidance from subject matter experts throughout the entire stakeholder engagement process

Figure 2 shows the modified schematic of program development, incorporating the workshop.

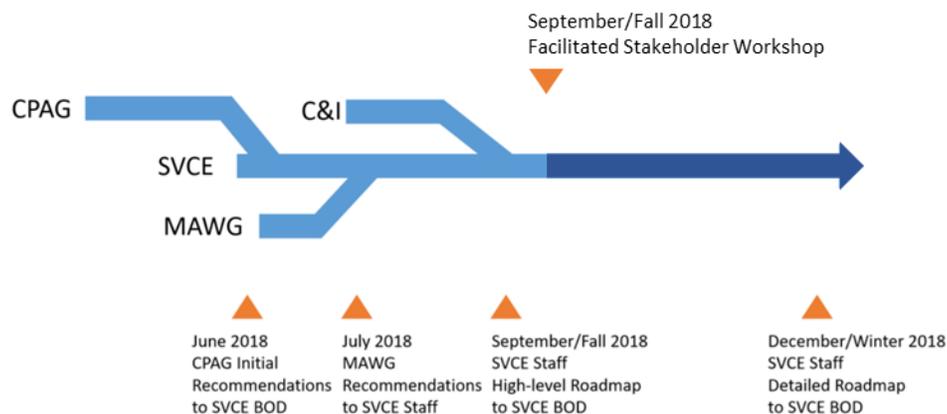


Figure 2: Modified schematic of roadmap development

RMI is a world-leading institution in convening stakeholders to develop bold solutions that support market-based transformation towards a clean, prosperous, and secure low-carbon future. They specialize in bringing together practitioners in the electricity sector with technology innovators, regulators, consumer groups, industry experts, and electric utilities for meaningful stakeholder engagement and actionable results. As subject matter experts themselves, the RMI staff guide every stage of the process, from agenda design and development to the workshop facilitation and post-workshop synthesis. Their expertise and involvement in the workshop at this critical juncture will help ensure success of the launch of SVCE's programs roadmap. Please see Attachment A, Attachment A, sections "About RMI" and "[RMI Team Member Bios](#)" for more detailed information on the organization and experts.

Facilitation of the workshop by a third-party will mitigate potential unintended bias or appearance of bias during the facilitation process, compared to if it were carried out by SVCE staff as an interested stakeholder.

Furthermore, Staff resources are currently limited, as staffing policy development and recruitment are in various stages of completion across the organization. Contracting with RMI will provide sufficient resources to help ensure the workshop is a success.

In summary, Staff recommends authorizing the CEO to execute the attached agreement with RMI, because an RMI-facilitated workshop will ensure the successful integration of prior work from and perspectives of the CPAG and MAWG and other key stakeholder groups to achieve SVCE's mission of reducing GHG emissions and providing innovative programs for the community.

STRATEGIC PLAN

This recommendation supports SVCE's Strategic Plan, Goal 5, which is to work with the community to achieve energy and transportation GHG reductions. The current Board-adopted Strategic Plan sets a goal of 30% emissions reduction from the 2015 baseline by 2021; however, as described in a separate report, Staff is also proposing to consider GHG goals for 2025 and 2030, as well.

Strategy 5.2, copied below, supports Goal 5 by establishing an SVCE decarbonization program roadmap which is necessary to guide and measure progress toward achieving GHG emissions targets.

Strategy 5.2: Establish an SVCE decarbonization program roadmap and related processes

- 5.2.1) Establish high-level evaluation criteria and weighting to assess relative program impact and value
- 5.2.2) Identify and document candidate programs that promote decarbonization via improved energy efficiency and/or fuel switching to clean electricity
- 5.2.3) Confirm top-ranked programs for detailed development and launch in 2019
- 5.2.4) Establish process and mechanisms for ongoing stakeholder input and review

Executing this agreement will provide the necessary resources and expertise to successfully build upon and synthesize all prior work by and varying perspectives of Staff, CPAG, MAWG, C&I customers, the academic community, entrepreneurs in Silicon Valley, local contractors, financiers and all other relevant stakeholders in the roadmap development process.

ALTERNATIVE

The primary alternative to the Staff recommendation is to not enter into contract with a third party for stakeholder workshop design and facilitation services, and to instead carry out this scope of work with SVCE staff resources. Staff does not recommend this alternative for the following reasons.

1. RMI has world-renown experience and expertise in convening stakeholders to develop bold solutions that support market-based transformation towards a clean, prosperous, and secure low-carbon future.
2. Facilitation of the workshop by a third-party will mitigate potential unintended bias or appearance of bias.
3. SVCE staff resources are currently extremely limited.

FISCAL IMPACT

The agreement is for an amount not to exceed \$50,000.

ATTACHMENTS

1. Draft Agreement with Rocky Mountain Institute for Stakeholder Workshop Design and Facilitation Services

**AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND
ROCKY MOUNTAIN INSTITUTE FOR
PROJECT MANAGEMENT AND FACILITATION SERVICES**

THIS AGREEMENT, is entered into this 11th day of July, 2018, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency, ("Authority"), and ROCKY MOUNTAIN INSTITUTE , a an independent nonprofit whose address is 22830 Two Rivers Road, Basalt, CO., 81621 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

RECITALS:

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

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

C. Authority and Consultant desire to enter into an agreement for prioritizing goals, barriers and opportunities; prototyping a flagship program portfolio; providing subject matter expertise in decarbonization initiatives via stakeholder workshop design and facilitation services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on July 11, 2018, and shall terminate on October 31, 2018, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A", which is attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed Fifty Thousand dollars (\$50,000.00) based on the rates and terms set forth in Exhibit "B," 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 specially trained professionals in the San Francisco Bay Area and agrees

that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

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

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

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

8. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, 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 and without limitation of the provisions of this Agreement related to insurance, with respect to all services performed in connection with the Agreement, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liability, 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, pertaining to, or related to the performance of this Agreement by Consultant or Consultant's employees, officers, officials, agents or independent contractors. 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 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 "C," 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 certified 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, sub lessee, 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 venture 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 required to be provided by this Agreement shall be printed on recycled paper. All Reports shall be copied on both sides of the paper except for one original, which shall be single sided. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement 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 maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Authority or its designee's 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.

If supplemental examination or audit of the records is necessary due to concerns raised by Authority's preliminary examination or audit of records, and the Authority's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Consultant shall reimburse Authority for all reasonable costs and expenses associated with the supplemental examination or audit.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Jason Meyer 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:
Jason Meyer - Manager
Rocky Mountain Institute
22830 Two Rivers Road
Basalt, CO. 81621

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 and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. If the termination is for cause, Authority may deduct from such payment the amount of actual damage, if any, sustained by Authority due to Consultant's failure to perform its material obligations under this Agreement. 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.

CONSULTANT
Rocky Mountain Institute

By _____
Title _____
Date _____

SILICON VALLEY CLEAN ENERGY
AUTHORITY
A Joint Powers Authority

By _____
Title _____
Date _____

RECOMMENDED FOR APPROVAL

Aimee Bailey, Director of
Decarbonization and Grid Innovations

APPROVED AS TO FORM:

Counsel for Authority

ATTEST:

Authority Clerk

Exhibit A Scope of Services

Rocky Mountain Institute will facilitate a workshop in Fall/Winter 2018 to: (1) Prioritize SVCE goals for future program offerings to support decarbonization and (2) Prototype a flagship program (or portfolio of programs) through a rapid-cycle design and prototyping process.

The following scope of services includes:

Perform a Needs Assessment – meet with stakeholders and other participants to inform agenda design and identify any needed content needs for the workshop.

Agenda Design – Consultant will design a 1 or 2 day workshop agenda to meet the objectives. Consultant will also design a meeting pre-read packet for participants.

Meeting Logistics Advising – Consultant has extensive experience in organization and managing logistics for gathering of varying size and complexity. Consultant will be ready to offer advice to SVCEA staff, at their request, for logistics issues such as room set-up and configuration, etc.

Workshop Facilitation – Consultant will facilitate the 1 or 2 day workshop, in service of the overall meeting objectives.

Synthesis and Reporting – Following the workshop, the Consultant will develop a final report summarizing findings and discussions from the needs assessment and workshop, to be delivered within two weeks of the workshop's conclusion.

Project Management – Consultant will engage SVCE throughout the project and at key milestones, including the following:

- An initial kick-off call to commence project activities, confirm workshop objectives and scope, and to finalize structure and participants of Needs Assessment;

- Telephonic and email coordination of agenda design;

- A pre-workshop review meeting to confirm workshop agenda and facilitation plans, and roles and responsibilities;

- A post-workshop review meeting to confirm next steps, and to solicit feedback on workshop design and facilitation.

Exhibit B
Compensation

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

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of Fifty Thousand dollars (\$50,000.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

<u>Task</u>	<u>Not to Exceed Amount</u>
Agenda Design and Preparation	\$15,000
Meeting Logistics Advising	throughout
Meeting Facilitation	\$25,000
Synthesis and Reporting	\$5,000
Project Management	throughout
Total	\$50,000

Invoices

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

Reimbursable Expenses

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

Additional Services

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

Exhibit C
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.



Staff Report – Item 2

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 2: CEO Report

Date: 7/11/2018

REPORT

SVCE Staff Update

Aimee Gotway Bailey joined us on June 25 as our Director of Decarbonization and Grid Innovation. Aimee most recently worked for EDF Innovation Lab as a Principal Energy Analyst, and previously worked for Pacific Gas & Electric, City of Palo Alto Utilities, Global Environmental Institute (Beijing, China) and the U.S. Department of Energy. Aimee has a BSE in materials science from the University of Pennsylvania in Philadelphia and a PhD in physics from Imperial College in London.

Outreach Grant Information

Silicon Valley Clean Energy is offering up to \$75,000 in small grants (in amounts not-to-exceed \$20,000) for local nonprofits to collaborate on outreach in the SVCE service area. The purpose of this small grant pilot program is to provide accurate information to SVCE customers about SVCE's mission and benefits.

This collaboration will help SVCE promote social equity by ensuring that customers in target communities are aware of how they can benefit from SVCE programs and rates, which is a shared priority among state regulators. The outreach grants will also build trust, relationships and new communication channels that can be utilized as SVCE programs develop. The grants may also provide SVCE with valuable data to inform future programs and will provide additional channels to communicate upcoming changes on residential energy bills with the transition to Time-of-Use rates.

The grants will be offered to trusted, local nonprofits that serve underrepresented communities and harder to reach audiences in the SVCE territory including low-income residents, seniors, customers eligible for Medical Baseline discounts, customers with low English language proficiency, and customers living in the south county, unincorporated Santa Clara County and our newest community, Milpitas. This small outreach grant pilot program contributes to Strategy 3.2 of the agency's Strategic Plan: to build awareness and trust through continuous interaction with the SVCE community. As each grant is capped at \$20,000, these funds are within the CEO's discretionary spending limit.

Workshop Postponement

At the April 11 meeting, the Board of Directors approved a series of bi-monthly informal workshops and presentations organized by Staff to cover a multitude of issues facing SVCE as well as the utility industry. Staff would like to propose postponing the next workshop to October or November to maximize attendance following the summer months.

Long-Term Joint RFO Update

SVCE staff, along with staff from Monterey Bay Community Power (MBCP), completed negotiations for the 15-year agreement for renewable wind power from New Mexico. In June, each CCA received Board approval to execute their power purchase agreements. Negotiations continue with the two Solar PV + Storage projects. Staff hopes to bring these projects to the September Board meeting for approval.

CEO Power Supply Agreements Executed

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

- 1) California Choice Energy Authority: Two agreements, one purchase and one sale of Resource Adequacy for the period September 2018.

These agreements are attached.

ATTACHMENTS

1. Regulatory/Legislative Update, July 2018
2. Community Outreach Update, July 2018
3. Agenda Planning Document, July 2018 – December 2018
4. Power Supply Agreements Executed



SVCE Regulatory and Legislative Update

July 2018

Hilary Staver, Manager of Regulatory and Legislative Effectiveness

Regulatory Summary

The major regulatory focus this month has been on Resource Adequacy (RA; R.17-09-020). The Track 1 Proposed Decision approved on 6/21 opens the door for major changes to how California approaches grid reliability, and the introduction of a central buyer for local RA sets a new precedent that could spread to other areas of procurement. The challenge of how to protect LSE procurement autonomy while avoiding increased sublocal RA constraints and expensive backstop procurement has arisen directly from CA’s current trend of electricity supplier diversification. This challenge is one which the sector must solve together, and CalCCA and CCA regulatory staff are bringing the full weight of our resources to bear on addressing it. With testimony due July 10th, we will soon have an idea of the types of solutions all stakeholders have in mind.

Elsewhere this month, the major proceedings have been relatively quiet. The PCIA proceeding is in a holding pattern until we receive a Proposed Decision, with the major interim focus being outreach to CPUC staff to promote CalCCA’s proposals. The CCA bond proceeding has concluded, and the IRP proceeding will not see any further Commission action before the August 1st deadline for IRPs. Less intensive action continues on the Tree Mortality NBC proceeding (A.16-11-005) and the Low Carbon Fuel Standard, but overall the lull in non-RA proceedings provides a good opportunity to focus on RA and the legislative side.

Regulatory Update

<p>PCIA Reform Rulemaking (R. 17-06-026)</p>	<ul style="list-style-type: none"> ➤ Recall: <i>[On 7/10/17 the California Public Utilities Commission (CPUC) released an Order Instituting Rulemaking (OIR) “to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.” The OIR dismisses the investor owned utilities’ (IOUs’) PAM application, and opens a new proceeding to consider reforms to the PCIA more broadly. On 4/2/18, CalCCA submitted Opening Testimony that lays out a portfolio of suggested improvements to the PCIA. These range from incremental improvements to the market price benchmark to longer-term structural changes, such as securitization of utility-owned generation and an auction of IOU RPS and GHG-free resources to more accurately assess their market value. Following evidentiary hearings in May, CalCCA submitted an opening brief 6/1. Reply briefs are due on 6/15. Briefing is typically the last phase of a proceeding before the release of a Proposed Decision (“PD”), and provides an opportunity for each party to summarize the ideas it put forth in testimony and respond to those of other parties.]</i> ➤ All pre-Decision activity in this proceeding has concluded. CPUC staff have confirmed that they expect to release a Proposed Decision in late July. ➤ The date for Final Oral Arguments is now confirmed for August 2nd. Final Oral Arguments will provide an opportunity to comment on the Proposed Decision and reiterate key points from CalCCA’s testimony and briefs.
<p>Integrated Resource Planning (IRP) (R. 16-02-007)</p>	<ul style="list-style-type: none"> ➤ Recall: <i>[This rulemaking was opened for the purpose of implementing the electricity sector’s share of CA’s GHG emissions mitigation goals as put forth in SB 350. The IRP process requires load serving entities (LSEs) to develop long-term procurement roadmaps and share them with the CPUC to facilitate sector-wide planning. On 9/19/17, the CPUC released the Proposed Reference System Plan (RSP). The RSP is a statewide study that serves as a benchmark for what the Integrated Resource Plans (IRPs) of all the LSEs need to achieve in aggregate in order to meet CA’s GHG emission</i>



	<p>reduction goals. On December 28th, the CPUC released a Proposed Decision (PD) containing further requirements for IRP content and compliance protocol. This PD significantly expanded CPUC authority over CCA IRPs, allowing the CPUC to review and approve them despite the language in SB 350 specifying certification only. Despite strong advocacy from the CCA community, the PD was passed unanimously at the 2/28/18 Commission meeting. On 4/3/18, the CPUC released a Ruling on the GHG accounting methodology to be used in the IRP process. The ruling proposes adopting the Clean Net Short (“CNS”) methodology, which was originally proposed by PG&E and struck from the 2/8 IRP Decision after opposition from CalCCA and other stakeholders. CNS is based on hourly comparison between supply and demand curves for each load serving entity. On 4/20 and 4/30 respectively, CalCCA submitted opening and reply comments on the 4/3 Ruling. On 5/25, the CPUC issued another Ruling confirming its selection of a modified Clean Net Short methodology for GHG accounting in the IRP process.]</p> <ul style="list-style-type: none"> ➤ This month, SVCE’s first IRP is being presented to the Board in a separate agenda item. ➤ CPUC staff have scheduled an IRP workshop for August 7th, at which LSEs will give brief presentations on their IRPs to CPUC staff and the public.
<p>CCA Rulemaking (R. 03-10-003)</p>	<ul style="list-style-type: none"> ➤ Recall: [On July 7th, SVCE and other CCAs filed testimony through CalCCA proposing an updated methodology for calculating the Financial Security Requirement (FSR, aka bond) that new CCAs must pay as insurance against failure and dissolution. In contrast to the IOUs’ argument for including an estimated cost of emergency procurement for involuntarily returning customers, CalCCA proposes that the FSR should cover only the administrative costs of re-incorporation. CalCCA was represented in the October 2017 evidentiary hearings by Mark Fulmer of MRW & Associates, LLC. Hearings were followed by opening and reply briefs, in which CalCCA continued to defend its proposal. On 4/6/18, the Commission released a Proposed Decision (“PD”) in this proceeding with a methodology for the new CCA bond requirement. The Financial Security Requirement (“FSR, aka “CCA bond”) was to include both the administrative costs of customer transition back to the IOU as well as an estimate of six months of incremental procurement costs. Incremental procurement costs were be estimated as the difference between market energy rate and the IOU generation retail rate, so in low-price market conditions the net incremental procurement cost could be negative. Negative procurement costs were allowed to offset administrative costs down to a total FSR of \$0. On 5/29 the CPUC released an updated Proposed Decision that, among other small changes, raised the minimum FSR to \$147k. This is the same minimum used in the bond methodology for Energy Service Providers (“ESPs,” aka direct access energy providers). The updated PD was approved by the Commission on 5/31. Implementation of the new FSR should begin before the end of the year.] ➤ This proceeding is now closed. It will be removed from the monthly update starting next month.
<p>Resource Adequacy (R. 17-09-020)</p>	<ul style="list-style-type: none"> ➤ Recall: [On 9/28/17, the CPUC issued an Order Instituting Rulemaking (OIR) opening a new Resource Adequacy (RA) proceeding. This proceeding will oversee the RA program for RA compliance years 2019 and 2020. It is the successor to R.14-10-010, a three-year proceeding that covered RA compliance years 2016, 2017, and 2018 and which was closed in June 2017. The OIR for R.17-09-020 indicates that CPUC staff are open to making structural improvements to the RA program, and asks for suggestions from stakeholders on how the program should be modified. SVCE and four other CCAs are participating jointly in this proceeding as the CCA Parties, and submitted comments on the OIR on 10/30/17 suggesting several structural improvements to the program. A prehearing conference was held on 12/4/17. On 12/21/17,



	<p><i>the CCA Parties filed a Motion to expand the scope of this proceeding to include the RA-related issues cited in Draft Resolution E-4907. The CPUC released a Scoping Memo on 1/18/18. The Scoping Memo divides the proceeding into three tracks in order of decreasing urgency. The most urgent issues, including questions about compliance and cost allocation related to load migration (ie CCA launches and expansions) are included in Track 1. Track 1 is scheduled for a decision by June 2018, and will provide an avenue for CCAs to resolve outstanding issues related to Resolution E-4907. In February and March 2018, the CCA Parties submitted Track 1 Proposals with changes to the RA program, followed by comments and reply comments on the proposals of other parties. On 5/22, the CPUC released a Proposed Decision (“PD”) in Track 1 of this proceeding. The PD first addresses system, local, and flexible RA obligations for 2019 (ie, how much RA is needed system-wide in each of these three categories), then delves into the structure of the RA program itself. The PD finds that for local RA, which is used to prevent capacity shortages in transmission-constrained areas, the status quo of an annual compliance requirement is insufficient. The PD determines that there should be a multi-year local RA requirement, extending the length of local RA contracts to three to five years. The PD also find that local RA procurement should be done by a central buyer rather than individual LSEs, a measure designed to prevent the occurrence of sublocal RA deficiencies despite all LSEs having fulfilled their RA obligations. In Track 2, stakeholders have the opportunity to propose program structures that meet the requirements of a three- to five-year local RA obligation procured by a central buyer. CalCCA has assembled an RA working group to develop a proposal on behalf of the CCA community. Proposals are due in the form of testimony on 7/10.]</i></p> <ul style="list-style-type: none"> ➤ On June 21st, the Track 1 Proposed Decision was approved by the Commission. ➤ CalCCA’s RA Working Group is continuing preparation of Track 2 testimony due July 10th.
<p>AB 1110 Implementation</p>	<ul style="list-style-type: none"> ➤ Recall: [AB 1110 (Ting, Chapter 656, Statutes of 2016) was passed in 2016 for the purpose of augmenting the information available to electricity consumers in the annually-distributed Power Content Label (PCL). AB 1110 requires that starting in 2020, in addition to displaying power mix the PCL will include the greenhouse gas emissions intensity (in lbs CO₂e/MWh) of each LSE’s portfolio (or, if it offers multiple electricity products, of each individual product). AB 1110 also directs the California Energy Commission (CEC) to develop guidelines on how to treat unbundled RECs when calculating the power mix and GHG intensity metrics. On June 27th, the CEC released its proposed implementation plan for AB 1110. The proposal contains several provisions that could threaten SVCE’s claim of being carbon-free. Most importantly, the CEC proposes that for the purposes of calculating carbon intensity, PCC2 (aka “bucket 2”) RECs would have the emissions profile of the substitute energy that firms and shapes the energy product (usually gas) rather than that of the zero-carbon resource that generates the RECs. Secondly, PCC3 (unbundled) RECs would be reported in a footnote but not included in power mix or GHG intensity calculations. MWh for which SVCE has purchased unbundled RECs would thus no longer be carbon-free. On 1/17/18, the CEC issued an updated version of the AB 1110 Implementation Proposal. However, the updates to not change the treatment of PCC2 (ie “bucket 2”) renewables.] ➤ No New Updates: Parties are still awaiting an updated version of the Staff Proposal on AB 1110 implementation.
<p>Tree Mortality NBC (A. 16-11-005)</p>	<ul style="list-style-type: none"> ➤ Recall: [In 2016, an emergency proclamation by Governor Brown and a bill passed by the legislature (SB 692) separately ordered the IOUs to procure extra energy from biomass in order to dispose of trees killed by the drought. SB 692 explicitly authorizes the IOUs to recover the above-market cost of this procurement through a new non-bypassable charge (NBC),



	<p>while Governor Brown’s proclamation does not. The IOUs would like to combine the procurement costs of these two mandates and recover both through a single new NBC. On July 14th, CalCCA submitted a Motion challenging a pre-hearing conference ruling in which the Administrative Law Judge (ALJ) erroneously determined the IOUs’ proposed combined NBC to be legal and acceptable. A workshop was held on 12/12/17, in which CCA and IOU representatives discussed the methodology for valuing the biomass resources authorized for cost recovery that would form the basis of the new tree mortality NBC. The conversation revealed some common ground, particularly regarding the importance of consistency with the outcome of the ongoing PCIA reform proceeding. However, the workshop agenda explicitly excluded discussion of whether procurement mandated by Governor Brown’s emergency proclamation, which was not explicitly authorized for cost recovery via NBC, could be lumped in with the SB 692 procurement in the new NBC. On 3/14/18, the Commission responded to and denied CalCCA’s July 2017 Motion on the treatment of procurement costs associated with Governor Brown’s 2016 emergency proclamation. On 4/17/18, the CPUC released a ruling laying out the methodology for calculating the tree mortality NBC. The methodology is straightforward, and calculates above-market costs of the biomass procurement by subtracting energy and ancillary services revenue plus the average 2016 per-MWh RPS contract cost from the biomass per-MWh biomass contract costs. On 5/30 the CPUC released a Scoping Memo for this proceeding, including a proceeding schedule that adds testimony, hearings, and briefing.]</p> <ul style="list-style-type: none"> ➤ On June 28th, CalCCA submitted brief testimony reiterating our position from the December workshop. CalCCA holds that the CPUC should avoid litigating the value of similar types of resources in multiple proceedings at the same time. The biomass contracts at the center of this proceeding should be valued according to the PCIA methodology, or whatever alternative comes out of the current PCIA proceeding.
<p>Low Carbon Fuel Standard</p>	<ul style="list-style-type: none"> ➤ Recall: [On December 4, SVCE submitted a second set of comments advocating for CCAs to become eligible for all or a portion of the Low Carbon Fuel Standard credits currently allocated to Electric Distribution Utilities (ie, IOUs).] ➤ On June 20th, the Air Resources Board released its proposed 2018 amendments to the Low Carbon Fuel Standard policy. The amendments expand CCA opportunities to earn LCFS credits for reducing the emissions intensity of the electricity fueling electric vehicle charging. ➤ On July 5th, SVCE submitted comments as part of the Smart EV Charging Group that supports the amendments but points out additional possible improvements.
<p>California Customer Choice Project (CCCP)</p>	<ul style="list-style-type: none"> ➤ Recall: [Over the past year, the California Public Utilities Commission (CPUC) has hosted a series of stakeholder engagement events devoted to re-opening broader retail competition in the electricity sector. This started with an En Banc Hearing on consumer and retail choice in May 2017. On 10/31/17, the CPUC held an all-day workshop in Sacramento featuring presentations from several state and countries (Texas, the UK, New York, Illinois, etc) that have at least partial competition in their retail electricity markets. On 5/3/18, the CPUC released a white paper (the “Green Book”) on the future of customer choice in California. The paper reviews several case studies from other states and countries that have implemented versions of retail choice in their electricity markets, and characterizes California’s situation as a precarious one at risk for another energy crisis. CalCCA submitted comments on the Green Book on 6/11.] ➤ On 6/22, the CPUC held an en banc hearing to discuss the Green Book. The Board has already been provided with a separate update on the hearing, but the CCA community was represented on three of the four panels. The discussions



	<p>highlighted one of the central questions at the heart of regulators' stance towards CCAs, which is whether centralized and decentralized strategies for achieving policy goals are equally effective/viable. CalCCA will submit comments on the en banc on July 11th.</p> <p>➤ CPUC staff expect to release an updated, final version of the Green Book before the end of the summer, and a staff proposal on how to address some of the key issues identified in the Green Book by October 2018.</p>
<p>Petition for Modification of D. 12-12-036</p>	<p>➤ Recall: <i>[On January 30, the three investor-owned utilities (IOUs: PG&E, SCE, and SDG&E) filed a Petition for Modification of D.12-12-036. This Decision, passed in 2012, established a Code of Conduct and accompanying enforcement mechanisms related to IOU interactions with CCAs. D 12-12-036 was passed as part of the implementation process for SB 790, a 2011 law requiring limitations on IOU activities that was motivated by PG&E's misuse of ratepayer resources and information while attempting to stymie the formation of MCE in 2010. The Petition for Modification (PfM) argues for removal of the limitations on both public marketing and lobbying of elected officials about CCAs, grounding the request in 1st Amendment arguments about free speech combined with the increasing popularity of the CCA model across the state. The IOUs can already do both of these things if they establish Independent Marketing Divisions (IMDs) that meet certain criteria for independence set by the CPUC (SDG&E is the only one of the three that has done this so far). However, this PfM would abolish the IMD requirement and allow the IOUs to engage directly in marketing and lobbying activities with no firewall. CalCCA submitted a response to the Petition for Modification (PfM) on 3/1/18.]</i></p> <p>➤ No new updates: Parties are now awaiting the Commission's response to the PfM. The rules governing PfMs allow the Commission to respond at its leisure with no timeline restrictions, up to and including never responding at all. We therefore do not know how soon to expect Commission action.</p>

Legislative Update

The CA legislature is on July recess from July 6th to August 6th. This provides an opportunity to visit legislators in their district offices, and also time to plan the rest of the session and conduct deep dives into bill analysis and development of amendments. Several bills have come up over the past month that are of interest to the CCA community, and SVCE is organizing a meeting of the Legislative Ad Hoc Committee in the next week to plan meetings, stakeholder outreach, and other actions. Board members can expect to hear further updates at outreach to legislators on specific bills is needed.



Communications & Outreach Update July 2018

1. Events and Presentations

Staff continues to attend community events and provide presentations about SVCE to community groups as requested. We hosted booths at three City of Sunnyvale Energy Clinics in June to answer questions and explain residential energy bills. We hosted a booth at the Silicon Valley Energy Summit June 21 and will be hosting one at the USGBC Green Builder Conference August 1. We continuing to sponsor and attend community events throughout the summer allowing for prominent advertising space as well as opportunities to engage with the public at booths.

Completed and Upcoming Events:

Date	Time	Event Description	Location
June 2	9:30 AM – 12 PM	Sunnyvale Drop-In Energy Clinic – <i>tabling</i>	Columbia Neighborhood Center, Sunnyvale
June 2 – 3	10 AM – 6 PM	Sunnyvale Art & Wine Festival – <i>sponsor</i>	Downtown Sunnyvale
June 16	2:30 – 5:30 PM	Sunnyvale Drop-In Energy Clinic – <i>tabling</i>	Sunnyvale Public Library
June 19	2:30 – 5 PM	Sunnyvale Drop-In Energy Clinic – <i>tabling</i>	Sunnyvale Senior Center
June 22	8 AM – 5 PM	Silicon Valley Energy Summit – <i>sponsor and tabling</i>	Stanford University, Palo Alto
June 23	10 AM – 4 PM	Saratoga Blossom Festival – <i>sponsor and tabling</i>	Saratoga Heritage Orchard and Civic Center Area
June 26	6:30 – 8 PM	Milpitas Summer Concert Series – <i>sponsor and tabling</i>	Murphy Park, Milpitas
June 27	12 – 1 PM	NASA AMES Green Committee Meeting – <i>presentation</i>	NASA, Mountain View
June 27	7 – 8:30 PM	Los Altos Hills Energy Seminar – <i>tabling</i>	Los Altos Hills City Council Chambers
June 28	5:30 – 7:30 PM	San Martin Chamber Mixer	San Martin, unincorporated County
June 28	5:30 – 8:30 PM	Mountain View Thursday Night Live – <i>sponsor and tabling</i>	Downtown Mountain View
July 3 – 4	Multiple events	Morgan Hill Freedom Fest – <i>sponsor</i>	Downtown Morgan Hill
July 5	6:30 – 8 PM	Campbell Summer Concert Series – <i>sponsor and tabling</i>	Orchard City Green, Campbell
July 12	6:30 – 8 PM	Campbell Summer Concert Series – <i>sponsor and tabling</i>	Orchard City Green, Campbell
July 14 – 15	10 AM – 6 PM	Los Altos Art and Wine Festival – <i>sponsor and tabling</i>	Downtown Los Altos

July 17	6:30 – 8 PM	Milpitas Summer Concert Series – <i>sponsor and tabling</i>	Murphy Park, Milpitas
July 22	5 – 7 PM	Los Gatos Music in the Park – <i>sponsor and tabling</i>	Civic Center Lawn, Los Gatos
July 26	5:30 – 8:30 PM	Mountain View Thursday Night Live – <i>sponsor and tabling</i>	Downtown Mountain View
August 1	8 AM – 5:30 PM	USGBC GreenBuilder Conference - <i>tabling</i>	UCSF Mission Bay Conference Center, San Francisco
August 19	12 – 4 PM	GreenTown Los Altos Energy Day – <i>sponsor and tabling</i>	Los Altos Downtown Green

2. Upgrade and Opt Out Update

Below is the number of GreenPrime Upgrades and Opt Outs as of June 27, as well as the total opt out percentage in overall accounts, and opt out percentage by load. The percentages are now calculated including Milpitas accounts.

	Upgrade	Opt Out	Opt Out by Account Type	Total Opt Out, All Accounts
Residential	939	8,064	3.23%	3.16%
Commercial	1,525	740	2.54%	

3. NEM Cash Outs

Throughout May and June, the outreach and accounts team identified some of the top NEM cash out earners among residential and commercial customers to hear their solar story. In total, SVCE paid about \$159,000 to 514 NEM customers, who otherwise received little-to-nothing from PG&E NEM program. An additional 5,000 customers had credit balances under \$100 roll forward for the next year.



Mountain View Academy, commercial customer, Mountain View. Read the story [here](#).



Good Samaritan United Methodist Church, commercial customer, Cupertino. Read the story [here](#).



Libby Karolczak, residential customer, Los Altos. Read Libby's story [here](#).



Sunnyvale Historical Society, commercial customer, Sunnyvale. Write up in progress.

4. Member Agency Working Group Update

The Member Agency Working Group (MAWG) met on June 28 and discussed the following topics:

1. SVCE Activity/Communications Update
2. EV signage project
3. Customer Program Advisory Group update
4. GHG Inventory and Energy Asset Elements (with DNV-GL)
5. MAWG Program Priorities
 - o Finalize template for collecting priorities for July meeting
6. MAWG Member Roundtable Updates
 - o Brief update from each community on current activities
 - o Review Sunnyvale CAP 2.0 Ideas

5. Media

Press Release:

- [SV Clean Energy Delivers on Bold Renewable Energy Promises, 6-27-2018](#)

Articles:

- [MVLA spotlights MVHS tech inventors, Los Altos Town Crier, 6-20-2018](#)

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
MILESTONES						
ADMINISTRATION, POLICIES, ETC.	<p>Board of Directors, July 11</p>	<p>Board of Directors, August 8: Cancelled</p>	<p>Board of Directors, Sept. 12: <u>Consent:</u> Minutes CPAG Report RWG Contract Line of Credit June/July 2018 Treasurer Report <u>Regular Calendar:</u> FY 18-19 Budget Adoption Programs Road map Benefits *tentative* Solar Contract 1 of 2 Potential CPAG Extension JPA of JPAs <u>Closed Session</u> - Performance Eval</p>	<p>Board of Directors, Oct. 10: <u>Consent:</u> Minutes CPAG Report August 2018 Treasurer Report <u>Regular Calendar:</u> Solar Contract 2 of 2</p> <p>*Potential BOD Workshop</p>	<p>Board of Directors, Nov. 14: <u>Consent:</u> Minutes September 2018 Treasurer Report Energy Risk Mgmt Policy Update <u>Regular Calendar:</u></p>	<p>Board of Directors, Dec. 12: <u>Consent:</u> Minutes October 2018 Treasurer Report <u>Regular Calendar</u></p>
	<p>Executive Committee, July 24: Market Share Analysis Update</p>	<p>Executive Committee, Aug. 28: Cancelled</p>	<p>Executive Committee, Sept. 25:</p>	<p>Executive Committee, Oct. 23:</p>	<p>Executive Committee, Dec. 4: Chair/Vice Chair/Committee Selection Process Discussion</p>	
	<p>Customer Program Advisory Group, July 18:</p>	<p>Customer Program Advisory Group, Aug. 15:</p>	<p>Customer Program Advisory Group, Sept. 19:</p>			
	<p>Finance & Admin Committee, Special Meeting, July 23 Benefits discussion</p>		<p>Finance & Admin Committee, Sept. 5: FY 18-19 Budget Third Quarter Financial Review</p>			<p>Finance & Admin Committee, Dec. 5</p>
	<p>Legislative Ad Hoc Committee - TBD Legislative Strategy</p>					

**CONFIRMATION LETTER
RESOURCE ADEQUACY
BETWEEN
SILICON VALLEY CLEAN ENERGY AUTHORITY
AND
CALIFORNIA CHOICE ENERGY AUTHORITY**

This Confirmation Letter ("Confirmation") confirms the Transaction between **Silicon Valley Clean Energy Authority** a California joint powers authority ("Seller") and **California Choice Energy Authority**, a California joint powers authority, ("Buyer"), each individually a "Party" and together the "Parties", dated as of June 7, 2018 (the "Confirmation Effective Date") in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Confirmation.

This Transaction is governed by the Western System Power Pool Agreement, effective as of June 20, 2017, as amended from time to time (the "WSPP Agreement"). The WSPP Agreement and this Confirmation shall be collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the WSPP Agreement or the Tariff (defined herein below).

ARTICLE 1. DEFINITIONS

- 1.1 "Alternate Capacity" means any replacement Product which Seller has elected to provide to Buyer from a Replacement Unit in accordance with the terms of Section 4.5.
- 1.2 "Applicable Laws" means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body of competent jurisdiction over one or both Parties or this Transaction, including without limitation, the Tariff.
- 1.3 "Availability Incentive Payments" has the meaning set forth in the Tariff.
- 1.4 "Availability Standards" shall mean the availability standards set forth in Section 40.9 of the Tariff.
- 1.5 "Buyer" has the meaning specified in the introductory paragraph hereof.
- 1.6 "CAISO" means the California Independent System Operator Corporation or its successor.
- 1.7 "Capacity Replacement Price" means (a) the price actually paid for any Replacement Capacity purchased by Buyer pursuant to Section 4.7 hereof, plus costs reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of any Replacement Capacity, the market price for such Designated RA Capacity not provided at the Delivery Point. The Buyer shall determine such market prices in a commercially reasonable manner.
- 1.8 "Confirmation" has the meaning specified in the introductory paragraph hereof.
- 1.9 "Confirmation Effective Date" has the meaning specified in the introductory paragraph hereof.
- 1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.2 hereof.
- 1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified for such Monthly Delivery Period in the "RA Capacity Price Table" set forth in Section 4.9.
- 1.12 "Contract Quantity" means, with respect to any particular Showing Month of the Delivery Period, the amount of Product (in MWs) set forth in table in Section 4.3 which Seller has agreed to provide to Buyer from the Unit for such Showing Month.
- 1.13 "CPUC Decisions" means, to the extent still applicable, CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050 and subsequent decisions related to resource adequacy, as may be amended from time to time by the CPUC.
- 1.14 "CPUC Filing Guide" means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE's to demonstrate compliance with the CPUC's resource adequacy program.

- 1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.
- 1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.
- 1.17 "Designated RA Capacity" shall be equal to, with respect to any particular Showing Month of the Delivery Period, the Contract Quantity of Product (including any Alternate Capacity) for such Showing Month, minus (i) any reductions to Contract Quantity made by Seller pursuant to Section 4.4 and for which Seller has not elected to provide Alternate Capacity; and (ii) any reductions resulting from an event other than a Non-Excusable Event.
- 1.18 "Flexible RA Attributes" means any and all flexible resource adequacy attributes, as may be identified at any time during the Delivery Period by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward Flexible RAR, exclusive of any RA Attributes and LAR Attributes.
- 1.19 "Flexible RAR" means the flexible resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.20 "Flexible RAR Showing" means the Flexible RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.21 "Governmental Body" means (i) any federal, state, local, municipal or other government; (ii) any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (iii) any court or governmental tribunal.
- 1.22 "LAR" means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the CPUC Decisions, or by another LRA of competent jurisdiction over the LSE. LAR may also be known as local resource adequacy, local RAR, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.23 "LAR Attributes" means, with respect to a Unit, any and all local resource adequacy attributes (or other locational attributes related to system reliability), as they are identified as of the Confirmation Effective Date by the CPUC, CAISO, LRA, or other Governmental Body of competent jurisdiction, associated with the physical location or point of electrical interconnection of such Unit within the CAISO Control Area, that can be counted toward LAR, exclusive of any RA Attributes and Flexible RA Attributes. For clarity, it should be understood that if the CAISO, LRA, or other Governmental Body, defines new or re-defines existing local areas, then such change will not result in a change in payments made pursuant to this Transaction.
- 1.24 "LAR Showings" means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.25 "Local RAR" means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.26 "LRA" means Local Regulatory Authority as defined in the Tariff.
- 1.27 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).
- 1.28 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.
- 1.29 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.

- 1.30 "Net Qualifying Capacity" has the meaning set forth in the Tariff.
- 1.31 "Non-Excusable Event" means any event, other than a Planned Outage and those events described under the definition of "Service Schedule B Commitment Service" in the WSPP Agreement that excuse Seller's performance, that causes Seller to fail to perform its obligations under this Confirmation, including, without limitation, any such event resulting from (a) the negligence of the owner, operator or Scheduling Coordinator of a Unit, or (b) Seller's failure to comply, or failure to cause the owner, operator or Scheduling Coordinator of the Units to comply, with the terms of the Tariff with respect to the Units providing RA Attributes, Flexible RA Attributes or LAR Attributes, as applicable.
- 1.32 "Notification Deadline" has the meaning specified in Section 4.5 hereof.
- 1.33 "Outage" means any CAISO approved disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff.
- 1.34 "Planned Outage" means, subject to and as further described in the CPUC Decisions, a CAISO-approved, planned or scheduled disconnection, separation or reduction in capacity of the Unit that is conducted for the purposes of carrying out routine repair or maintenance of such Unit, or for the purposes of new construction work for such Unit.
- 1.35 "Product" has the meaning specified in Article 3 hereof.
- 1.36 "RA Attributes" means, with respect to a Unit, any and all resource adequacy attributes, as they are identified as of the Confirmation Effective Date by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes and Flexible RA Attributes.
- 1.37 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR and, if applicable, LAR and Flexible RAR purposes for the Delivery Period, as determined by the CAISO or other Governmental Body authorized to make such determination under Applicable Laws. RA Capacity encompasses the RA Attributes, and if applicable, LAR Attributes and Flexible RA Attributes of the capacity provided by a Unit.
- 1.38 "RAR" means the resource adequacy requirements (other than Local RAR or Flexible RAR) established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.39 "RAR Showings" means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction.
- 1.40 "Replacement Capacity" has the meaning specified in Section 4.7 hereof.
- 1.41 "Replacement Unit" has the meaning specified in Section 4.5.
- 1.42 "Resource Category" shall be as described in the CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.
- 1.43 "Scheduling Coordinator" has the same meaning as in the Tariff.
- 1.44 "Seller" has the meaning specified in the introductory paragraph hereof.
- 1.45 "Showing Month" shall be the calendar month during the Delivery Period that is the subject of the RAR Showing, as set forth in the CPUC Decisions. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.
- 1.46 "Supply Plan" means the supply plan, or similar or successor filing, that a Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other applicable Governmental Body pursuant to Applicable Laws in order for the RA Attributes or LAR Attributes of such RA Capacity to count.

- 1.47 "Tariff" means the tariff and protocol provisions of the CAISO, as amended or supplemented from time to time. For purposes of Article 5, the Tariff refers to the tariff and protocol provisions of the CAISO as they exist on the Confirmation Effective Date.
- 1.48 "Transaction" for purposes of this Agreement means the Transaction that is evidenced by this Agreement.
- 1.49 "Unit" or "Units" shall mean the generation assets described in Article 2 hereof (including any Replacement Units), from which RA Capacity is provided by Seller to Buyer.
- 1.50 "Unit EFC" means the effective flexible capacity that is or will be set by the CAISO for the applicable Unit.
- 1.51 "Unit NQC" means the Net Qualifying Capacity set by the CAISO for the applicable Unit. The Parties agree that if the CAISO adjusts the Net Qualifying Capacity of a Unit after the Confirmation Effective Date, that for the period in which the adjustment is effective, the Unit NQC shall be deemed the lesser of (i) the Unit NQC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Net Qualifying Capacity.
- 1.52 "WSPP Agreement" has the meaning specified in the introductory paragraph hereof.

ARTICLE 2. UNIT INFORMATION

Name	High Desert Power Project Aggregate
Location	Victorville, CA
CAISO Resource ID	HIDSRT_2_UNITS
Unit SCID	EDF8
Unit NQC	830
Unit EFC	630
Resource Type	Natural Gas
Resource Category (1, 2, 3 or 4)	4
Flexible RAR Category (1, 2 or 3)	1
Path 26 (North or South)	South
Local Capacity Area (if any, as of Confirmation Effective Date)	N/A
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment	N/A
Run Hour Restrictions	N/A

ARTICLE 3. RESOURCE ADEQUACY CAPACITY PRODUCT

3.1 Resource Adequacy Capacity Product

During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Agreement, the Designated RA Capacity in accordance with the product types selected in Section 3.2 (the "Product") and the Contract Quantity set forth in Section 4.3. The Product does not confer to Buyer any right to the electrical output from the Units. Rather, the Product confers the right to include the Designated RA Capacity in RAR Showings, LAR Showings, Flexible RAR Showings, if applicable, and any other capacity or resource adequacy markets or proceedings as specified in this Confirmation. Specifically, no energy or ancillary services associated with any Unit is required to be made available to Buyer as part of this Transaction, and Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Confirmation. Seller retains the right to sell any RA Capacity from a Unit in excess of that Unit's Contract Quantity and any RA Attributes, LAR Attributes or Flexible RA Attributes not otherwise transferred, conveyed, or sold to Buyer under this Confirmation.

3.2 Product Type

Flexible RA Product

The Designated RA Capacity is a Flexible RA Product. For avoidance of doubt, the Flexible RA Product to be delivered by Seller to Buyer hereunder, shall include the following Product attributes:

- [] FCR Attributes with LAR Attributes
- [X] FCR Attributes with RAR Attributes

Generic RA Product

The Designated RA Capacity is a Generic RA Product. For avoidance of doubt, the Generic RA Product to be delivered by Seller to Buyer hereunder, shall include the following Product attributes:

- [] RAR Attributes
- [] LAR Attributes

3.3 Delivery Obligation

Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units. Notwithstanding anything herein to the contrary, if Seller provides less than the full amount of the Contract Quantity (i) for any reason other than a Non-Excusable Event or (ii) in accordance with Section 4.4, Seller is not obligated to provide Buyer with Alternate Capacity or to indemnify Buyer for any resulting penalties or fines.

ARTICLE 4. DELIVERY AND PAYMENT

4.1 Delivery Period

The Delivery Period shall be: September 1, 2018, through September 30, 2018, inclusive.

4.2 Delivery Point.

The Delivery Point for each Unit shall be the CAISO Control Area.

4.3 Contract Quantity. The Contract Quantity for each Monthly Delivery Period shall be:

Contract Quantity (MWs)

Contract Month	Flexible RAR Contract Quantity (MWs)
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

4.4 Adjustments to Contract Quantity

- (a) **Planned Outages:** If Seller is unable to provide the applicable Contract Quantity for a portion of a Showing Month due to a Planned Outage of a Unit, then Seller shall have the option, but not the obligation, upon written notice to Buyer by the Notification Deadline, to either (a) reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month; or (b) provide Alternate Capacity up to the Contract Quantity for the applicable portion of such Showing Month.
- (b) **Invoice Adjustment:** In the event that the Contract Quantity is reduced due to a Planned Outage as set forth in Section 4.4(a) above, then the invoice for such month(s) shall be adjusted to reflect a daily pro rata amount for the duration of such reduction.
- (c) **Reductions in Unit NQC and/or Unit EFC:** Seller's obligation to deliver the applicable Contract Quantity for any Showing Month may also be reduced by Seller if the Unit experiences a reduction in Unit NQC and/or Unit EFC as determined by the CAISO. If the Unit experiences such a reduction in Unit NQC and/or Unit EFC, then Seller has the option, but not the obligation, upon written notice to Buyer by the Notification Deadline, to provide the applicable Contract Quantity for such Showing Month from (i) the same Unit, provided the Unit has sufficient remaining and available Product, and/or (ii) Alternate Capacity up to the Contract Quantity.

4.5 Notification Deadline and Replacement Units

- (a) The "**Notification Deadline**" in respect of a Showing Month shall be fifteen (15) Business Days before the earlier of the relevant deadlines for (a) the corresponding RAR Showings, Flexible RAR Showings and/or LAR Showings for such Showing Month, and (b) the CAISO Supply Plan filings applicable to that Showing Month.
- (b) If Seller desires to provide the Contract Quantity of Product for any Showing Month from a generating unit other than the Unit (a "**Replacement Unit**"), then Seller may, at no additional cost to Buyer, provide Buyer with Product from one or more Replacement Units, up to the Contract Quantity, for the applicable Showing Month; provided that in each case, Seller shall notify Buyer in writing of such Replacement Units no later than the Notification Deadline. If Seller notifies Buyer

in writing as to the particular Replacement Units and such Units meet the requirements of this Section 4.5, then such Replacement Units shall be automatically deemed a Unit for purposes of this Confirmation for the remaining portion of that Showing Month.

- (c) If Seller fails to provide Buyer the Designated RA Capacity of Product or Alternate Capacity for a given Showing Month during the Delivery Period, then Buyer may, but shall not be required to, purchase Product from a third party.

4.6 Delivery of Product

- (d) Seller shall provide Buyer with the Designated RA Capacity of Product for each Showing Month.
- (e) Seller shall submit, or cause the Unit's Scheduling Coordinator to submit, by the Notification Deadline (i) Supply Plans to the CAISO, LRA, or other applicable Governmental Body identifying and confirming the Designated RA Capacity to be provided to Buyer for the applicable Showing Month, unless Buyer specifically requests in writing that Seller not do so (it being understood that any Designated RA Capacity subject to such a request from Buyer will be deemed to have been provided to Buyer for all purposes under this Confirmation); and (ii) written confirmation to Buyer that Buyer will be credited with the Designated RA Capacity for such Showing Month per the Unit's Scheduling Coordinator Supply Plan.

4.7 Damages for Failure to Provide Designated RA Capacity

If Seller fails to provide Buyer with the Designated RA Capacity of Product for any Showing Month, and such failure is not excused under the terms of the Agreement, then the following shall apply:

- (f) Buyer may, but shall not be required to, replace any portion of the Designated RA Capacity not provided by Seller with capacity having equivalent RA Attributes, and, if applicable, LAR Attributes, and Flexible RA Attributes as the Designated RA Capacity not provided by Seller; provided, however, that if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having solely RA Attributes and no LAR Attributes or Flexible RA Attributes, and no such RA Capacity is available, then Buyer may replace such portion of the Designated RA Capacity with capacity having any applicable Flexible RA Attributes and/or LAR Attributes ("Replacement Capacity") by entering into purchase transactions with one or more third parties, including, without limitation, third parties who have purchased capacity from Buyer so long as such transactions are done at prevailing market prices. Buyer shall use commercially reasonable efforts to minimize damages when procuring any Replacement Capacity.
- (g) Seller shall pay to an amount equal to the positive difference, if any, between (i) the sum of (A) the actual cost paid by Buyer for any Replacement Capacity, and (B) each Capacity Replacement Price times the amount of the Designated RA Capacity neither provided by Seller nor purchased by Buyer pursuant to Section 4.7(a); minus (ii) the Designated RA Capacity not provided for the applicable Showing Month times the Contract Price for that month. If Seller fails to pay these damages, then Buyer may offset those damages owed it against any CAISO revenues or future amounts it may owe to Seller under this Confirmation pursuant to the WSPP Agreement.

4.8 Indemnities for Failure to Deliver Contract Quantity

Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, to the extent not otherwise paid by Seller to Buyer under Section 4.7(b), resulting from any of the following:

- (h) Seller's failure to provide any portion of the Designated RA Capacity;
- (i) Seller's failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Sections 3.2, 4.4 and 4.5; or
- (j) A Unit Scheduling Coordinator's failure to timely submit accurate Supply Plans that identify Buyer's right to the Designated RA Capacity purchased hereunder.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or

controlled assets or market positions to minimize these penalties and fines. If Seller fails to pay the foregoing penalties, fines or costs, or fails to reimburse Buyer for those penalties, fines or costs, then Buyer may offset those penalties, fines or costs against any future amounts it may owe to Seller under this Confirmation.

4.9 Monthly RA Capacity Payment

Notwithstanding Section 9 of the WSPP Agreement, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit by the later of (i) ten (10) Calendar Days after Buyer's receipt of Seller's invoice (which may be given upon first day of the Showing Month) and (ii) the twentieth (20th) of the Showing Month, or if the twentieth (20th) is not a Business Day the next following Business Day. Each Unit's Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000, rounded to the nearest penny (i.e., two decimal places); provided, however, that the Monthly RA Capacity Payment shall be adjusted to reflect any portion of Designated RA Capacity for the prior Showing Month to reflect the prorated amount that was not delivered pursuant to Section 4.4 at the time of the CAISO filing for such Showing Month.

RA CAPACITY PRICE TABLE

Contract Month	RAR Capacity Price (\$/kW-month)
January	\$
February	\$
March	\$
April	\$
May	\$
June	\$
July	\$
August	\$
September	\$
October	\$
November	\$
December	\$

4.10 Allocation of Other Payments and Costs

Seller shall be entitled to receive and retain all revenues that Buyer is not expressly entitled to receive pursuant to this Agreement, including all revenues that Seller may receive from the CAISO or any other third party with respect to any Unit for (a) start-up, shut-down, and minimum load costs, (b) revenue for ancillary services, (c) energy sales, (d) revenues for black start or reactive power services, or (e) the sale of the unit-contingent call rights on the generation capacity of the Unit to provide energy to a third party, so long as such rights do not confer on such third party the right to claim any portion of the RA Capacity sold hereunder in order to make an RAR Showing, LAR Showing, Flexible RAR Showing, as may be applicable, or any similar capacity or resource adequacy showing with the CAISO or CPUC. Buyer acknowledges and agrees that all Availability Incentive Payments are for the benefit of Seller and for Seller's account, and that Seller shall receive, retain, or be entitled to receive all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Availability Standards. Any Non-Availability Charges are the responsibility of Seller, and for Seller's account and Seller shall be responsible for all fees, charges, or penalties, if any, resulting from Seller failing to achieve Availability Standards. If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit Designated RA

Capacity provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive any and all related revenues.

ARTICLE 5. CAISO OFFER REQUIREMENTS

During the Delivery Period, except to the extent any Unit is in an Outage, or is affected by an event other than a Non-Excusable Event, that results in a partial or full outage of that Unit, Seller shall either schedule or cause the Unit's Scheduling Coordinator to schedule with, or make available to, the CAISO each Unit's Designated RA Capacity in compliance with the Tariff, and shall perform all, or cause the Unit's Scheduling Coordinator, owner, or operator, as applicable, to perform all obligations under the Tariff that are associated with the sale of Designated RA Capacity hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit's Scheduling Coordinator, owner, or operator to comply with such Tariff provisions, including any penalties or fines imposed on Seller or the Unit's Scheduling Coordinator, owner, or operator for such noncompliance.

ARTICLE 6. GOVERNING LAW

Section 24 is deleted in its entirety and this Confirmation, including the provisions and requirements of the Tariff and the definition of the Product and its components, and any portion of the Master Agreement applicable to this Confirmation shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of laws rules thereof.

ARTICLE 7. OTHER BUYER AND SELLER COVENANTS

7.1 Further Assurances

Buyer and Seller shall, throughout the Delivery Period, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer's applicable RAR, LAR and Flexible RAR. Such commercially reasonable actions shall include, without limitation:

- (a) cooperating with and providing, and in the case of Seller causing each Unit's Scheduling Coordinator, owner, or operator to cooperate with and provide requested supporting documentation to the CAISO, the CPUC, or any other Governmental Body responsible for administering the applicable RAR, LAR, and Flexible RAR under Applicable Laws, to certify or qualify the Contract Quantity as RA Capacity and Designated RA Capacity. Such actions shall include, without limitation, providing information requested by the CPUC, the CAISO, a LRA of competent jurisdiction, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, to demonstrate that the Contract Quantity can be delivered to the CAISO Controlled Grid for the minimum hours required to qualify as RA Capacity, pursuant to the "deliverability" standards established by the CAISO or other Governmental Body of competent jurisdiction; and
- (b) negotiating in good faith to make necessary amendments, if any, to this Confirmation, which are subject to agreement of such Parties, in each Party's sole discretion, to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, so as to maintain the purpose and intent of the Transaction agreed to by the Parties on the Confirmation Effective Date. The above notwithstanding, the Parties are aware that the CPUC and CAISO are considering changes to RAR and/or LAR in CPUC Rulemaking 11-10-023 and potentially other proceedings;

Provided, however, that "commercially reasonable actions" under this Section 7,1 shall not require the Seller, or the owner or operator of any Unit to undertake any capital improvements, facility enhancements, or the construction of new facilities.

7.2 Seller Representations and Warranties

Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

- (c) Seller owns or has the exclusive right to the RA Capacity sold under this Confirmation from each Unit, and shall furnish Buyer, the CAISO, the CPUC, a LRA of competent jurisdiction, or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;
- (d) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy such third party's applicable RAR, LAR or Flexible RAR or analogous obligations in CAISO markets, other than pursuant to an RMR Agreement between the CAISO and either Seller or the Unit's owner or operator;
- (e) No portion of the Contract Quantity has been committed by Seller in order to satisfy RAR, LAR or Flexible RAR, or analogous obligations in any non-CAISO market;
- (f) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, or is under the control of CAISO;
- (g) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, in accordance with General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities;
- (h) The owner or operator of each Unit is obligated to comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (i) If Seller is the owner of any Unit, the aggregation of all amounts of applicable LAR Attributes, RA Attributes and Flexible RA Attributes that Seller has sold, assigned or transferred for any Unit does not exceed that Unit's RA Capacity;
- (j) With respect to the RA Capacity provided under this Confirmation, Seller shall, and each Unit's Scheduling Coordinator is obligated to, comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (k) Seller has notified the Scheduling Coordinator of each Unit that Seller has transferred the Designated RA Capacity to Buyer, and the Scheduling Coordinator is obligated to deliver the Supply Plans in accordance with the Tariff;
- (j) Seller has notified the Scheduling Coordinator of each Unit that Seller is obligated to cause each Unit's Scheduling Coordinator to provide to the Buyer, by the Notification Deadline, the Designated RA Capacity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and
- (k) Seller has notified each Unit's Scheduling Coordinator that Buyer is entitled to the revenues set forth in Section 4.10 of this Confirmation, and such Scheduling Coordinator is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.
- (l) Notwithstanding anything to the contrary contained herein or in the WSPP Agreement, and for avoidance of doubt, Section B-5 of Schedule B shall not apply to this Transaction.

ARTICLE 8. CONFIDENTIALITY

In addition to the rights and obligations in the WSPP Agreement, the Parties agree that Buyer may disclose the Designated RA Capacity under this Transaction to any Governmental Body, the CPUC, the CAISO or any LRA of competent jurisdiction in order to support its applicable LAR, RAR or Flexible RAR Showings, if applicable, and Seller may disclose the transfer of the Designated RA Capacity under this Transaction to the Scheduling Coordinator of each Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans. Notwithstanding anything to the contrary contained herein or the WSPP Agreement, Section 30 of the WSPP

Agreement shall not prohibit Seller from disclosing the terms of this Transaction to any existing or prospective investor, lender or prospective purchaser, and their representatives, so long as such receiving party is subject to a confidentiality agreement or non-disclosure agreement with Seller, or is otherwise subject to a professional duty to maintain the confidentiality of such information.

ARTICLE 9. BUYER'S RE-SALE OF PRODUCT

Buyer may re-sell all or a portion of the Product hereunder; provided, however, that any such re-sale does not increase Seller's obligations or liabilities hereunder.

ARTICLE 10. MARKET BASED RATE AUTHORITY

Upon Buyer's written request, Seller shall, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, submit a letter of concurrence in support of any affirmative statement by Buyer that this contractual arrangement does not transfer "ownership or control of generation capacity" from Seller to Buyer as the term "ownership or control of generation capacity" is used in 18 CFR Section 35.42. Seller shall not, in filings, if any, made subject to Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.

ARTICLE 11. COLLATERAL REQUIREMENTS

Notwithstanding any provision in the WSPP Agreement to the contrary, neither Party shall be required to post collateral or other security for this Transaction.

ARTICLE 12. NO RECOURSE AGAINST CONSTITUENT MEMBERS OF EITHER PARTY

Each Party hereby acknowledges and agrees that the other Party is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (California Government Code Sections 6500 et seq.) and is a public entity separate and distinct from its members. Each Party shall solely be responsible for all of such Party's debts, obligations and liabilities accruing and arising out of this Agreement, and each Party agrees that it shall have no rights and shall not make any claim, take any actions or assert any remedies against any of the other Party's members, any cities or counties participating in Buyer's community choice aggregation program, or any of Buyer's retail customers in connection with the Transaction to which this Confirmation applies.

ARTICLE 13. COUNTERPARTS

This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to counterparty were upon a single instrument. Delivery of an executed signature page of this Confirmation by facsimile or electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE.

**SILICON VALLEY CLEAN ENERGY
AUTHORITY**

By: 

Name: Girish Balachandran

Title: CEO

CALIFORNIA CHOICE ENERGY AUTHORITY

By: 

Name: Mark V. Bozigian

Title: Executive Director

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**LONG FORM CONFIRMATION
FOR IMPORT RESOURCE ADEQUACY CAPACITY PRODUCT**

This confirmation letter ("Confirmation") confirms the transaction (the "Transaction") between California Choice Energy Authority, a California joint powers authority ("Seller") and Silicon Valley Clean Energy Authority, a California joint powers authority ("Buyer"), each individually a "Party" and together the "Parties", dated as of the latest signature date found on the signature page of this Confirmation (the "Confirmation Execution Date") in which Seller agrees to provide to Buyer the right to the Import Resource Adequacy (RA) Capacity Product, as such term is defined in Section 13 of this Confirmation. This Transaction shall be deemed to have been entered into pursuant to, and shall supplement, form a part of, and be governed by the terms and conditions of the form of Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEl Agreement") with a Cover Sheet containing the elections and other changes contained herein as if the Parties have executed the EEl Agreement (with such Cover Sheet the "Master Agreement"). The Parties agree that the only transactions to be concluded pursuant to such Master Agreement shall be the Transaction documented in this Confirmation. The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement or the CAISO Tariff (defined herein). To the extent that this Confirmation is inconsistent with any provision of the Master Agreement, this Confirmation shall govern the rights and obligations of the Parties hereunder.

Name: Party A / Seller

Name: Party B / Buyer

All Notices:

California Choice Energy Authority, a
California joint powers authority
44933 Fern Ave.
Lancaster, CA 93534
Attn: Contract Administration
Telephone: (661) 723-6185
Facsimile: (661) 723-6180
Duns: 82-8524566
Federal Tax ID Number: 95-3213004

All Notices:

Silicon Valley Clean Energy Authority, a
California joint powers authority
333 W. El Camino Real, Suite 320
Sunnyvale, CA 94087
Attn: Dennis Dyc-O'Neal
Telephone: (408) 721-5301
Duns: 08-046-2990
Federal Tax ID Number: 81-2158638

Invoices:

Attn: Accounts Payable
Telephone: (661) 723-6033
Facsimile: (661) 723-6180

Invoices:

Attn: SVCE Power Settlements
Phone: (408) 721-5301
E-mail:
SVCEpowersettlements@svcleanenergy.org

Scheduling:

Attn: Executive Director
Telephone: (661) 723-6185
Facsimile: (661) 723-5858
Email: cdefalco@cityoflancasterca.org

Scheduling:

Attn:
Telephone:
Facsimile:
Email:

Payments:

Attn: Treasury Manager
Telephone: (661) 723-6238
Facsimile: (661) 723-6180

Invoices:

Attn: SVCE Power Settlements
Phone: (408) 721-5301
E-mail:
SVCEpowersettlements@svcleanenergy.org

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Wire Transfer:

Wells Fargo
ABA Routing Number: [REDACTED]
Account Number: [REDACTED]

Wire Transfer:

BNK: River City Bank
ACCT Title: SVCE
ABA: [REDACTED]
ACCT: [REDACTED]

Credit and Collections:

Attn: Cathy DeFalco, Executive Director
Telephone: (661) 723-6185
Facsimile: (661) 723-6180

Invoices:

Attn: SVCE Power Settlements
Phone: (408) 721-5301
E-mail:
SVCEpowersettlements@svcleanenergy.org

With additional Notices of an Event of Default or Potential Event of Default to:

Attn: Allison Burns, City Attorney
Phone: 949-725-4187
Facsimile: 949-823-5187

With additional Notices of an Event of Default or Potential Event of Default to:

Troutman Sanders LLP
100 SW Main, Suite 1000
Portland, Oregon 97204
Attn: Stephen Hall
Facsimile: (503) 290-2405
Phone: (503) 290-2336
Email: Steve.Hall@troutman.com

The Parties hereby agree that the General Terms and Conditions of the Master Agreement are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Article Two:

Transaction Terms and Conditions

- Optional provision in Section 2.4.
If not checked, inapplicable.

Article Four:

Remedies for Failure to Deliver or Receive

- Accelerated Payment of Damages.
If not checked, inapplicable.

Article Five:

Events of Default; Remedies

- Cross Default for Party A:
 Party A: N/A Cross Default Amount: N/A
 Other Entity: N/A Cross Default Amount: N/A
- Cross Default for Party B:
 Party B: N/A Cross Default Amount: N/A
 Other Entity: N/A Cross Default Amount: N/A

5.6 Closeout Setoff

- Option A (Applicable if no other selection is made.)
 Option B – Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows:
 Option C (No Setoff)

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Article 8:
Credit and
Collateral Requirements

8.1 Party A Credit Protection:

- (a) Financial Information:
 - Option A
 - Option B Specify: _____
 - Option C Specify: _____
- (b) Credit Assurances:
 - Not Applicable
 - Applicable
- (c) Collateral Threshold:
 - Not Applicable
 - Applicable
- (d) Downgrade Event:
 - Not Applicable
 - Applicable
- (e) Guarantor for Party B: None.
Guarantee Amount: N/A

8.2 Party B Credit Protection:

- (a) Financial Information:
 - Option A
 - Option B Specify: _____
 - Option C Specify: _____
- (b) Credit Assurances:
 - Not Applicable
 - Applicable
- (c) Collateral Threshold:
 - Not Applicable
 - Applicable

If applicable, complete the following:
Party A Collateral Threshold: \$ _____;
provided, however, that Party A's Collateral
Threshold shall be zero if an Event of Default or
Potential Event of Default with respect to Party A
has occurred and is continuing.

Party A Independent Amount: \$ _____
Party A Rounding Amount: \$ _____
- (d) Downgrade Event:
 - Not Applicable
 - Applicable

If applicable, complete the following:

 - It shall be a Downgrade Event for Party A if
Party A's Credit Rating falls below _____
from S&P or _____ from Moody's or if Party A
is not rated by either S&P or Moody's

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Other:
Specify: _____

(e) Guarantor for Party A: None.
Guarantee Amount: N/A

Article 10:

Confidentiality Confidentiality Applicable If not checked, inapplicable.

Schedule M:

- Party A is a Governmental Entity or Public Power System
- Party B is a Governmental Entity or Public Power System
- Add Section 3.6. If not checked, inapplicable
- Add Section 8.4. If not checked, inapplicable

Other Changes and Additional Provisions:

1. The modifications to Section 1.12, 1.50 and 5.2 of the Master Agreement specified in that certain Errata published by the Edison Electric Institute (version 1.1, July 18, 2007) are hereby incorporated herein as if set forth in full.

2. Section 1.1 is amended by adding the following sentence at the end of the definition of "Affiliate":

"Notwithstanding the foregoing, the Parties hereby agree and acknowledge that the public entities designated as members or participants under the Joint Powers Agreement creating Party B shall not constitute or otherwise be deemed an "Affiliate" for the purposes of this Master Agreement or any Confirmation executed in connection therewith."

3. A new Section 1.26A is added as follows:

"1.26A "Joint Powers Agreement" means the Joint Powers Agreement, effective as of August 14, 2012, as amended, providing for the formation of Party B, as such agreement may be further amended or amended and restated."

4. In Section 2.1, delete the first sentence in its entirety and replace with the following:

"A Transaction, or an amendment, modification or supplement thereto, shall be entered into only upon a writing signed by both Parties."

5. Section 2.3 is hereby deleted in its entirety and replaced with the following:

2.3 "No Oral Agreements or Modifications. Notwithstanding anything to the contrary in this Master Agreement, the Master Agreement and any and all Transactions may not be orally amended or modified."

6. Section 2.4 is hereby amended by deleting the words "either orally or" in the sixth line.

7. A new Section 8.5. "UCC Waiver," is added as follows:

"Section 8.5: Section 8 and Schedule M of the Agreement and the Security Documents set forth the entirety of the agreement of the Parties regarding credit, collateral and

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adequate assurances. Except as expressly set forth in the options elected by the Parties in respect of Sections 8.1 and 8.2, and in Schedule M and in the Security Documents, neither Party:

- (a) has or will have any obligation to post margin, provide letters of credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever, or
- (b) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party or Member that is complying with the relevant provisions of Section 8 of this Agreement;

and all implied rights relating to financial assurances arising from Section 2-609 of the Uniform Commercial Code or case law applying similar doctrines, are hereby waived."

8. Section 10.6 shall be amended by deleting the sentence "EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.";

and adding the following after the last line: "NOTWITHSTANDING THE FOREGOING, IN RESPECT OF THE APPLICABILITY OF THE ACT AS HEREIN PROVIDED, THE LAWS OF THE STATE OF CALIFORNIA SHALL APPLY. (a) EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HEREBY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. (b) EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL COURTS LOCATED IN LOS ANGELES, CALIFORNIA, FOR ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY TRANSACTION, AND EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE TO SUCH JURISDICTION OR THE CONVENIENCE OF SUCH FORUM."

9. The following new Section shall be added as Section 10.19:

"No Recourse Against Constituent Members of Either Party. Each Party hereby acknowledges and agrees that the other Party is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (California Government Code Sections 6500 et seq.) and is a public entity separate and distinct from its members. Each Party shall solely be responsible for all of such Party's debts, obligations and liabilities accruing and arising out of this Agreement, and each Party agrees that it shall have no rights and shall not make any claim, take any actions or assert any remedies against any of the other Party's members, any cities or counties participating in Buyer's community choice aggregation program, or any of Buyer's retail customers in connection with the Transaction to which this Confirmation applies.

10. The following changes shall be made to Schedule M:

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- (a) The "Governmental Entity or Public Power System" definition shall be deleted and all references thereto in the Agreement shall be replaced with "Party B".
 - (b) "Act" shall mean "the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.)."
 - (c) Section 3.5 shall be amended by deleting the text in the parenthesis in lines 3 and 4 and replacing with the following: "provided that such court is located within a venue permitted under the Agreement".
 - (d) In addition, add the following to the end of Section 3.5:

"provided, however, that nothing in this Agreement shall waive the obligations and/or rights set forth in the California Government Claims Act (Government Code Section 810 et seq.)."
 - (e) Section 10.6, shall be amended by adding "CALIFORNIA" after "OF" and before "SHALL APPLY".
11. Contract Term. The "Contract Term" shall be the period of time commencing upon the Confirmation Execution Date and continuing until the later of (a) the expiration of the Delivery Period or (b) the date the Parties' obligations under this Confirmation have been fulfilled.
12. Delivery Period. The "Delivery Period" shall be August 1, 2018 through September 30, 2018, inclusive, unless terminated earlier in accordance with the terms of this Agreement.
13. Additional Defined Terms. For purposes of this Confirmation, the following terms shall have the following meanings:
- "Agreement" has the meaning specified in the introductory paragraph of this Confirmation.
 - "Applicable Laws" means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body having jurisdiction over one or both Parties or this Transaction, including without limitation, the CAISO Tariff.
 - "Availability Incentive Payments" has the meaning set forth in the CAISO Tariff.
 - "Branch Group" means the Branch Group Name or ID used by CAISO to represent an Intertie.
 - "Buyer" has the meaning specified in the introductory paragraph of this Confirmation.
 - "Buyer Replacement Capacity" has the meaning set forth in Section 24 of this Confirmation.
 - "CAISO" means the California Independent System Operator Corporation, or any successor entity performing the same functions.
 - "CAISO Tariff" means the tariff and protocol provisions, including any applicable CAISO-published "Operating Procedures" and "Business Practice Manuals," as amended or supplemented from time to time, of the CAISO.

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“Capacity Replacement Price” means (a) the price paid for any Buyer Replacement Capacity purchased by Buyer, plus costs reasonably incurred by Buyer in purchasing such Buyer Replacement Capacity, or (b) absent a purchase of any Buyer Replacement Capacity, the market price for such Import RA Capacity not provided at the RA Capacity Delivery Point. The Buyer shall determine such market prices in a commercially reasonable manner. For purposes of Section 1.51 of the Master Agreement, “Capacity Replacement Price” shall be deemed to be the “Replacement Price.”

“Confirmation” has the meaning specified in the introductory paragraph of this Confirmation.

“Confirmation Execution Date” has the meaning specified in the introductory paragraph of this Confirmation.

“Contract Price” means, for each Showing Month during the Delivery Period, the capacity price stated in Section 16 of this Confirmation.

“Contract Quantity” means, for each Showing Month during the Delivery Period, the amount of Import RA Capacity stated in Section 16 of this Confirmation, made available twenty-four hours per day, seven days per week, to the RA Capacity Delivery Point consistent with the requirements described in the CAISO Tariff. If the CAISO instructs Seller to deliver energy from the Import RA Capacity as provided by the CAISO Tariff, Seller will cause such energy to be delivered through transmission service that is consistent with CAISO Tariff requirements to the RA Capacity Delivery Point.

“Contract Term” has the meaning set forth in Section 11 of this Confirmation

“CPUC” means the California Public Utilities Commission.

“Delivery Period” has the meaning set forth in Section 12 of this Confirmation.

“EEI Agreement” has the meaning specified in the introductory paragraph of this Confirmation.

“Governmental Body” means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

“Import Resource” or “Import Resources” means the System Resource(s) from which Import RA Capacity is provided by Seller to Buyer, as described further in Section 18 of this Confirmation.

“Import Resource Adequacy (RA) Capacity Product” or “Import RA Capacity” means the qualified and deliverable capacity from a System Resource that can be counted toward Buyer’s System Resource Adequacy Requirements (RAR) as described in the RA Rules and all other resource adequacy requirements established by any other regional entity responsible for RAR. Import RA Capacity does not confer to Buyer any right to the Contract Quantity of Seller’s System Resource other than the right to count such Contract Quantity toward Buyer’s RAR during the Delivery Period. Specifically, no energy associated with Seller’s System Resource is required to be made available to Buyer as

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part of this RA Capacity obligation, and Buyer shall in no way be responsible to compensate Seller for any commitments to CAISO as set forth in this Transaction.

"Intertie" has the meaning set forth in the CAISO Tariff.

"kW" shall mean a kilowatt.

"Master Agreement" has the meaning specified in the introductory paragraph of this Confirmation.

"Month-Ahead Filing Dates" means the due dates for the month-ahead RAR Showings, as set forth in the RA Rules.

"MW" shall mean a megawatt.

"Non-Availability Charges" has the meaning set forth in the Tariff and (if the Product includes any Flexible RA Attributes) includes any similarly defined charges under the Tariff in respect of Flexible RA Attributes.

"RA Capacity" means the qualifying and deliverable capacity for RAR purposes for the Delivery Period, as determined by the CAISO, or other governmental body authorized to make such determination under Applicable Laws.

"RA Capacity Delivery Point" has the meaning set forth in Section 17 of this Confirmation.

"RA Capacity Payment" has the meaning set forth in Section 19 of this Confirmation.

"RAR" means the resource adequacy requirements established for Buyer by the California Public Utilities Commission (CPUC) pursuant to the RA Rules, or by other governmental body having jurisdiction.

"RAR Showings" means the RAR compliance showings (or similar or successor showings) Buyer is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the RA Rules, or to other governmental body having jurisdiction.

"RA Rules" means orders of the CPUC as contained in D.04-01-050, D.04-10-035, D.05-10-042, D.06-04-40, D.06-06-031, D.06-06-064, D.06-07-031, D.07-06-029, D.08-06-031, D.09-06-028, D.09-12-053, D.10-06-036, D.10-12-038, D.11-06-022, D.11-10-003, D.12-06-025, D.13-02-006, D.13-04-013, D.13-06-024, D.14-03-026, D.14-06-050, D.14-12-024, D.15-02-007, and D.15-06-063 and any other existing, subsequent, or modifying decisions, resolutions, orders or rulings issued by the CPUC from time to time in the Resource Adequacy phases of Rulemaking R.04-04-003, R.05-12-013, R.08-01-025, R.09-10-032, R.11-10-023, and R.14-10-010 or by any successor proceeding.

"Remaining Import Capability" has the meaning set forth in the CAISO Tariff.

"Replacement Obligation" has the meaning set forth in Section 24 of this Confirmation.

"Replacement RA Capacity" has the meaning set forth in Section 23 of this Confirmation.

"Resold Import RA Capacity" has the meaning set forth in Section 26 of this Confirmation.

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"Resource ID" has the meaning set forth in the CAISO Tariff.

"Scheduling Coordinator" or "SC" have the meaning set forth in the CAISO Tariff.

"Scheduling Point" has the meaning set forth in the CAISO Tariff.

"Seller" has the meaning specified in the introductory paragraph of this Confirmation.

"Showing Month" shall be each day of each calendar month of the Delivery Period that is the subject of the RAR Showings, as set forth in the RA Rules.

"Supply Plan" has the meaning set forth in the CAISO Tariff.

"System Resource" means a group of resources located outside of the CAISO Control Area capable of providing Energy and/or Ancillary Services to the RA Capacity Delivery Point.

"Transaction" has the meaning specified in the introductory paragraph of this Confirmation.

14. Confidentiality. Party A and Party B acknowledge and agree that the Master Agreement and any Confirmations executed in connection therewith are subject to the requirements of the California Public Records Act (Government Code Section 6250 et seq.). Section 10.11 of the Master Agreement shall be amended by adding the phrase "employees of Party B and its affiliate who are acting as agents of the Party for purposes of this Agreement," between "employees" and "lenders" in the fourth line and shall be further amended by adding the following at the end thereof: "It shall not be deemed a breach hereunder if a Party discloses the terms and conditions of a Transaction, including the name or any other identifying information relating to the other Party, provided that such information may be disclosed only to an entity that aggregates and reports such data to the public in the form of an index."

15. Representations and Warranties. In addition to the representations and warranties set forth in the Master Agreement, Seller and Buyer represent and warrant that throughout the Contract Term they shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer's RAR consistent with the CAISO Tariff and RA Rules. Seller represents and warrants that throughout the Delivery Period:

- (a) Buyer has the exclusive right to count the Contract Quantity of Import RA Capacity from Seller's System Resource toward Buyer's RAR;
- (b) No portion of the Contract Quantity of Import RA Capacity has been committed by Seller to any third party in order to satisfy RAR or analogous capacity obligations in other markets; and
- (c) Seller shall abide by all applicable CAISO Tariff provisions and procedures approved by the Federal Energy Regulatory Commission (FERC), and RA Rules approved by the CPUC as they apply to the Import RA Capacity.

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16. Contract Quantity; Contract Price. The Contract Quantity and corresponding Contract Price for each applicable Showing Month during the Delivery Period is set forth in the table below:

Showing Month	Contract Quantity	Contract Price
September 2018	██████	██████████

17. RA Capacity Delivery Point. The RA Capacity Delivery Point shall be the CAISO Scheduling Point at IVLY2 which maps to the CAISO Branch Group IID-SDGE_BG, or one or more replacement RA Capacity Delivery Point(s) as agreed to by the Parties.

18. Import Resources. The Contract Quantity for each applicable Showing Month shall be provided by the Import Resources set forth in the tables below, or other System Resources as designated by Seller:

Showing Month	Resource ID	
	ALHMBR_1_ALHSLR	ARKANS_1_ARKSLR
September 2018	██████	██████

19. Payments. In accordance with the terms of Article Six of the Master Agreement, Buyer shall make a payment with respect to each Showing Month during the Delivery Period (an "RA Capacity Payment") equal to the product of (a) the applicable Contract Price for that Showing Month (in \$/kW-month), (b) the amount of Contract Quantity of Import RA Capacity for such Showing Month delivered to Buyer (in MW), and (c) 1,000 kW/MW. Each RA Capacity Payment calculation shall be rounded to the nearest cent (i.e., two decimal places). Buyer shall pay Seller each RA Capacity Payment within ten (10) Business Days after the later of (a) the first day of the applicable Showing Month, or (b) Buyer's receipt of Seller's invoice for the applicable Showing Month.

20. CAISO Revenues. Seller shall retain any and all revenues received from the CAISO in relation to this Transaction. The Parties agree that any Availability Incentive Payments are for the benefit of the Seller and for Seller's account and that any Non-Availability Charges are the responsibility of the Seller and for Seller's account as such terms are defined in the CAISO Tariff.

21. Filing. Seller shall, on a timely basis, submit, or cause its Scheduling Coordinator to submit, Supply Plans to identify and confirm the Import RA Capacity sold to Buyer. Seller shall cause the Scheduling Coordinator to certify to Buyer no later than two (2) Business Days before the Month-Ahead Filing Date for the applicable Showing Month, that Buyer will be credited with the Import RA Capacity for the Delivery Period in the Supply Plan.

22. Duty to Provide Import RA Capacity. Seller shall provide Buyer with Import RA Capacity in the amount of the Contract Quantity in accordance with the terms of this Confirmation. If the Import RA Capacity provided to Buyer is insufficient to provide the full amount of the Contract Quantity, Seller may provide Buyer with replacement RA Capacity pursuant to Section 23 hereof.

23. Replacement RA Capacity. Seller may, at no cost to Buyer and at Seller's election, provide Buyer with replacement Import RA Capacity from one or more replacement RA Capacity Delivery Point(s) if the Import RA Capacity is insufficient for any reason, such that the total amount of Import RA Capacity provided to Buyer equals the Contract Quantity (the "Replacement RA

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Capacity). Seller shall have the right to designate as Replacement RA Capacity, RA Capacity from resources located within the CAISO balancing authority area that are otherwise eligible to provide RA Capacity sufficient for purposes of RAR. To the extent that any Replacement RA Capacity is provided by resources located within the CAISO balancing authority area, such RA Capacity shall be deemed to be Import RA Capacity delivered at the RA Capacity Delivery Point for purposes of this Transaction.

24. Damages for Failure to Provide Capacity. If the Contract Quantity delivered by Seller to Buyer is less than the Contract Quantity of Import RA Capacity in any Showing Month for any reason, or if the CAISO determines that any portion of the Supply Plan Contract Quantity for all or any portion of any Showing Month that was shown by Buyer in its RAR Showings requires replacement by Buyer, in accordance with the CAISO Tariff (collectively, the "Replacement Obligation"), then the following shall apply:

- (a) Buyer may, but shall not be required to, replace all or any portion of the Replacement Obligation for all or any portion of each applicable Showing Month with Import RA Capacity from one or more replacement RA Capacity Delivery Point(s) (the "Buyer Replacement Capacity"). Buyer may enter into purchase transactions with one or more parties to purchase Buyer Replacement Capacity. Additionally, Buyer may enter into one or more arrangements to repurchase its obligation to sell and deliver capacity to another party, and such arrangements shall be considered the procurement of Buyer Replacement Capacity. Buyer shall act in a commercially reasonable manner in procuring any Buyer Replacement Capacity, including exercising commercially reasonable efforts to mitigate all costs associated with procuring any Buyer Replacement Capacity.
- (b) Seller shall pay to Buyer, at the time set forth in Section 4.1 of the Master Agreement, the following damages in lieu of the damages specified in Section 4.1 of the Master Agreement: an amount equal to the positive difference, if any, between (i) the Capacity Replacement Price for the applicable Showing Month multiplied by the Replacement Obligation not provided by Seller as Replacement RA Capacity for that Showing Month, and (ii) the Contract Price for the applicable Showing Month multiplied by the Replacement Obligation not provided by Seller as Replacement RA Capacity for that Showing Month.

25. Indemnities for Failure to Deliver Contract Quantity. Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, resulting from any of the following:

- (a) Seller's failure to provide any portion of the Contract Quantity for any portion of the Delivery Period;
- (b) Seller's failure to provide notice of the non-availability of any portion of the Contract Quantity for any portion of the Delivery Period;
- (c) Seller's or an Import Resource's SC's failure to timely submit Supply Plans that identify Buyer's right to the Import Contract Quantity for each Import Resource purchased hereunder for each day of the Delivery Period;

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- (d) Seller's or an Import Resource's SC's failure to submit accurate Supply Plans that identify Buyer's right to the Import Contract Quantity for each Import Resource purchased hereunder for each day of the Delivery Period; or
- (e) any other failure by Seller to perform its obligations under this Confirmation.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties and fines.

26. Buyer's Resale of Import RA Capacity.

- (a) Buyer may re-sell all or a portion of the Contract Quantity and any associated rights, in each case, acquired under this Transaction. In the event Buyer re-sells all or a portion of the Contract Quantity of Import RA Capacity and any associated rights acquired under this Transaction ("Resold Import RA Capacity") Seller agrees, and agrees to exercise commercially reasonable efforts to cause each Import Resource's SC, to follow Buyer's instructions with respect to providing such Resold Import RA Capacity to subsequent purchasers of such Resold Import RA Capacity. Seller further agrees, and agrees to exercise commercially reasonable efforts to cause each Import Resource's SC, to take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to allow such subsequent purchasers to use such Resold Import RA Capacity. Seller acknowledges and agrees that with respect to any Resold Import RA Capacity, if Buyer incurs any liability to any purchaser of such Resold Import RA Capacity due to the failure of Seller or each Import Resource's SC to comply with the terms of this Transaction, and Seller would have had liability to Buyer under this Transaction for such failure had Buyer not sold the Resold Import RA Capacity to a subsequent purchaser, then Seller shall be liable to Buyer under this Transaction, for the amounts it would have been liable to Buyer for had such Resold Import RA Capacity not been sold to a subsequent purchaser.
- (b) In the event there is any Resold Import RA Capacity, Buyer agrees to notify Seller that such a sale has occurred and agrees to provide Seller with the information described in Appendix A promptly following such sale. Buyer also agrees to promptly notify Seller of any subsequent changes to the information in Appendix A with respect to any particular sale.

27. Counterparts. This Confirmation may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by email or facsimile will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Agreement by email or facsimile will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

28. Standard of Review. For purposes of this Transaction, the Parties each agree:

- (a) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement,

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whether proposed by a Party (to the extent that any waiver in subsection (b) below is unenforceable or ineffective as to such Party), a non-party or FERC acting sua sponte, shall solely be the "public interest" application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956), and *Fed. Power Comm'n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish County*, 554 U.S. 527 (2008), and further clarified by *NRG Power Marketing LLC v. Maine Pub. Util. Comm'n*, 558 U.S. 165 (2010) (the "Mobile-Sierra" doctrine).

- (b) In addition, and notwithstanding the foregoing subsection (a), to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted by applicable law, neither Party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (b) shall not apply, provided that, consistent with the foregoing subsection (a), neither Party shall seek any such changes except solely under the "public interest" application of the "just and reasonable" standard of review and otherwise as set forth in the foregoing section (a)."

[Signature page follows]

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IN WITNESS WHEREOF, each Party has caused this Confirmation to be duly executed by its authorized representative as of the dates provided below:

**CALIFORNIA CHOICE ENERGY
AUTHORITY,**
a California joint powers authority

**SILICON VALLEY CLEAN ENERGY
AUTHORITY,**
a California joint powers authority

Signature: 

Signature: 

Name: Mark V. Bozigian

Name: Girish Balachandran

Title: Executive Director

Title: CEO

Date: 6-14-18

Date: 6/7/18

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**APPENDIX A
SUBSEQUENT SALE INFORMATION**

Contract Key ID: _____

Benefitting load serving entity SC identification number: _____

Volume (in MW): _____

Subsequent Sale delivery period: _____



Staff Report – Item 3

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 3: Approve SVCE Integrated Resource Plan

Date: 7/11/2018

RECOMMENDATION

Staff recommends that the Board approves this Integrated Resource Plan for submission to the CPUC with possible non-substantive changes.

BACKGROUND

In 2015, the passage of SB 350 created the Integrated Resources Planning (IRP) process as a mechanism to ensure that the electricity sector was on track to meet its 2030 climate change mitigation goals. This is the first implementation cycle, conducted at the California Public Utilities Commission (CPUC) via Rulemaking R.16-02-007. Each IRP cycle spans two years, and involves the following steps:

- 1) **Statewide modeling** at the California Public Utilities Commission (CPUC) to determine the aggregate transitions needed for the electricity sector to meet its 2030 GHG reduction goals under SB 350. This was completed in fall 2017 and published as the [Reference System Plan](#).
- 2) **Individual Load Serving Entity (LSE) IRPs** are submitted to the CPUC, due August 1, 2018.
- 3) **Aggregation** of the individual IRPs into the Preferred System Plan, which represents the aggregate behavior of the electricity sector if all LSEs procure according to their IRPs. This is done by inputting data from the IRPs into the same statewide model used to produce the Reference System Plan.
- 4) **Comparison** between the Reference System Plan and the Preferred System Plan to determine whether sector-wide GHG mitigation targets will be met and whether corrective action is needed.

The main purpose of the individual IRPs is thus to provide CPUC staff with the model inputs they need to forecast industry-wide outcomes. The CPUC has come up with a **required structure for IRPs** that fulfills this function¹:

- 1) **A pair of Excel spreadsheet templates** where LSEs document their existing and planned contracts
- 2) **An Excel GHG calculator tool** LSEs use to determine their projected future GHG emissions under a CPUC-selected GHG accounting methodology
- 3) **A written report** documenting the goals, methodology, and assumptions behind the data in the Excel materials. The report follows a standardized outline developed by CPUC staff.

These parts add up to more of a technical compliance document written for CPUC staff than a public-facing document written for SVCE's customers. The latter better describes the voluntary IRPs produced by a few CCAs in past years, and SVCE plans to produce a similar document this fall. However, since it is difficult to write for such disparate audiences simultaneously, this IRP prioritizes the needs and specifications of the CPUC staff. The report follows a standardized template required by CPUC staff.

¹ All materials described below are available on the CPUC's website here: <http://cpuc.ca.gov/irp/filingtemplates/>

Agenda Item: 3**Agenda Date: 7/11/2018**

The Excel templates and GHG calculator tool, though referenced in the report, are not included in this Board packet in order to avoid divulging confidential contract data. They will be submitted to the CPUC under seal along with the written report.

ANALYSIS & DISCUSSION

The central question posed by the IRP process is whether each LSE's current and planned procurement will keep its estimated 2030 emissions below a CPUC-assigned 2030 emissions benchmark. For SVCE, the answer to this question is unequivocally yes. SVCE's emissions are higher than zero due to the IRP's selection of a new hourly GHG accounting methodology that was not in place when many of SVCE's key emissions decisions were made, and which also does not count the GHG-free attributes of SVCE's Bucket 2 (ie PCC2) RPS resources. However, even with these changes SVCE's emissions are well below the assigned benchmarks.

This IRP was not designed to be a vehicle for making new decisions about procurement. Instead, it is a compliance document constructed to convey in CPUC staff's preferred format the procurement commitments and goals the Board has already expressed. In a sentence, we assume compliance with all state procurement mandates (such as SB 350's 65% long-term contracting requirement for RPS resources starting in 2021) while maintaining SVCE's current resource mix out to 2030.

As discussed in the Alternative section below, clarification of the IRP requirements during this initial cycle has been a highly iterative process. Staff therefore reserves the right to make non-substantive changes to this IRP between Board approval and submission to the CPUC if new information is received that can help us better address the needs of CPUC staff.

STRATEGIC PLAN

Completion of this IRP supports Strategic Plan Goals 8, 9, and 10, which relate to SVCE's participation in the policy community and fulfillment of our power supply objectives.

ALTERNATIVE

SVCE staff's original plan was to bring this IRP to the Board in June in order to provide an opportunity for staff to revise the report if necessary and bring to the Board a second time before the CPUC deadline on August 1st. However, due to the fact that this is the first time IRP is being implemented in California, the compliance process has naturally brought up unforeseen questions and details in need of clarification. CCA staff and CPUC staff have worked actively together to address these challenges, but refinements to the compliance requirements and materials were still in progress through late June. Changing the CPUC deadline is not possible, so SVCE staff therefore requests that the Board approve this IRP today and authorize SVCE staff to make any changes the Board desires before submission to the CPUC without bringing the report before the Board a second time. If the Board is not comfortable with this, the Board will need to devise an alternative mechanism for granting final approval before submission to the CPUC. This is up to the Board, but could involve designating the Chair or another representative as the final approving agent.

FISCAL IMPACT

None anticipated.

ATTACHMENTS

1. SVCE Integrated Resource Plan

ATTACHMENT A

Standard LSE Plan

Silicon Valley Clean Energy

2018 INTEGRATED RESOURCE PLAN

August 1, 2018

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1. Executive Summary

SVCE hereby presents our first Integrated Resource Plan in compliance with the requirements of SB 350 and R.16-02-007. We present two portfolios, Conforming and Preferred, which differ only by load forecast due to an expansion of our service territory since the release of the 2017 IEPR report. Both portfolios produce 2030 emissions estimates below our allotted 2030 benchmarks. As required, we discuss both our methodology for developing these portfolios and our planned actions for implementing them, including measures to safeguard affordability and accommodate disadvantaged communities. Finally, we present suggestions for improving the IRP process in future cycles that we believe will both improve the rigor of the results and make the process more efficient for both LSEs and CPUC staff.

2. Introduction to SVCE

Silicon Valley Clean Energy (SVCE) is a Community Choice Aggregator (CCA) that provides electricity to twelve communities and the unincorporated areas of Santa Clara County. Founded in 2016, SVCE was designed to strengthen local climate change mitigation efforts by reducing emissions associated with electricity production and promoting the adoption and distribution of low-carbon energy-related technologies. SVCE’s member communities are:

Campbell	Cupertino	Gilroy	Los Altos
Los Altos Hills	Los Gatos	Milpitas	Monte Sereno
Morgan Hill	Mountain View	Saratoga	Sunnyvale
Unincorporated Santa Clara County			

Since day one, SVCE has been committed to providing our customers with carbon-free electricity. When SVCE launched service in April 2017, customers had a choice between two electricity products:

- **GreenStart:** The default option, consisting of 50% RPS-eligible renewables and 50% large hydroelectric
- **GreenPrime:** An opt-in premium product consisting of 100% RPS-eligible renewables

These product offerings are layered on top of a rate schedule menu that mirrors many of PG&E’s rate schedules and provides tailored options for residential, commercial, industrial, and net-metered customers.

SVCE is a Joint Powers Authority (JPA) governed by a Board of Directors of one local elected official from each member community. Board meetings are held on the second Wednesday of every month, at 7:00 pm at the Cupertino City Hall. As prescribed by the Brown Act and the CCA institutional model, all Board meetings are open to the public and all meeting materials are posted online.

3. Study Design

a. Objectives

SVCE approached the development of this IRP as a balancing act. On one hand, SVCE supports the idea of sector-wide decarbonization planning as embodied by the IRP process. SVCE was formed explicitly for the purpose of decarbonization, both in our member communities and as part of California's broader grid ecosystem. To the extent that it does not harm our ability to serve and be accountable to our member communities, we are excited to participate in the IRP process and would like to provide as much planning detail and information as possible.

On the other hand, we are wary of providing false certainty where it does not exist. The RESOLVE and SERVM models the CPUC uses for the system-wide portions of the IRP process require inputs with very high temporal and resource granularity. However, the long time horizon of this modeling exercise means that many of these inputs are based on hypothetical future procurement decisions that will not be made for years. When they are made, these decisions will be influenced by future market conditions, policy outcomes, and other variables that we have little visibility into now but which would be irresponsible to write off. Thus, while it is possible to make hypothetical decisions now that provide highly granular inputs, doing so runs the risk of producing results that do not accurately reflect the level of uncertainty surrounding future procurement across the electricity sector.

Greater detail on how we attempt to strike this balance is provided in later sections, but the development of this IRP was guided by the following objectives:

- 1) Describe SVCE's existing procurement commitments and goals clearly and comprehensively.
- 2) Build in enough procurement flexibility to allow SVCE to harness evolving market conditions and procure carbon-free energy as affordably as possible.
- 3) Document assumptions and methodologies clearly so that concrete procurement commitments can be separated from estimates and placeholders.

b. Methodology

i. Modeling Tool(s)

No modeling software was used in the production of this IRP. All data processing was performed in Microsoft Excel.

ii. Modeling Approach

The first step in our analysis was to translate the objectives described above into a set of governing principles that could more concretely guide our completion of the compliance materials. These are:

1. **Use empirical inputs wherever possible.** Contracts that have already been signed provide procurement and therefore emissions certainty for the timespan and portion of load they cover.
2. **Take mandates as guides.** Options for future procurement should first be checked against existing mandates from state policymakers and SVCE's Board of Directors. Some decisions have already been made for us, such as the Board's direction to eliminate biomass and geothermal resources from SVCE's portfolio as soon as possible.
3. **Make use of historical data where appropriate.** If fulfilling all mandates does not provide a clear single answer to a procurement question, check next for historical data that can be used as a defensible proxy. For example, if the contract terms are not changing between years, RECs documenting the previous year's actual energy deliveries from a multi-facility, energy-only contract can be used to predict the resource mix of deliveries from that contract in the upcoming year.
4. **Do not make procurement commitments driven by model structure alone.** By themselves, the granularity needs of the model are not a sufficient justification for committing to one resource over another. If multiple viable procurement options remain after complying with all Board and policy requirements and no historical proxy data are available, open questions should be represented in the templates and GHG calculator with neutral placeholder numbers. All such placeholders, such as a 50/50 split between two possible options, are clearly identified in this report.

Beyond the governing principles, the first decision we made was to use the GHG emissions benchmark as our key metric rather than the GHG planning price. For an institution that holds GHG mitigation as a core part of its mission, the mitigation guarantee of a mass-based target is more appropriate than one whose guarantee lies with cost. We also made the decision to use energy in GWh as our main unit of analysis rather than capacity. This is due to the structure of SVCE's existing portfolio. Prior to our first RFO for long-term contracts that would contain both energy and capacity (conducted in fall 2017), SVCE's portfolio consisted solely of RA-only and energy-only contracts. Using energy as the unit of analysis thus made it easier to factor existing contracts into our calculations of resource needs in future years. However, as discussed in Section 5, SVCE's early reliance on energy-only contracts required us to estimate associated capacity values as inputs for the GHG calculator.

All analytical work for this IRP was completed in Microsoft Excel. Our approach to filling in the templates is described in greater detail in Section 5. Broadly speaking, filling in the templates consisted of first documenting the contracts that SVCE has in place, and then making assumptions about how to allocate the remaining annual energy demand between short-term vs long-term contracts, new vs existing facilities, and types of resources. These assumptions are as follows:

Long-term vs Short-term Contracts: SB 350 requires that starting in 2021, at least 65% of procurement contracts used for compliance with the Renewable Portfolio Standard (RPS) be ten or more years in length. Figure 1, below, shows SVCE’s existing and anticipated long-term RPS contracting needs between 2021 (the first year the mandate is in effect) and 2030. A significant portion of SVCE’s long-term obligation has already been fulfilled by the results of an RFO SVCE issued jointly with Monterey Bay Community Power in fall 2017. The light green wedge estimates SVCE’s expected remaining long-term contract needs between now and 2030. SVCE is open to signing long-term contracts in excess of this requirement, but those decisions will be made on the basis of future market conditions and the quality of individual offers received in future RFOs. We choose to be conservative in this IRP on the assumption that such an approach better serves the purpose of identifying system-wide deficiencies than promising additional long-term contracting (and its indicator in the templates, new build) that is not guaranteed to happen.

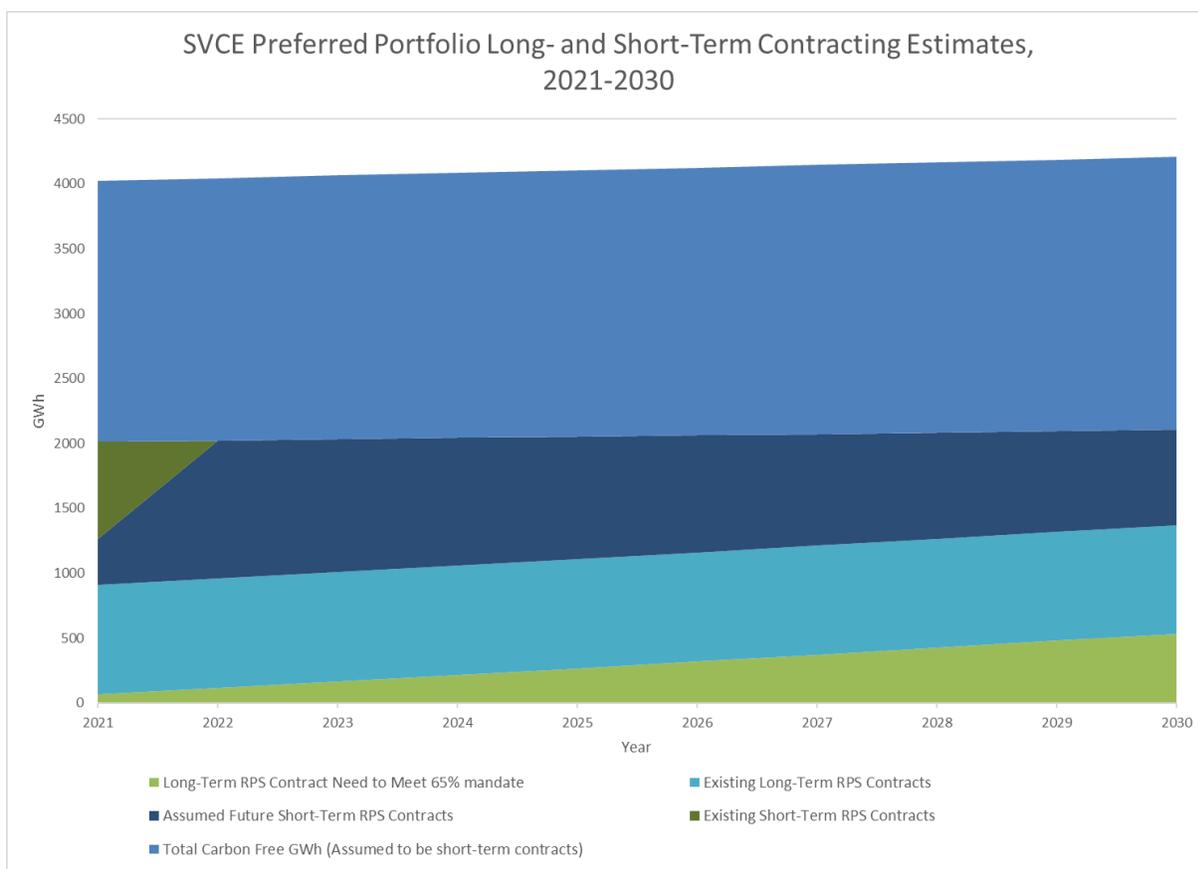


Figure 1. SVCE’s existing RPS commitments and future contracting needs, 2021 – 2030.

New vs Existing Resources: Our assumptions about building new resources hinge on our assumptions about long- vs short-term contracts. We assume all short-term contracts to be with existing resources, because a short-term contract is unlikely to provide the financial security needed to support construction of a new facility. Long-term contracts could be with either new or existing resources, and in

the abstract SVCE does not prefer one over the other. RFOs can bring in bids from both new and existing facilities, and our allocation of contracts between the two will depend on the quality and characteristics of the individual bids. Since these are impossible to foresee ahead of time, we use a placeholder split of 50/50 in the templates. 50% of the annual energy demand allocated to long-term contracts is assumed to be met with new resources, and 50% with existing ones.

Resource type: SVCE is not currently working towards any long-term portfolio transitions other than the elimination of a small quantity of biomass and geothermal resources. SVCE’s assumptions about resource mix are therefore based on the idea of carrying SVCE’s current portfolio allocation into the future. With the exception of the portion allocated to new resources, annual energy demand not covered by SVCE’s existing contracts is split between carbon-free resources in proportions matching SVCE’s 2017 portfolio. While these percentages are likely to shift slightly year-to-year, this is the best approximation we have at this time. New resources are assumed to be either wind or solar, and split 50/50 between the two as a placeholder.

Figure 2 demonstrates the order in which these decisions were made.

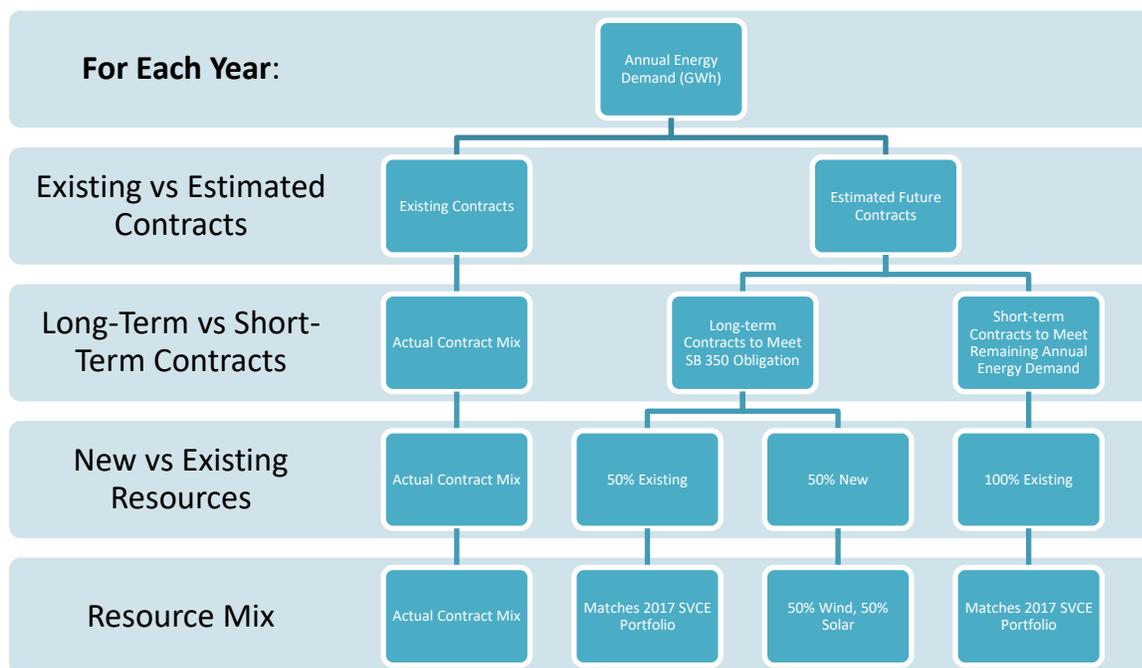


Figure 2. Decision tree of assumptions for allocation of future energy demand not met by existing SVCE contracts.

iii. Assumptions

SVCE did not use any assumptions that differ from those used in the Reference System Plan and the GHG calculator default settings. SVCE is developing programs as quickly as possible (see Section 4), and upon implementation we anticipate that these will impact inputs such as electric vehicle charging

profiles, building electrification, energy efficiency, and others. We therefore expect to use customized assumptions in future IRP cycles. However, for this cycle our only customized input is the load forecast, discussed below.

4. Study Results

a. Portfolio Results

This IRP contains two portfolios. The first, the Conforming Portfolio, uses the load forecast found in the “mid Baseline mid AAEE mid AAPV” version of Form 1.1c of the CEC’s adopted 2017 IEPR forecast. This portfolio is required. The second, our Preferred Portfolio, is identical to the Conforming Portfolio with the exception of the load forecast.

On June 1, 2018, SVCE expanded its service territory into the City of Milpitas. This planned expansion was first documented in SVCE’s updated Implementation Plan, submitted to the CPUC on December 20, 2017.¹ The expansion came too late to be included in the 2017 IEPR, so it is not included in SVCE’s assigned load forecast or 2030 GHG benchmark. We therefore provide an updated forecast and the associated paperwork with this IRP, and designate the portfolio based on the updated forecast as our Preferred Portfolio. The addition of Milpitas grew SVCE’s estimated 2030 load from 3,492 GWh/year to 4,209 GWh/year, an increase of about 21%.

Table 1 shows the 2030 load forecasts, GHG emissions benchmarks, and estimated 2030 CO₂ emissions from the GHG calculator for each of the portfolios. Both portfolios are well below their 2030 emissions benchmarks. For our Preferred Portfolio, the emissions benchmark was calculated from information provided in the May 25th Ruling in this proceeding.² The updated emissions benchmark is calculated by applying the updated percentage of total load in PG&E’s delivery territory that is served by SVCE to the total allowable emissions in PG&E’s delivery territory.

The Conforming and Preferred portfolios were assembled using the same set of procurement assumptions, discussed above and in Section 5. All narrative text in this report, including discussion of rate impacts, disadvantaged communities, and planned actions, applies equally to the Preferred and Conforming Portfolios.

¹<https://www.svcleanenergy.org/files/managed/Document/1059/SVCE%20Addendum%20No.%201%20Milpitas%20Expansion%20%28F%29.pdf>

² “Administrative Law Judge’s Ruling Finalizing Greenhouse Gas Emission Accounting Methods, Load Forecasts, and Greenhouse Gas Benchmarks for Individual Integrated Resource Plan Filings.” CPUC, R.16-02-007. 25 May 2018. Table 1.

Portfolio	2030 Estimated Load (GWh)	Proportion of Total 2030 Load within PG&E Delivery Territory	2030 GHG Emissions Benchmark (MMT CO ₂)	2030 GHG Emissions from GHG Calculator (MMT CO ₂)
Conforming	3,492	4.4%	0.62	0.05
Preferred	4,209	5.2%	0.75	0.42

Table 1. Estimated load, emissions benchmarks, and estimated emissions in 2030 by portfolio

b. Preferred and Conforming Portfolios

SVCE’s Preferred Portfolio in this IRP cycle is one that maintains our commitment to carbon-free power, meets all regulatory requirements, matches our projected load forecast to 2030 including the City of Milpitas, and retains enough procurement flexibility to help us minimize costs by taking advantage of market opportunities as they arise.

Our Preferred and Conforming Portfolios are documented in the GHG calculator and input templates that accompany this report. Table 2, below, shows the estimated annual emissions of each portfolio from the GHG calculator in 2018, 2022, 2026, and 2030.

Portfolio	Annual Emissions Estimated by the GHG Calculator (MMtCO ₂ /yr)			
	2018	2022	2026	2030
Preferred	0.27	0.21	0.16	0.27
Conforming	0.27	0.20	0.11	0.22

Table 2. GHG calculator estimated emissions in benchmark years from the Preferred and Conforming Portfolios.

i. Local Air Pollutant Minimization

SVCE’s portfolio minimizes localized air pollutants and GHG emissions across its service area, including disadvantaged communities. In order to identify disadvantaged communities (“DACs”) that are located within its service territory, SVCE used CalEnviroScreen 3.0 to identify the top 25% of impacted census tracts on a statewide basis and the top 5% of census tracts without an overall score but with highest pollution burden. This analysis indicates that SVCE serves customers residing in 5 census tracts identified as DACs:

- 6085504602
- 6085505202
- 6085512310
- 6085512602

- 6085512603

The population of these DAC areas is listed as 18,753 per 2010 census figures, which is estimated to comprise approximately 2.5% of SVCE's customer base.

SVCE's primary strategy for reducing emissions and contributing to the economic development of DACs is the aggressive procurement of zero-emissions renewable resources. When economically feasible, SVCE intends to give preference to green power projects that are located within its DACs or otherwise contribute to DAC economic development (for instance, by increasing employment opportunities for DAC residents).

SVCE's outreach is also designed to be especially sensitive to the needs of DACs. SVCE is offering up to \$75,000 in small grants (in amounts not-to-exceed \$20,000) for local nonprofits to collaborate on outreach in the SVCE service area. The purpose of this small grant pilot program is to provide accurate information to SVCE customers about SVCE's mission and benefits, as well as build relationships in disadvantaged communities for future program development and deployments.

This collaboration will help SVCE promote social equity by ensuring that customers in target communities are aware of how they can benefit from SVCE programs and rates, which is a shared priority among state regulators. The outreach grants will also build trust, relationships and new communication channels that can be utilized as SVCE programs develop. The grants may also provide SVCE with valuable data to inform future programs and will provide additional channels to communicate upcoming changes on residential energy bills with the transition to Time-of-Use rates.

The grants will be offered to trusted, local nonprofits that serve underrepresented communities and harder to reach audiences in the SVCE territory including low-income residents, seniors, customers eligible for Medical Baseline discounts, customers with low English language proficiency, and customers living in the south county, unincorporated Santa Clara County and our newest community, Milpitas.

ii. Cost and Rate Analysis

Along with decarbonization, affordability is a key priority for SVCE. We are therefore taking a number of measures to ensure that we can procure the Preferred Portfolio at the lowest possible cost and insulate our ratepayers against any unforeseen price shocks.

Reserve Build-up: SVCE has placed a priority on building cash reserves. Reserves act as an insurance policy to enable SVCE to maintain financial solvency and mitigate risk. Reasons to fund the proper reserve level include:

- Enable SVCE to become self-sufficient;
- Be prepared for market related risk;
- Avoid unplanned cost-reduction/rate-shock measures;
- Reduce the impact of regulatory or legislative risk.

SVCE has in place a Board-adopted reserve policy. The commitment to establish reserves is looked on favorably by power suppliers and will be vital in obtaining a credit rating. The reserves policy specifies a target of 180 expense coverage days with a minimum of 90 expense coverage days and a maximum of 270 expense coverage days. The policy requires staff to develop a financial plan to restore reserves within two (2) years if the balance falls below the minimum level.

Credit Rating: In June 2018, Moody's granted MCE an investment-grade credit rating of Baa2. This was the first credit rating received by a CCA, and a major vote of confidence in the CCA model by the financial community. SVCE is planning to follow suit as soon as possible. An investment-grade credit rating is a major asset in procurement negotiations, allowing access to less costly financing arrangements that in turn help keep rates low. It will be approximately three years before SVCE has enough institutional history to apply for a rating, but in the meantime we are concentrating on the other financial requirements so that SVCE can enter into long-term contracts that satisfy its portfolio objectives.

Access to Credit: Maintaining a strong liquidity profile is a key credit consideration when procuring power. SVCE will have established by September 2018 an additional line of credit. Having access to incremental external liquidity not only supplements SVCE's balance sheet but also will provide greater flexibility in negotiating credit terms for power supply and may result in more supplier options and better pricing. A line of credit is viewed positively by the credit rating agencies when evaluating SVCE's liquidity profile.

Another important issue in this area is the cost implications of the current Clean Net Short (CNS) methodology. As finalized in the May 25th Ruling, CNS does not recognize the GHG-free attributes of PCC2 renewable resources. Since SVCE is committed to providing carbon-free power, this severely devalues our existing PCC2 investments. Given that this same treatment of PCC2 resources is being considered in the AB 1110 proceeding at the California Energy Commission, SVCE is considering procuring only PCC1 renewables in the future. Our financial forecasts project an annual incremental cost to our ratepayers of approximately \$5 million to replace existing PCC2 resources with PCC1 when the contracts expire over the next year. In future years, the annual incremental cost of procuring only PCC1 for our renewable portfolio is approximately \$10 million.

We do not agree with this treatment of PCC2 resources, and strongly recommend that the Commission revisit this issue in the next IRP cycle. The complete discounting of PCC2's GHG-free attributes due to location over a geographic boundary creates an increased cost to ratepayers but little to no marginal GHG mitigation. We recognize that the RPS is a separate policy program with different goals from the IRP process, but excluding PCC2 from the GHG-free category entirely is not an accurate reflection of the attributes of these resources.

c. Deviations from Current Resource Plans

This IRP does not deviate from any of SVCE's existing resource plans. It is consistent with SVCE's RPS Plan, Strategic Plan, and cumulative existing procurement guidance from SVCE's Board of Directors.

d. Local Needs Analysis

SVCE will continue to fulfill all of its local Resource Adequacy obligations, including any new requirements that may come out of the current RA proceeding (R.17-09-020).

5. Action Plan

a. Proposed Activities

In order to implement our Preferred Portfolio, SVCE will seek carbon-free resources through a diverse array of procurement mechanisms both within and outside our service territory.

Joint RFOs: In September 2017, less than six months after launching, SVCE conducted our first RFO for long-term PPAs with new renewable resources. We conducted the RFO jointly with Monterey Bay Community Power (MBCP), SVCE's neighbor CCA to the south. This allowed us to take bids for larger projects than SVCE alone would need or be able to support, maximizing economies of scale and the cost benefits that come with them. The RFO was a strong success, attracting 87 bids and resulting in long-term PPAs for an anticipated 478 MW of new wind and solar capacity and 85 MW of storage.

The joint RFO model is one that SVCE intends to return to in the future, including for collaboration with other CCAs besides MBCP. In addition to bilateral efforts among pairs or small groups of CCAs, the CCA community is also in the process of building a formalized procurement entity, a "JPA of JPAs," that could negotiate procurement deals for larger segments of the CCA population. While this institution is still in the early stages of development, it illustrates the potential for innovation and collaboration across the increasingly diverse ecosystem of electricity suppliers in California.

Local RFOs: On the other end of the spectrum, SVCE is also looking into procurement within our own service territory. As shown in Figure 1, our long-term contracting short is, in its first few years, much smaller than a typical long-term PPA. One approach to this is to pursue a larger PPA even if it's not yet needed for compliance, fulfilling our SB 350 long-term contract obligations all the way through 2030 at once. However, another is to look for smaller resources within SVCE's territory that would have the double benefit of supporting local enterprises and providing a contract closer in size to our compliance requirement. This option can also function as a hedge against market and regulatory uncertainty while allowing us to stay on schedule with long-term procurement. SVCE anticipates issuing a new RFO within the next 12 months either on its own or jointly with one or more local CCAs.

In addition to the types of procurement mechanisms SVCE will use, schedule and frequency are also important. For the purposes of this IRP, SVCE has chosen to take a conservative modeling approach and plan for the minimum amount of long-term contracting required by SB 350. However, SVCE does not have a specific required portfolio split between short-term and long-term contracts, and we are open to signing more long-term contracts if market conditions are favorable for doing so. The same goes for increasing our percentage of RPS-eligible renewables above 50% if more affordable alternatives to the

large hydro that currently dominates the carbon-free half of the portfolio emerge. SVCE staff and the Board of Directors will continue to evaluate all options, and select a diverse portfolio that fulfills SVCE's commitment to carbon-free energy while maintaining affordability and leveraging community relationships.

Programs and Community Outreach: In addition to decarbonizing our electricity portfolio, a crucial part of SVCE's mission is furthering GHG mitigation in other sectors through programs targeted to the unique needs of our member communities. SVCE is young enough that we have not yet had time to roll out a full program portfolio, but we are moving forward with program development as quickly as possible.

In November 2017, the SVCE Board formed a Customer Program Advisory Group (CPAG) to include residential customers in the program development process. CPAG members were nominated by SVCE Board members and by the Board Chair; they represent ten of the SVCE member communities and unincorporated Santa Clara County.

Upon formation the CPAG was chartered to:

1. Serve as a conduit for community input and review of prospective residential customer programs.
2. Prioritize and recommend candidate programs through quantitative analysis.
3. Consider residential customer program recommendations through qualitative analysis.
4. Communicate and promote board-adopted programs.

As a community-owned agency, the SVCE Board highly values the opinion and ideas of their community, and wanted to incorporate as many ideas and priorities of this residential advisory group into the offerings the agency will provide in future years. Members of the CPAG also reached out into their communities to seek broader input from the various associations, neighborhood groups and organizations that they belong to, to reach an even broader segment of residential customer opinions. CPAG representatives presented an initial slate of program ideas to the SVCE Board in June 2018, and SVCE anticipates finalizing the first round of program selections in fall 2018.

Another example of how SVCE is already moving forward in this area is the BAAQMD grant. In May 2018, the BAAQMD Board approved a \$325,000 grant to SVCE for its Future Fit home grant application. SVCE plans to use the grant funds in combination with our own program funds to switch approximately 100 residences from natural gas water heaters to electric heat pump water heaters, using incentives for both the water heater and an electric service panel upgrade. Information from this two-year program will be shared via multiple public data sets on a) the impact of fuel switching cost drivers during installation and b) usage patterns post installation.

b. Barrier Analysis

The most significant potential barrier to implementing the Preferred Portfolio is the existence of significant regulatory and legislative risk. A number of open proceedings at the Commission right now could have a profound effect on CCA finances and procurement authority, especially those governing the PCIA (R.17-06-026) and Resource Adequacy (R.17-09-020) programs. SVCE is participating actively in these proceedings (often through contributions to CalCCA filings) in order to help develop solutions that fulfill public policy goals while protecting CCA rights. On the legislative side, the significant supplier diversification taking place in the electricity sector has attracted legislator attention that could lead to significant new energy laws being passed in the upcoming sessions.

There is also the possibility of procurement obstacles arising from scarcity of a particular type of resource or some other market-based condition. In the former scenario, some resource substitution is possible within each procurement category (PCC1, GHG-free, etc). We also employ the financial measures discussed in 4.b.ii to help us maximize our effectiveness as a procurement entity and protect our ratepayers from price shocks, be they regulatory or market-based in origin.

c. Proposed Commission Direction

SVCE does not require any new Commission action in order to implement the portfolios described in this IRP. However, preservation of SVCE's existing rights as a CCA, especially to procurement autonomy, will be crucial to meeting our community's decarbonization goals

6. Data

a. Baseline Resource Data Template

Existing Contracts with Existing Resources

SVCE's current resource portfolio consists of two contract categories: RA-only and energy-only. Both of these are included in the Baseline Resource Data Template, represented with capacity and energy values respectively. Treatment of the RA-only contracts, which are presented by year and month, is straightforward. However, the nature of the energy-only contracts makes them more difficult to fit into the template.

Most of SVCE's energy-only contracts are "blended" or "portfolio" contracts, meaning that they guarantee a specified amount of energy annually sourced from some combination of a list of eligible facilities. The types of facilities that are eligible depends on the overarching guarantee of the contract, which for SVCE is either "PCC1 eligible renewables," "PCC2 eligible renewables," or "carbon-free" (not necessarily RPS eligible). The exact contribution of each facility is not specified in the contract, and is not known until SVCE receives the bundled RECs each spring from the previous year's delivered energy.

The difficulty with inputting these contracts into the template is that the template requires each row to have a specified resource type (Column H, "Resource_Type"). Since these contracts contain multiple resource types with unknown percentage contributions, representing a whole contract-month in a single row is impossible. Instead, we split the contracts out by resource, creating a separate row for each resource type in each contract. This spring SVCE received the 2017 RECs from these contracts, and we use these RECs to calculate the percent of total energy contributed by each resource type in each contract. Since the contract terms do not change year-to-year, we then assume that each contract will exhibit a resource split in future years that matches its 2017 REC distribution. There is no guarantee that these contributions from each resource type will hold constant year-to-year, but we do not see a better proxy available at this time.

Note that the Baseline Template also asks for contracts to be split out by year and month, so the total number of rows per existing contract in the template is [number of years in the contract]x[12 months per year]x[number of resource types included in the contract]. Many of the contracts guarantee energy on an annual rather than a monthly schedule, so the annual energy total must split into estimated monthly contributions. We accomplish this by applying the appropriate annual production profiles from the "Renewable Profiles" tab of the GHG calculator to each resource type in each contract.

Anticipated Future Contracts with Existing Resources

As SVCE's current contracts with existing resources gradually expire, we will need to sign new ones. After calculating the annual energy need that is not covered by existing contracts, we need to make assumptions about the resource composition of the new contracts. SVCE has maintained our preferred portfolio composition (50% RPS-eligible renewables, 50% carbon-free) from day one, so we are not trying to implement any major long-term transitions in portfolio composition. We thus assume that the total resource composition of future contracts signed with existing resources will maintain our current resource mix.

The one exception to this approach is the phasing out of biomass, biomethane, and geothermal generation. The Board of Directors has directed SVCE staff to eliminate these resources from the portfolio as soon as possible. This was decided out of concern that these three resource types had small amounts of emissions associated with their energy production, and thus did not meet the SVCE standard of being carbon-free despite being eligible renewables under the RPS. We implement this in the template by distributing the portion of energy that would have been assigned to those resource types across the other eligible renewables in proportion to their abundance, thus maintaining total percentage of eligible renewables in the portfolio.

b. New Resource Data Template

Existing Contracts for New Resources

The first entries into our new resources template are for SVCE's existing long-term contracts for new build. These are the result of SVCE's first RFO, held in fall 2017 and discussed in further detail in section 4. The contracts are still being finalized.

Anticipated Future Contracts for New Resources

Planning for additional new build in this IRP hinges on our assumptions about long-term vs. short-term contracting. As discussed in Sections 3 and 4, we took a conservative approach in this IRP and assumed only enough additional long-term contracting to comply with SB 350's requirements. SVCE is open to signing more long-term contracts if suitable opportunities arise. However, we thought that from a system modeling perspective conservatism would be more useful than forecasting a larger quantity of new build that might never materialize.

This question of long-term vs short-term contracts matters for the existing-new resource split, because the different contract structures have different likelihoods of supporting new build. We assume that all short-term contracts are with existing resources, because a short-term contract is unlikely to provide the security needed to finance a new generation facility. For long-term contracts, our distribution revolves around the fact that a single RFO can receive offers from both new and existing generation facilities. Since logistically we do not have to choose between new and existing resources before reviewing the individual bids, we see no value in restricting procurement options ahead of time. The potential benefits of building new carbon-free resources are obvious, but taking over an existing carbon-free facility that might otherwise have fallen out of production also has value.

We therefore use a placeholder 50/50 split to represent our willingness to consider both new and existing facilities for long-term contracts. Of the additional annual energy needs in long-term contracts, we assume in the templates that half will be served by existing resources and half by new resources. The half that goes to the new resources template is divided 50/50 between CAISO wind and CAISO solar, the two types of resources that we are most likely to be able to site and build.

c. Other Data Reporting Guidelines

The Excel workbooks used in preparation of this IRP have been submitted alongside this report. One need for external analysis not discussed above came from the preparation of the GHG calculator. As previously mentioned, most of SVCE's portfolio consists of RA-only and energy-only contracts. However, the GHG calculator uses capacity values as the main generation input, and is not structured to handle energy-only contracts in raw form. We therefore needed to estimate capacity values for our energy-only, PCC1 contracts in order for them to be included in our GHG calculations. We did this by using the annual capacity factors from the "Renewable Profiles" tab of the GHG calculator to estimate the amount of capacity that would be needed to produce the total annual energy of each resource type guaranteed by our contracts. This was done for both existing energy-only contracts and estimated future contracts, the latter of which were originally calculated as a portion of annual energy need rather than capacity.

7. Lessons Learned

Any planning effort this comprehensive requires time and iteration to get right. SVCE staff would like to express our deep appreciation to the CPUC IRP team for their responsiveness to questions and efforts to address stakeholder concerns in advance of the filing deadline. We offer the following suggestions for improvement in future IRP cycles, which we hope will both improve the accuracy of the results and make the process more efficient for both LSEs and CPUC staff.

Improve harmonization between model input structure and actual contract structure. The primary analytical challenge we faced in developing this IRP was translating the information provided by our contracts into a form that the IRP templates and the GHG calculator would accept. These documents appear to have been designed for long-term PPAs with a single generation facility that include both energy and capacity. Such contracts provide both energy and capacity inputs and complete clarity regarding the type of resource involved. However, this does not reflect the reality of many LSEs' portfolios, especially young institutions like SVCE that have not yet had time to conduct multiple long-term RFOs. Energy-only contracts, blended contracts involving multiple resource types in unspecified proportions, and other structures apart from a single-facility PPA are both common and an important first step for young LSEs. Even with time, risk management requires that some portion of an LSE's portfolio stay in short-term contracts, and these are more likely than long-term contracts to involve the above complications.

In this IRP cycle, the structure of the templates has taken precedence over the structure of LSEs' actual contracts, and individual LSEs have been responsible for modifying their contract information as necessary to produce acceptable model inputs. The approach suggested by CPUC staff has been for LSEs to make the modifications they must and document their methods in the narrative report. In many cases this is impossible to do without estimation, forcing LSEs to produce input templates that give an appearance of granularity and certainty where it does not actually exist.

Moreover, the treatment of the IRP materials after they are submitted to the CPUC opens up a possibility for error and confusion. The input templates are read into the statewide model using an automated script, separating the information they carry from the narrative reports and their documentation of assumptions. Warnings of uncertainty, differences in estimation methodologies across LSEs, and other nuances of the transformation from concrete contract data to preferred model inputs are all potentially lost unless CPUC staff manually check the inputs against their narrative reports and standardize them before feeding them into the statewide model. Even if this is done, it is presumably a time- and resource-intensive process for CPUC staff.

In future cycles, the IRP process could be improved by modifying the IRP models and templates to take inputs more similar to the information provided by actual procurement contracts. This allows CPUC staff to maximize their capture of accurate industry information, one of the primary benefits of having LSEs participate in the IRP process in the first place. If modifications are needed to make contract data align with the structure of the CPUC's chosen statewide model, these should be done internally at the CPUC in a standardized manner. That way, rather than requiring dozens of LSEs to come up with their own

methodologies and CPUC staff to check all of them for consistency, there would be only one methodology per modification that would be known to both LSEs and CPUC staff. Trade-offs between certainty and granularity would be consistent across all LSEs, improving the rigor of the statewide model and allowing for a more informed interpretation of the results.

A simple example of this approach would be to modify the GHG calculator to take inputs in the form of energy *or* capacity rather than capacity only. In its current form the GHG calculator requires LSEs to estimate capacity values for energy-only contracts, creating the possibility for differing methodologies across LSEs. In this particular case the calculator provides capacity values that most LSEs are likely to use for their conversions. However, more complex tasks such as splitting multi-resource contracts into contributions from single resource types are more likely to see significant methodological variation across the LSE community.

Reform GHG accounting to correctly value PCC2 resources. SVCE generally supports the shift to an hourly GHG accounting methodology. Our commitment to carbon-free electricity was made when annual GHG accounting was the accepted norm, and we intend to continue procuring 100% carbon-free power on an annual basis for our customers. We recognize, however, that moving to a higher time granularity is an important step towards decarbonizing the entire grid. The brief timespan between the selection of the Clean Net Short (CNS) methodology and the filing of this IRP has not given us time to react this cycle, but in future IRP cycles we hope to minimize our emissions under the IRP accounting methodology as well as an annual one.

That said, there is at least one piece of the CNS methodology that we consider indefensible. CNS in its current form strips all GHG reduction benefit from PCC2 RPS-eligible renewable resources. The justification given for this in the May 25th Ruling is that the firmed-and-shaped nature of these products is incompatible with the hourly nature of the CNS method, because it obscures the production profile of the renewable resource and may be delivering substitute, non-zero-emissions energy in any given hour.³

SVCE feels strongly that this methodological challenge is not a sufficient reason to devalue all PCC2 resources. This policy disincentivizes regional coordination on climate mitigation despite the cost and integration benefits of tapping into renewable resources across geographic areas and time zones. Setting artificial boundaries at the state border makes efforts to decarbonize the grid more expensive with little additional mitigation benefit. We welcome a stakeholder process to determine how the hourly needs of IRP accounting might be reconciled with the structure of PCC2 contracts, but at least of portion of the energy from these contracts should be counted as the GHG-free resource that it is.

³ “Administrative Law Judge’s Ruling Finalizing Greenhouse Gas Emission Accounting Methods, Load Forecasts, and Greenhouse Gas Benchmarks for Individual Integrated Resource Plan Filings.” CPUC, R.16-02-007. 25 May 2018, p. 13-14.



Staff Report – Item 4

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 4: Approve Strategic Plan Update

Date: 7/11/2018

RECOMMENDATION

Staff recommends the Board of Directors approve the proposed amendments to SVCE's Strategic Plan.

EXECUTIVE COMMITTEE RECOMMENDATION

The Executive Committee reviewed and discussed the proposed updates to the Strategic Plan on June 26, 2018. Feedback received included:

- 1) Noting the financial forecast has been shortened from 10 years to 5 years
- 2) Highlighting the concept of examining rates as a strategic tool. The Committee requested staff consider a different approach to rate setting in the future. Rather than index rates to Pacific Gas & Electric (PG&E), develop and design SVCE's rate structures that are cost of service based and reduce the number of rates that are offered.

BACKGROUND

SVCE's Strategic Plan was adopted by the Board in June 2017. This plan was developed to ensure transparency in SVCE's operations and provide clear direction to staff about strategies and tactics used to achieve our goals.

ANALYSIS & DISCUSSION

The Strategic Plan was intended to be a living document which would be edited and altered based on the changing landscape of the CCA world. Having provided service for over a year now, we felt it would be appropriate to revisit the goals and tactics that were established in 2017 to see what needed to be changed based on experiences and additional goals that have been identified since the creation of the document.

Following is a summary of the minor and major changes identified, as well as others that are to be determined:

Agenda Item: 4**Agenda Date: 7/11/2018**

Section	Minor Changes	Major Changes	TBD
Workplace	Removed outdated figures	Addition of a biennial compensation study to Strategy 1.6, <i>Reward staff to keep them engaged</i>	
Customer and Community	Updated timeline for achieving goals in customer awareness, conducting a customer survey, measurement methodology and baseline, decarbonization program roadmap, and GHG inventory data.	Addition of Strategy 5.4, <i>Establish SVCE customer resource center</i> , and 5.5, <i>Establish SVCE customer interval data analytics platform</i>	Goal 5: "Work with the community to achieve energy and transportation GHG reductions of 30% from the 2015 baseline, by 2021" to be updated with goals for 2021, 2025 and 2030.
Finance and Fiscal Responsibility	Forecast has been shortened from 10 years to 5 years, updated timeline for receiving an investment grade credit rating, removed member agency loan pay back tactic, and changed Annual 5-year net revenue update to Bi-Annual update.		
Regulatory and Legislative	Additional emphasis on contributing to CalCCA and taking an active role in engaging the community on SVCE's advocacy efforts		
Power Supply	Updated timeline for RPS goals and California's mandated energy storage requirement.	Addition of Strategy 9.3, <i>Identify and pursue cost effective, local distributed energy resources to meet RPS needs</i> , Goal 11: <i>Manage power supply resources and risks to financial and rate objective</i> , and Strategies 11.1, <i>Optimize existing resources to increase value to SVCE customers and evaluate opportunities to minimize cost of procuring and scheduling electricity and related products</i> and 11.2, <i>Manage market price, credit, load and supplier volume risk to meet rate and financial objective</i> .	
Information Technology		A majority of the IT goals and tactics were revised to reflect a more specific plan for ensuring reliability and security of SVCE's IT infrastructure.	

These edits will update our Strategic Plan to better align with our goals and objectives for the coming year.

STRATEGIC PLAN

SVCE's Board-adopted Strategic Plan identifies our mission, to reduce dependence on fossil fuels by providing carbon free, affordable and reliable electricity and innovative programs for the SVCE community, and various goals and tactics for achieving this mission. Revisiting our initial goals and tactics helps to realign our vision and mission for SVCE and the community.

ALTERNATIVE

Any additional feedback received will be incorporated in the Strategic Plan.

FISCAL IMPACT

N/A

ATTACHMENTS

1. Proposed Changes to SVCE's Strategic Plan – Clean
2. Proposed Changes to SVCE's Strategic Plan - Redlined



Strategic Plan Review – July 2018

DRAFT

CEO message

In our second year of operation, it is with pleasure that I present to the Silicon Valley Clean Energy Board of Directors our strategic plan aligning our initiatives with our mission and values. This plan recognizes the goals we intend to accomplish and highlights strategies and tactics we will employ to achieve these goals. As the electric utility industry faces major changes in the coming years, Silicon Valley Clean Energy will be the leader in decarbonization initiatives and promoting the community, environmental and economic benefits that our customers want and expect. The purpose of this plan is to ensure transparency in our operations and to provide a clear direction to staff about which strategies and tactics we will employ to achieve our goals. It is a living document that can guide our work with clarity and yet has the flexibility to respond to changing environments as we embark on this journey.

Girish Balachandran, CEO

Workplace

Human capital is a successful organization's greatest asset, and at SVCE we strive to build a highly talented and dedicated team that will ensure the success and prosperity of our organization. Valuing this team and nurturing its talent will require a start-up culture that supports creativity, open communication, and the free flow of ideas to spur innovation. We will provide an infrastructure within SVCE that supports and cultivates our employees through professional and personal development, recognizes and rewards their contributions to achieving our mission, and offers opportunities that position our people, as well as SVCE, for success. In attracting and maintaining skilled employees, SVCE will continue to provide a rewarding workplace experience.

Goal 1: Build a high-performing team

Strategy 1.1: Build an environment that encourages creativity and innovation

- 1.1.1) Support professional development by paying for memberships, conferences and other continuing education opportunities
- 1.1.2) Encourage staff to attend conferences and networking events

Strategy 1.2: Support employee health and wellness

- 1.2.1) Promote healthy habits
- 1.2.2) Provide flexible schedules to accommodate family needs

Strategy 1.3: Build an inclusive and fulfilling company culture

- 1.3.1) Monthly, arrange opportunities for staff to socialize in or outside of the office
- 1.3.2) Annually, sponsor family events (e.g. holiday celebration, summer picnic, etc.)
- 1.3.3) Promote team building through volunteer work
- 1.3.4) Maintain an open-door policy for CEO and directors

Strategy 1.4: Provide effective and safe feedback processes

- 1.4.1) Research and develop an annual feedback process, promoting an open and safe performance assessment
- 1.4.2) Conduct an annual survey to measure employee engagement

Strategy 1.5: Provide opportunities for cross-team interaction and collaboration

- 1.5.1) Establish a monthly all-hands meeting

Strategy 1.6: Reward staff to keep them engaged

- 1.6.1) Annually, update compensation schedule to account for cost of living adjustment. Conduct a biennial compensation study and make necessary adjustments to ensure wage competitiveness
- 1.6.2) Continue to provide competitive benefits
- 1.6.3) Ensure that staff has the tools necessary to effectively do the job

CUSTOMER AND COMMUNITY

SVCE will use various channels and platforms to cultivate relationships with and bring customer value to all segments of the communities we serve. These channels include leveraging existing outlets established by our member agencies, partnering with commercial customers to enhance their community presence, and re-engaging with those who have opted out.

Partnerships with commercial customers are particularly important to building SVCE's brand in a region known for innovation. Communicating our competitive rates and superior product in clear and accessible ways will strengthen customer

loyalty and enhance our financial standing, enabling us to better serve our communities.

Aligning customer programs to the SVCE mission is paramount to the design and execution of these programs. Decarbonization and electrification are front and center in developing strategic programs to lower greenhouse gases and curbing climate change.

Goal 2: Maintain competitive rates to acquire and retain customers

Strategy 2.1: Provide carbon-free electricity to additional customers in the SVCE service area and increase market share

- 2.1.1) Communicate competitive rates to all customers
- 2.1.2) Annually, communicate rates and power content mix of the SVCE electric supply in a joint rate comparison mailer with PG&E
- 2.1.3) On an on-going basis, engage with selected prospective customers not currently served by SVCE to review options and benefits of service from SVCE
- 2.1.4) Examine customized rate options for large customers while meeting SVCE's carbon and financial goals

Goal 3: Benchmark customer awareness in 2019 and establish goals

Strategy 3.1: Update baseline customer awareness measure and build a trusted brand

- 3.1.1) Conduct customer survey in 2019
- 3.1.2) Develop customer segmentation model and personas
- 3.1.3) Establish ongoing goals and communications plan for awareness

Strategy 3.2: Build awareness and trust through continuous interaction with the SVCE community

- 3.2.1) Annually, provide SVCE update to member agency councils or state of the city events highlighting SVCE and community activity related to electrification and decarbonization.
- 3.2.2) Annually, place booth/table at six regional events that emphasize energy efficiency, sustainability, and efficient use of natural resources
- 3.2.3) Sponsor community and industry events that align with SVCE's sponsorship guidelines
- 3.2.4) Create a Speakers Bureau to present to community groups, environmental organizations, trade allies, commercial customers,

chambers, and neighborhood associations at their respective meetings

Strategy 3.3: Share SVCE and customer stories to build goodwill and awareness

3.3.1) Submit quarterly news features to all local papers

3.3.2) Write and promote customer profiles for related work and recognition already in the community

Strategy 3.4: Leverage the SVCE member agencies' sustainability and communication staff to disseminate information to the communities in the SVCE service area

3.4.1) Organize and conduct monthly meetings of the Member Agency Working Group for SVCE member agency sustainability and communication staff

3.4.2) Organize quarterly meetings between commercial and industrial customers and various interest groups to promote renewable resources, decarbonization, and advanced technologies for energy storage

Strategy 3.5: Leverage partnerships with other Community Choice Aggregators (CCAs) to increase general CCA "brand recognition" among consumers

3.5.1) Promote the undertaking of joint marketing campaigns with Peninsula Clean Energy and other regional CCAs

3.5.2) Co-brand publicly visible energy service infrastructure

Goal 4: Benchmark customer service satisfaction

Strategy 4.1: Establish measurement methodology and baseline

4.1.1) Develop methodology in 2019

4.1.2) Establish baseline in 2019

Strategy 4.2: Create a customer-centric culture

4.2.1) Ensure that customer contact center reps are trained and deliver pleasant and effective customer experiences

4.2.2) Randomly monitor and listen to calls, live or recorded, each quarter

4.2.3) Monitor customer service statistics to ensure adherence to Service Level Agreements

4.2.4) Offer a post-transaction survey to customers

Strategy 4.3: Recognize GreenPrime customers' added contribution to SVCE's mission

- 4.3.1) Recognize customers participating in the GreenPrime program
- 4.3.2) Maintain third party validation and marketplace recognition

Goal 5: Work with the community to achieve energy and transportation GHG reductions of 30% from the 2015 baseline, by 2021

Strategy 5.1: Utilize local GHG data and key 'clean electric' operating measures to guide SVCE program activities

- 5.1.1) Document 2015 baseline GHG inventory data related to energy and transportation for the SVCE service territory, by July 2018
- 5.1.2) Identify and document common Climate Action Plan (CAP) goals and measurement methods relevant to SVCE, and quantify penetration of related 'clean electric' infrastructure by July 2018
- 5.1.3) Establish and document an initial set of SVCE 'clean electric' operating metrics and targets, where related to an SVCE program by July 2018
- 5.1.4) Support local GHG accounting efforts and customer GHG accounting (e.g. Power Content Label, emissions intensity, recognized certifications, etc.)

Strategy 5.2: Establish an SVCE decarbonization program roadmap and related processes

- 5.2.1) Establish high-level evaluation criteria and weighting to assess relative program impact and value
- 5.2.2) Identify and document candidate programs that promote decarbonization via improved energy efficiency and/or fuel switching to clean electricity
- 5.2.3) Confirm top-ranked programs for detailed development and launch in 2019
- 5.2.4) Establish process and mechanisms for ongoing stakeholder input and review

Strategy 5.3: Develop and conduct SVCE programs that promote decarbonization via grid innovation and fuel switching to clean electricity

- 5.3.1) Support initial programs
- 5.3.2) Engage built environment trade allies (e.g. architects, engineers, builders, developers and realtors) and member agency building officials in creating a roadmap addressing and encouraging the advancement of decarbonization technologies and measures (e.g. expediting/subsidizing building permits, adding codes and ordinances beyond existing building codes)

5.3.3) Engage industry partners (e.g. startups, corporations, academia) in designing innovative grid technology programs that provide value to customers and help enable further grid decarbonization.

Strategy 5.4: Establish SVCE customer resource center

5.4.1) Develop initial requirements for SVCE web based knowledge center to support customer awareness, education and action with respect to electrification and decarbonization

5.4.2) Develop pilot implementation

Strategy 5.5: Establish SVCE customer interval data analytics platform

5.5.1) Develop initial requirements for SVCE customer data to support future program activity, e.g. TOU incentives and targeted outreach

5.5.2) Develop pilot implementation

FINANCE AND FISCAL RESPONSIBILITY

A respected financial ranking requires disciplined fiscal strategies and financially sound policies. SVCE is committed to managing its financial resources responsibly and setting a standard of transparency and accountability, ensuring efficiency and strong stewardship of the agency's financial resources. At SVCE, our commitment to fiscal and operational excellence will ensure that all processes and operations are clearly defined and efficiently designed to align people, systems, and policies to maximize productivity and improve efficiency. Adhering to these policies and actively examining and assessing risk will earn us a high credit rating and a healthy position in delivering customer value.

Goal 6: Achieve an investment grade credit rating by 2021

Strategy 6.1: Develop and maintain comprehensive policies for the governance of SVCE financials

6.1.1) Develop and report on SVCE dashboards that include key financial metrics

6.1.2) Develop an annual budget and update mid-fiscal year

6.1.3) Bi-Annually, develop 5-year financial forecasts to predict rate adjustments or financial risks

6.1.4) Frequently monitor discretionary expenses (non-power supply) to ensure that they remain within 5% of budget

Strategy 6.2: Establish a Cash Reserves Policy to hedge unexpected variation in power supply costs, provide capital during economic downturns and mitigate against rate increases

- 6.2.1) Update Cash Reserves Policy by July 2019
- 6.2.2) Establish retail rates a minimum of 1% below PG&E's rates
Establish a range of 90 to 270 expense coverage days with a reserves target of 180 expense coverage days
- 6.2.3) Maintain a debt-to-equity ratio of 0.5 or less

Goal 7: Target rates at 1-3%, or more, below the surrounding investor owned utility

Strategy 7.1: Ensure ongoing price competitiveness

- 7.1.1) Annually, identify major shifts in key cost components and recommend an approach to minimize risks associated with those shifts

REGULATORY & LEGISLATIVE

The regulatory and legislative processes wield critical influence over SVCE's ability to serve our customers and fulfill our core goals and mission. SVCE will actively engage with the regulatory and legislative communities in order protect the interests of our customers, enhance our ability to mitigate greenhouse gas emissions, and help build a regulatory framework that supports innovation and customer choice in an equitable and cost-effective manner while preserving reliability and universal access.

Goal 8: Engage regulators and legislators in developing policy that protects CCA rights and facilitates CCA contributions to decarbonization, grid reliability, affordability, and social equity.

Strategy 8.1: Use strategic lobbying to foster a regulatory and legislative environment that supports SVCE's existence and GHG mitigation efforts

- 8.1.1) Coordinate with CalCCA lobbyists to maximize legislators' awareness of CCA issues
- 8.1.2) Leverage the voices of SVCE's Board of Directors and other community leaders within SVCE's territory by arranging for them to contact and meet with their legislators to discuss CCA issues
- 8.1.3) Ensure that climate and CCA stewardship are part of the conversation during local elections for municipal and state legislative positions

Strategy 8.2: Build the California Community Choice Association (CalCCA) into a stable, resilient institution and a respected political brand that can advocate for SVCE values statewide

- 8.2.1) Identify opportunities for CalCCA to grow or improve its operations, and help develop CalCCA's institutional goals and vision.
- 8.2.2) Support CalCCA staff in facilitating and hosting CalCCA conference calls and meetings
- 8.2.3) Contribute to the development of protocols and procedures governing CalCCA's activities
- 8.2.4) Contribute to orientation, mentoring, and knowledge transfer for new CalCCA members
- 8.2.5) Author comments, testimony, articles for the media, and other documents under the CalCCA name as needed until CalCCA staff can take over this function
- 8.2.6) Facilitate SVCE Board participation in CalCCA advocacy activities in order to maximize advocacy efficiency and effectiveness

Strategy 8.3: Develop relationships with community stakeholder organizations that foster support for SVCE and decarbonization

- 8.3.1) Attend or cohost relevant community meetings and events to engage individual community leaders and groups
- 8.3.2) Encourage members of local stakeholder organizations to assist in SVCE's advocacy efforts by contacting policymakers

Strategy 8.4: Conduct research that quantifies CCA contributions to decarbonization and other core policy goals, and documents the benefits CCA members receive under CCA operation

- 8.4.1) Annually, use data collected during SVCE operations to provide quantitative evidence of the qualitative benefits of CCA membership (e.g. rate stability, carbon savings, community engagement, etc.)
- 8.4.2) Publish results in peer-reviewed journals or industry publications where they can be seen and shared
- 8.4.3) Share results with other CCAs and encourage them to do the same in order to identify best practices and opportunities for improvement

POWER SUPPLY

Navigating the world of power markets and state-mandated power mix requirements while fulfilling our commitment to sourcing 100% carbon free electricity requires a constant search for the right resources. SVCE is committed to providing carbon free electricity through a balanced approach and competitive

acquisition, while supporting regionalization and expanding the California Independent System Operator (CAISO) to improve access to more carbon free resources.

Goal 9: Annually, acquire sufficient bundled energy and renewable type 1 resources (PCC1) to meet 100% of California's Renewable Portfolio Standard (RPS) regardless of the allowance that the state makes for type 2 or type 3 renewables

Strategy 9.1: Stagger acquisitions to accommodate regulatory uncertainty, changes in load and supply price risks

- 9.1.1) For the upcoming calendar year, procure 100% of RPS through PCC1
- 9.1.2) Achieve 65% of RPS through power purchase agreements for terms no less than ten years starting in 2021

Strategy 9.2: Diversify the use of technologies to meet RPS needs

- 9.2.1) Assess the value of diversifying resource technology, location and terms as part of the selection process
- 9.2.2) Invest in storage capacity to meet California's mandated energy storage requirement of 1% of SVCE's 2020 peak load forecast by 2021

Strategy 9.3: Identify and pursue cost effective, local distributed energy resources to meet RPS needs

- 9.3.1) Assess technical, economic and market potential
- 9.3.2) Determine value of local distributed energy resources
- 9.3.3) Evaluate the use of feed-in-tariffs and/or other mechanisms to contribute towards local economic development.
- 9.3.4) Issue a distributed energy resource RFO for locally-sited renewable resources

Goal 10: Acquire sufficient resources to ensure that 100% of SVCE's energy needs are from carbon free resources

Strategy 10.1: Strike a balance between large hydro and renewable resources when considering cost to meet 100% of SVCE's load with carbon-free resources

Strategy 10.2: Promote regionalization to enhance the value of out-of-state renewable resources and speed the timeline for achieving carbon neutrality

- 10.2.1) Support the CAISO's effort to establish a western-wide balancing authority and promote the development of renewable resources throughout the western interconnected grid

- 10.2.2) Conduct a study to compare the value of investing in-state versus out-of-state for renewable resources by March 2018

Goal 11: Manage power supply resources and risks to financial and rate objectives

Strategy 11.1: Optimize existing resources to increase value to SVCE customers and evaluate opportunities to minimize cost of procuring and scheduling electricity and related products

- 11.1.1) Assess core procurement, scheduling, settlements and reporting functions and determine best use of in-house versus outsourced resources
- 11.1.2) Consider joint procurement for electricity and related services with other CCAs through the formation of a joint power agency and/or other arrangements
- 11.1.3) Explore opportunities to partner/procure energy and related services with publicly owned utilities

Strategy 11.2: Manage market price, credit, load and supplier volume risk to meet rate and financial objectives

- 11.2.1) Implement an energy risk management program consistent with the Board-approved Energy Risk Management Policy
- 11.2.2) Develop internal models to measure, monitor and report portfolio and net revenue risks
- 11.2.3) Evaluate hedging strategy and use of hedging products

INFORMATION TECHNOLOGY

At SVCE, we take customer information, privacy, and security seriously. Our systems and processes follow best practices and industry standards. Performance metrics are in place to ensure resiliency and high system availability on standard and mobile platforms. Periodic upgrades to IT resources will ensure continued adherence to these high standards. This strategic plan provides the approach that SVCE is taking to address the challenges of delivering IT services in a dynamic environment with new regulations and continuous advancements in science and technology.

Goal 12: SVCE's Information Technology infrastructure must be secure, reliable, and disaster resilient to provide 24/7/365 online access

Strategy 12.1: Deliver advanced capabilities to foster collaboration, knowledge management, and analytics

- 12.1.1) Enhance collaboration across departments through digital solutions to inform and engage internal and external audiences
- 12.1.2) Ensure the availability of and access to information that enables departments to make timely, informed decisions by strengthening data and knowledge management approaches
- 12.1.3) Implement quality management processes to baseline, and begin routine reporting on the performance of projects, key metrics
- 12.1.4) Develop metrics and communicate to management via a monthly Information Technology report to gauge the overall performance of the system

Strategy 12.2: Provide a robust and secure IT infrastructure that supports on-demand access to information

- 12.2.1) Deploy a modernized IT infrastructure that enables seamless access to information resources
- 12.2.2) Protect the integrity of the department's information and IT assets by strengthening our cybersecurity posture
- 12.2.3) (Cloud Computing) Drive centralized and streamlined cloud adoption to meet the business needs of the department
- 12.2.4) SVCE will administer an internal security audit of the system on a monthly basis. SVCE will conduct an annual audit with an independent third party to determine the security of the system and correct any findings and consider implementing recommendations
- 12.2.5) Provide 24/7/365 continuous support, 100% system reliability and 0% data breaches by third parties

Strategy 12.3: Advance business management practices to transform service delivery

- 12.3.1) (IT Policy and Governance) Establish and employ streamlined policy and governance processes that align IT solutions with customer expectations and mission requirements
- 12.3.2) (IT Human Capital Management) Build, develop, and retain a talented, diverse IT workforce
- 12.3.3) (IT Business Systems) Ensure efficient and effective performance of core business functions and enterprise services

Strategy 12.4: Improve mandates & IT audit compliance

- 12.4.1) Develop a strategy that includes a disaster recovery solution that provides business continuity for critical applications and vital records

- 12.4.2) SVCE will conduct an annual audit with an independent third party to determine the security of the system and correct any findings and consider implementing recommendations

Strategy 12.5: Improve asset management

- 12.5.1) Leverage enterprise architecture and asset management tools to collect a complete inventory of assets and applications to enhance asset management
- 12.5.2) Evaluate available industry standard IT service frameworks and develop and implement a strategy in support of managing, maintaining, and applying IT governance over applications and technologies

Strategy 12.6: Reduce redundancy and promote consolidation

- 12.6.1) Streamline the procurement portfolio by performing strategic sourcing and category management.
- 12.6.2) Leverage enterprise architecture (EA) and business capability model to reduce infrastructure footprint
- 12.6.3) Perform application rationalization to identify unused, redundant and out of date applications, and trim down the portfolio through application modernization and decommissioning

Strategy 12.7: Enhance cybersecurity compliance and operations

- 12.7.1) Enhance and strengthen the Cybersecurity program to conduct highly effective incident response, insider threat detection, operational situational awareness, compliance, and to decrease the overall security risks to sensitive information and IT infrastructure
- 12.7.2) Implement data loss prevention, multi-factor authentication, security incident/event management tools, and encryption at rest
- 12.7.3) Implement continuous diagnostics and mitigation capabilities to identify cybersecurity risks on an ongoing basis and prioritize these risks based upon potential impacts



Strategic Plan Review – July 2018

DRAFT

CEO message

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Goal 1: Build a high-performing team with ~~90%~~ employee engagement and less than ~~10%~~ employee turnover per year

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- 2.1.2) Annually, communicate rates and power content mix of the SVCE electric supply in a joint rate comparison mailer with PG&E
- ~~2.1.3)~~ 2.1.3) On an on-going basis, engage with selected prospectiveselected customers not currently served by SVCE-Direct Access customers and large bundled customers who have opted out, to review options and benefits of service from SVCE
- ~~2.1.3)~~ 2.1.4) Examine customized rate options for large customers while meeting SVCE's carbon and financial goals

Goal 3: BenchmarkAchieve 50% customer awareness inby 2019 and establish goals

Strategy 3.1: Update baseline customer awareness measure and build a trusted brand

- 3.1.1) Conduct customer survey in 2019
- 3.1.2) Develop customer segmentation model and personas Q1 of 2018
- ~~3.1.1)~~ 3.1.3) Establish ongoing goals and communications plan for awareness and biannually thereafter

Strategy 3.2: Build awareness and trust through continuous interaction with the SVCE community

- ~~3.2.1) Hold annual community meetings, one per member agency, highlighting the value that SVCE brings to its customers~~Annually, provide SVCE update to member agency councils or state of the city events highlighting SVCE and community activity related to electrification and decarbonization.

- 3.2.2) Annually, place booth/table at six regional events that emphasize energy efficiency, sustainability, and efficient use of natural resources
- 3.2.3) Sponsor community and industry events that ~~promote resource efficiency, alternative transportation, and clean energy~~ align with SVCE's sponsorship guidelines
- 3.2.4) Create a Speakers Bureau to present to community groups, environmental organizations, trade allies, ~~large~~ commercial customers, chambers, and neighborhood associations at their respective meetings

Strategy 3.3: ~~Engage the media to inform the community of SVCE product offerings~~ Share SVCE and customer stories to build goodwill and awareness

- 3.3.1) Submit quarterly news features to all local papers
- 3.3.2) ~~Quarterly, pitch one story for earned media~~ Write and promote customer profiles for related work and recognition already in the community

Strategy 3.4: Leverage the SVCE member agencies' sustainability and communication staff to disseminate information to the communities in the SVCE service area

- 3.4.1) Organize and conduct monthly ~~calls of the Communications Working Group~~ meetings of the Member Agency Working Group for SVCE member agency sustainability and communication staff
- ~~3.4.2) Provide updates at council meetings once a quarter via Board of Directors or other SVCE representative~~
- ~~3.4.3)~~ 3.4.2) Organize quarterly meetings between commercial and industrial customers and various interest groups to promote renewable resources, decarbonization, and advanced technologies for energy storage

Strategy 3.5: Leverage partnerships with other Community Choice Aggregators (CCAs) to increase general CCA "brand recognition" among consumers

- 3.5.1) Promote the undertaking of joint marketing campaigns with Peninsula Clean Energy and other regional CCAs
- 3.5.2) Co-brand publicly visible energy service infrastructure

Goal 4: Benchmark ~~Achieve 95%~~ customer service satisfaction by 2020

Strategy 4.1: Establish measurement methodology and baseline

- 4.1.1) Develop methodology ~~by Q4 of 2017~~ in 2019

4.1.2) Establish baseline in 201~~98~~

Strategy 4.2: Create a customer-centric culture

- 4.2.1) Ensure that customer contact center reps are trained and deliver pleasant and effective customer experiences
- 4.2.2) Randomly monitor and listen to calls, live or recorded, each quarter
- 4.2.3) Monitor customer service statistics to ensure adherence to Service Level Agreements
- 4.2.4) Offer a post-transaction survey to customers

Strategy 4.3: Recognize GreenPrime customers' added contribution to SVCE's mission

- ~~4.3.1) Biannually, conduct an event to R~~recognize large commercial customers participating in the GreenPrime program
- ~~4.3.1)~~4.3.2) Maintain third party validation and marketplace recognition
- ~~4.3.2) Quarterly, promote customer stories featuring residents and businesses who have upgraded to GreenPrime~~

Goal 5: Work with the community to achieve energy and transportation GHG reductions of 30% from the 2015 baseline, by 2021

Strategy 5.1: Utilize local GHG data and key 'clean electric' operating measures to guide SVCE program activities

- 5.1.1) Document 2015 baseline GHG inventory data related to energy and transportation for the SVCE service territory, by ~~July 2018~~January 2018
- 5.1.2) Identify and document common Climate Action Plan (CAP) goals and measurement methods relevant to SVCE, and quantify penetration of related 'clean electric' infrastructure by ~~July- 2018~~Q1 2018
- 5.1.3) Establish and document an initial set of SVCE 'clean electric' operating metrics and targets, where related to an SVCE program by ~~July~~Q1 2018
- 5.1.4) Support local GHG accounting efforts and customer GHG accounting (e.g. Power Content Label, emissions intensity, recognized certifications, etc.)

Strategy 5.2: Establish an SVCE decarbonization program roadmap and related processes

- 5.2.1) Establish high-level evaluation criteria and weighting to assess relative program impact and value ~~by June 2017~~

- 5.2.2) Identify and document candidate programs that promote decarbonization via improved energy efficiency and/or fuel switching to clean electricity ~~by July 2017~~
- 5.2.3) ~~Confirm top-ranked programs for detailed development and launch in 2019~~ Generate an initial ranking of candidate programs vs evaluation criteria, and confirm top-ranked 'starter programs' by Q3 2017
- 5.2.4) Establish process and mechanisms for ongoing stakeholder input and review ~~by August 2017~~

Strategy 5.3: Develop and conduct SVCE programs that promote ~~decarbonization via grid innovation and fuel switching~~ decarbonization to via fuel switching to clean electricity, and improved energy efficiency

- 5.3.1) ~~Support initial programs~~ Plan and launch initial 'starter programs' as prioritized in Q4 2017
- 5.3.2) Engage built environment trade allies (e.g. architects, engineers, builders, developers and realtors) and member agency building officials in creating a roadmap addressing and encouraging the advancement of decarbonization technologies and measures (e.g. expediting/subsidizing building permits, adding codes and ordinances beyond existing building codes), ~~etc.~~
- ~~5.3.2)~~ 5.3.3) Engage industry partners (e.g. startups, corporations, academia) in designing innovative grid technology programs that provide value to customers and help enable further grid decarbonization.

Strategy 5.4: Establish SVCE customer resource center

- 5.4.1) Develop initial requirements for SVCE web based knowledge center to support customer awareness, education and action with respect to electrification and decarbonization
- 5.4.2) Develop pilot implementation

Strategy 5.5: Establish SVCE customer interval data analytics platform

- 5.5.1) Develop initial requirements for SVCE customer data to support future program activity, e.g. TOU incentives and targeted outreach
- 5.5.2) Develop pilot implementation

FINANCE AND FISCAL RESPONSIBILITY

A respected financial ranking requires disciplined fiscal strategies and financially sound policies. SVCE is committed to managing its financial resources responsibly and setting a standard of transparency and accountability, ensuring efficiency and strong stewardship of the agency's financial resources. At SVCE, our commitment to fiscal and operational excellence will ensure that all processes and operations are clearly defined and efficiently designed to align people, systems, and policies to maximize productivity and improve efficiency. Adhering to these policies and actively examining and assessing risk will earn us a high credit rating and a healthy position in delivering customer value.

Goal 6: Achieve an investment grade credit rating~~A or higher credit rating~~ by 2021~~10~~

Strategy 6.1: Develop and maintain comprehensive policies for the governance of SVCE financials

- 6.1.1) Develop and report on SVCE dashboards that include key financial metrics by September 2017
- 6.1.2) Develop an annual budget and update mid-fiscal year
- 6.1.3) Bi-Annually, develop 5-10-year financial forecasts to predict rate adjustments or financial risks
- 6.1.4) Frequently monitor discretionary expenses (non-power supply) to ensure that they remain within 5% of budget

Strategy 6.2: Establish a Cash Reserves Policy~~Rate Stabilization Fund (RSF)~~ to hedge unexpected variation in power supply costs, provide capital during economic downturns and mitigate against rate increases

- 6.2.1) Update Cash Reserves Policy by July 2019
- ~~6.2.1) Establish~~ Hold retail rates a minimum of ~~at~~ 1% below PG&E's rates for 2017-18 and sweep net operating margins into the RSF
- 6.2.2) Establish a range of 90 to 270 expense coverage days with a reserves target of 180 expense coverage days~~25-75% of operating expenses for the RSF balance and a target of 50%~~
- ~~6.2.3) Retire lines of credit by December 2017; pay back loan from member agencies by the end of FY 2017-18~~
- ~~6.2.4)~~6.2.3) Maintain a debt-to-equity ratio of 0.5 or less ~~and debt service coverage ratio of 2.0 or higher~~

Goal 7: Target rates at 1-3%, or more, below the surrounding investor owned utility

Strategy 7.1: Ensure ongoing price competitiveness

~~7.1.1) By Fall 2018, conduct a study comparing power supply cost of SVCE to PG&E and other regional CCAs~~

~~7.1.2) 7.1.1)~~ Annually, identify major shifts in key cost components and recommend an approach to minimize risks associated with those shifts

REGULATORY & LEGISLATIVE

~~Depending on the stance adopted by policymakers, the regulatory and legislative environments can either nourish the success of the Community Choice Energy business model or threaten its successful operation. The regulatory and legislative processes wield critical influence over SVCE's ability to serve our customers and fulfill our core goals and mission. SVCE will actively engage with the regulatory and legislative communities in order protect the interests of our customers, enhance our ability to mitigate greenhouse gas emissions, and help build a regulatory framework that supports innovation and customer choice in an equitable and cost-effective manner while preserving reliability and universal access.~~

Goal 8: Engage regulators and legislators in developing policy that protects CCA rights and facilitates CCA contributions to decarbonization, grid reliability, affordability, and social equity.~~to promote least-cost carbon neutrality while maintaining electric grid reliability~~

Strategy 8.1: Use strategic lobbying to foster a regulatory and legislative environment that supports SVCE's existence and GHG mitigation efforts

- 8.1.1) Coordinate with CalCCA lobbyists to maximize legislators' awareness of CCA issues
- 8.1.2) Leverage the voices of SVCE's Board of Directors and other community leaders within SVCE's territory by arranging for them to contact and meet with their legislators to discuss CCA issues
- 8.1.3) Ensure that climate and CCA stewardship are part of the conversation during local elections for municipal and state legislative positions

Strategy 8.2: ~~Help~~ Build the California Community Choice Association (CalCCA) into a stable, resilient institution and a respected political brand that can advocate for SVCE values statewideregionally

- 8.2.1) ~~Take an active role in the conversation about what CalCCA should look like as an institution in its "mature" state, and help build a roadmap for how to get there~~ Identify opportunities for CalCCA to

grow or improve its operations, and help develop CalCCA's institutional goals and vision.

- 8.2.2) Support CalCCA staff in facilitating and hosting CalCCA conference calls, and meetings and other forms of communication
- 8.2.3) Contribute to the development of protocols and procedures ~~to govern CalCCA activity~~ governing CalCCA's activities
- 8.2.4) ~~Develop orientation materials to be distributed to staff of new CalCCA member CCAs that pass on knowledge from existing members~~ Contribute to orientation, mentoring, and knowledge transfer for new CalCCA members
- 8.2.5) Author comments, testimony, articles for the media, and other documents ~~to be released under the CalCCA name as needed necessary until CalCCA~~ staff can take over this function ~~has its own staff~~
- 8.2.6) Facilitate SVCE Board participation in CalCCA advocacy activities in order to maximize advocacy efficiency and effectiveness

Strategy 8.3: Develop relationships with Foster support for CCAs and least-cost carbon neutrality among key community stakeholder organizations that foster support for SVCE and decarbonization

- 8.3.1) ~~Quarterly, a~~ Attend or cohost relevanta community meetings and or events to engage individual community leaders and groups
- 8.3.2) ~~Reach out to members of local organizations to e~~ Encourage members of local stakeholder organizations ~~them~~ to assist in SVCE's advocacy efforts by ~~calling and emailing legislators~~ contacting policymakers

Strategy 8.4: Conduct ~~comparative research that quantifies to quantify CCA contributions to decarbonization and other core policy goals, the impact of the CCA model~~ and documents the benefits CCA members receive under CCA operation

- 8.4.1) Annually, use data collected during SVCE operations to provide quantitative evidence of the qualitative benefits of CCA membership (e.g. rate stability, carbon savings, community engagement, etc.)
- 8.4.2) Publish results in peer-reviewed journals or industry publications where they can be seen and shared
- 8.4.3) Share results with other CCAs and encourage them to do the same in order to identify best practices and opportunities for improvement

POWER SUPPLY

Navigating the world of power markets and state-mandated power mix requirements while fulfilling our commitment to sourcing 100% carbon free electricity requires a constant search for the right resources. SVCE is committed to providing carbon free electricity through a balanced approach and competitive acquisition, while supporting regionalization and expanding the California Independent System Operator (CAISO) to improve access to more carbon free resources.

Goal 9: Annually, acquire sufficient bundled energy and renewable type 1 resources (PCC1) to meet 100% of California's Renewable Portfolio Standard (RPS) the state's annual mandates for renewable resources regardless of the allowance that the state makes for type 2 or type 3 renewables

Strategy 9.1: Stagger acquisitions to accommodate regulatory uncertainty, changes in load and supply price risks

- 9.1.1) For the upcoming calendar year, procure Hedge PCC1 at 100% of RPS through PCC1 for 2017, reduce the hedge by 10% every year for the next 5 years
- 9.1.2) Starting in 2018, acquire the equivalent of a minimum of 10% of the state renewable mandate through long-term project participation agreements Achieve 65% of RPS through power purchase agreements for terms no less than ten years starting in 2021

Strategy 9.2: Diversify the use of technologies to meet PCC1RPS resource needs

- 9.2.1) Ensure that supply acquisitions would limit any single technology to no more than 50% of the renewable resources needed to meet state mandates Assess the value of diversifying resource technology, location and terms as part of the selection process
- 9.2.2) Annually, invest up to 2% of expected supply resource cost in storage capacity to meet California's mandated energy storage requirement of 1% of SVCE's 2020 peak load forecast by 2021

Strategy 9.3: Identify and pursue cost effective, local distributed energy resources to meet RPS needs

- 9.3.1) Assess technical, economic and market potential
- 9.3.2) Determine value of local distributed energy resources
- 9.3.3) Evaluate the use of feed-in-tariffs and/or other mechanisms to contribute towards local economic development.
- 9.3.4) Issue a distributed energy resource RFO for locally-sited renewable resources

Goal 10: Acquire sufficient carbon free credits resources to ensure that 100% of SVCE's energy needs are demand will be sourced from 100% from carbon free resources

Strategy 10.1: Strike a balance between large hydro and other unbundled renewable resources when considering cost to meet 100% of SVCE's load with carbon-free resourcesthe remainder of SVCE demand following the acquisition of type 1 renewable resources

10.1.1) Annually, conduct an analysis to determine the most effective and economical way to acquire sufficient renewable and carbon free credits to support the 100% carbon free resource goal

10.1.2) Consider acquiring additional unbundled renewable credits to exceed 100% of SVCE's needs to contribute to the region's decarbonization efforts

Strategy 10.2: Promote regionalization to enhance the value of out-of-state renewable resources and speed the timeline for achieving carbon neutrality

10.2.1) Support the CAISO's effort to establish a western-wide balancing authority and promote the development of renewable resources throughout the western interconnected grid

10.2.2) Conduct a study to compare the value of investing in-state versus out-of-state for renewable resources by March 2018

Goal 11: Manage power supply resources and risks to financial and rate objectives

Strategy 11.1: Optimize existing resources to increase value to SVCE customers and evaluate opportunities to minimize cost of procuring and scheduling electricity and related products

11.1.1) Assess core procurement, scheduling, settlements and reporting functions and determine best use of in-house versus outsourced resources

11.1.2) Consider joint procurement for electricity and related services with other CCAs through the formation of a joint power agency and/or other arrangements

11.1.3) Explore opportunities to partner/procure energy and related services with publicly owned utilities

Strategy 11.2: Manage market price, credit, load and supplier volume risk to meet rate and financial objectives

11.2.1) Implement an energy risk management program consistent with the Board-approved Energy Risk Management Policy

- 11.2.2) Develop internal models to measure, monitor and report portfolio and net revenue risks
- 11.2.3) Evaluate hedging strategy and use of hedging products

INFORMATION TECHNOLOGY

At SVCE, we take customer information, privacy, and security seriously. Our systems and processes follow best practices and industry standards. Performance metrics are in place to ensure resiliency and high system availability on standard and mobile platforms. Periodic upgrades to IT resources will ensure continued adherence to these high standards. This strategic plan provides the approach that SVCE is taking to address the challenges of delivering IT services in a dynamic environment with new regulations and continuous advancements in science and technology.

Goal 11: Goal 12: _____ SVCE's Information Technology infrastructure must be secure, reliable, and disaster resilient to provide 24/7/365 online access

Strategy 11.1: Strategy 12.1: _____ Deliver advanced capabilities to foster collaboration, knowledge management, and analytics
~~Make essential information easily available anytime anywhere~~

- 12.1.1) Enhance collaboration across departments through digital solutions to inform and engage internal and external audiences
~~Implement qualitative and quantitative metrics to gauge the overall performance of our information technology~~
- 12.1.2) Ensure the availability of and access to information that enables departments to make timely, informed decisions by strengthening data and knowledge management approaches
~~Provide 24/7/365 continuous support, 100% system reliability and 0% data breaches by third parties~~
- 12.1.3) Implement quality management processes to baseline, and begin routine reporting on the performance of projects, key metrics
~~Maintain up-to-date system capabilities via timely software version upgrades~~
- 12.1.4) Develop metrics and communicate to management via a monthly Information Technology report to gauge the overall performance of the system
~~Ensure that all applications and services work on mobile devices~~

Provide a robust and secure IT infrastructure that supports on-demand access to information~~Maintain secure, integrated access in the cloud and/or SVCE servers~~

Strategy 12.2:

- 12.2.1) Deploy a modernized IT infrastructure that enables seamless access to information resources~~By September 2017, complete a strength, weakness, opportunities, and threats (SWOT) analysis to identify and analyze the internal and external factors that have an impact on the IT infrastructure~~
- 12.2.2) Protect the integrity of the department's information and IT assets by strengthening our cybersecurity posture~~By August 2017, inventory all hardware and software used by SVCE to include program name, manufacturer and version number~~
- 12.2.3) (Cloud Computing) Drive centralized and streamlined cloud adoption to meet the business needs of the department~~By October 2017, identify and map SVCE's network routes, including cable, routers and switches~~
- 12.2.4) SVCE will administer an internal security audit of the system on a monthly basis. SVCE will conduct an annual audit with an independent third party to determine the security of the system and correct any findings and consider implementing recommendations
- 12.2.5) Provide 24/7/365 continuous support, 100% system reliability and 0% data breaches by third parties

Strategy 12.3: Advance business management practices to transform service delivery~~Enhance intelligence about our customers~~

- 12.3.1) (IT Policy and Governance) Establish and employ streamlined policy and governance processes that align IT solutions with customer expectations and mission requirements~~By early 2018, complete best practices review of customer information database and include benchmarking with other CCAs~~
- 12.3.2) (IT Human Capital Management) Build, develop, and retain a talented, diverse IT workforce~~By mid 2018, develop objectives and a prioritized set of requirements for enhancements to the existing customer information database~~
- 12.3.3) (IT Business Systems) Ensure efficient and effective performance of core business functions and enterprise

servicesUtilize data from the customer information database to initiate programs that best fits the needs of our customers

Strategy 12.4: Improve mandates & IT audit compliance

- 12.4.1) Develop a strategy that includes a disaster recovery solution that provides business continuity for critical applications and vital records
- 12.4.2) SVCE will conduct an annual audit with an independent third party to determine the security of the system and correct any findings and consider implementing recommendations

Strategy 12.5: Improve asset management

- 12.5.1) Leverage enterprise architecture and asset management tools to collect a complete inventory of assets and applications to enhance asset management
- 12.5.2) Evaluate available industry standard IT service frameworks and develop and implement a strategy in support of managing, maintaining, and applying IT governance over applications and technologies

Strategy 12.6: Reduce redundancy and promote consolidation

- 12.6.1) Streamline the procurement portfolio by performing strategic sourcing and category management.
- 12.6.2) Leverage enterprise architecture (EA) and business capability model to reduce infrastructure footprint
- 12.6.3) Perform application rationalization to identify unused, redundant and out of date applications, and trim down the portfolio through application modernization and decommissioning

Strategy 12.7: Enhance cybersecurity compliance and operations

- 12.7.1) Enhance and strengthen the Cybersecurity program to conduct highly effective incident response, insider threat detection, operational situational awareness, compliance, and to decrease the overall security risks to sensitive information and IT infrastructure
- 12.7.2) Implement data loss prevention, multi-factor authentication, security incident/event management tools, and encryption at rest
- 12.7.3) Implement continuous diagnostics and mitigation capabilities to identify cybersecurity risks on an ongoing basis and prioritize these risks based upon potential impacts



Staff Report – Item 5

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 5: Proposed FY 2018-19 Operating Budget

Date: 7/11/2018

RECOMMENDATION

The Proposed Operating Budget for FY 2018-19 is being provided for consideration and feedback. Staff is scheduled to present the recommended FY 2018-19 Operating Budget for adoption at the September Board of Directors Meeting.

FINANCE AND ADMINISTRATION COMMITTEE RECOMMENDATION

A preliminary draft was presented to the Finance and Administration Committee at the May 30, 2018 meeting. A draft of the recommended FY 2018-19 Operating Budget will be presented to the Finance and Administration Committee at the September 5, 2018 meeting.

ANALYSIS & DISCUSSION

The Proposed FY 2018-19 Operating Budget is balanced and presents SVCE in stable financial condition. The projected balance available for reserves of \$58.1 million is \$7.8 million or 15.5% increase compared to the FY 2017-18 Mid-Year Budget.

Operating revenues are projected at \$286.2 million which is \$32.0 million or 12.6% increase. The primary driver is a full year of serving the City of Milpitas.

Operating expenses are projected at \$228.1 million which is \$28.2 million or 11.8% increase. The primary driver is increased power supply costs to serve the City of Milpitas and the impact of regulatory risk in power procurement. Non-Power Supply costs overall are \$1.0 million less than the FY 2017-18 Mid-Year Budget due to no debt service requirement.

Operating Revenues

The proposed operating budget shows an increase of \$32.0 million or 12.6% compared to the FY 2017-18 Mid-Year Budget.

- Energy Sales projects to increase by \$31.4 million or 12.4%. The driver is a full year of the City of Milpitas to serve. The proposed budget does not assume a change in base rates or a change in the power cost indifference charge (PCIA). As information becomes available, those assumptions will be adjusted for the recommended budget presentation in September.
- GreenPrime revenues projects to remain flat as there are no changes in the assumed 2% participation rate or to the premium rate applied.
- Other revenues include wholesale activity such as the sale of excess capacity. The proposed budget is based on historical performance.

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- Investment Income projects to increase by \$0.5 million due to a larger cash balance to invest and a rising interest rate market.

Operating Expenses

The proposed operating budget shows an increase of \$24.2 million of 11.8% compared to the FY 2017-18 Mid-Year Budget. Operating expenses excluding power supply results in a favorable comparison of \$1.0 million or 4.7%.

- Power Supply expenses projects to increase by \$25.2 million or 13.8%. The primary drivers include serving a full year of the City of Milpitas and procuring open PCC2 power supply positions with more expensive PCC1 power supply due to regulatory risk. Power supply is well hedged for the fiscal year including 100% of resource adequacy needs under contract.
- Professional Services expenses projects to increase by \$0.5 million. The primary drivers include funding of legal support for a future Request for Offer (RFO) in power supply for distributed generation resources and possibly additional long-term power purchase agreements. Also included are technical support for evaluations of various programs and regulatory and legislative issues.
- Data Management expenses projects to increase by \$0.1 million. The driver is a full year of the City of Milpitas meters to serve but the fixed costs per meter was slightly reduced.
- PG&E Billing Services expenses projects to increase by \$0.2 million. The driver is a full year of the City of Milpitas meters to serve and a slight increase in the fixed costs per meter.
- Marketing and Promotions expenses projects to increase by \$0.6 million. The drivers for the increase were identified in the budget priorities presentation to the Board of Directors at the May Board meeting. Funding increases support the following:
 - Developing a website knowledge center.
 - Continued support for GHG accounting.
 - Support of a data analytics platform to gain better understanding of meter interval data that will assist with programs and rate designs.
 - Communication partnership with PG&E to educate ratepayers on the time-of-use rate transition in 2020.
- Lease expenses projects to increase by \$0.1 million due to office expansion.
- General and Administrative expenses projects minimal change.
- Programs expenses projects to increase by \$0.6 million due to higher energy sales. The Programs budget is formula based resulting in 2% of energy sales.
- Capital expenses projects to increase by \$0.3 million due to the office expansion based on preliminary estimates.
- Debt Service expenses projects to be \$0 for the fiscal year.
- Other Cash Outflow projects to be \$0.2 million. On June 7, 2018, the California Public Utilities Commissions (CPUC) issued a decision to establish reentry fees and financial security requirements (FSR) for Community Choice Aggregators (CCAs) to fully meet statutory obligation. The budget reflects the minimum posting required by the Commission. Once the FSR obligation is met, the CPUC will return the interim CCA FSR postings held by the Commission.
- Employment expenses projects to increase by \$2.0 million. The primary drivers include:
 - The addition of four (4) new positions to bring the full-time equivalent (FTE) count to 25. The "To Be Determined" positions in the Decarbonization and Grid Innovations Department are funded in the budget based on estimates. Proposed title, job descriptions and salary ranges will be presented to the Board for approval at the September meeting.
 - Contingency to provide funding to attract and retain employees through compensation and benefit enhancements.
 - A conservative approach was used in developing the budget including funding all positions based on a full year.

Proposed Table of Organization

The new positions include:

- (2) Associate Energy Consultants to support account services.

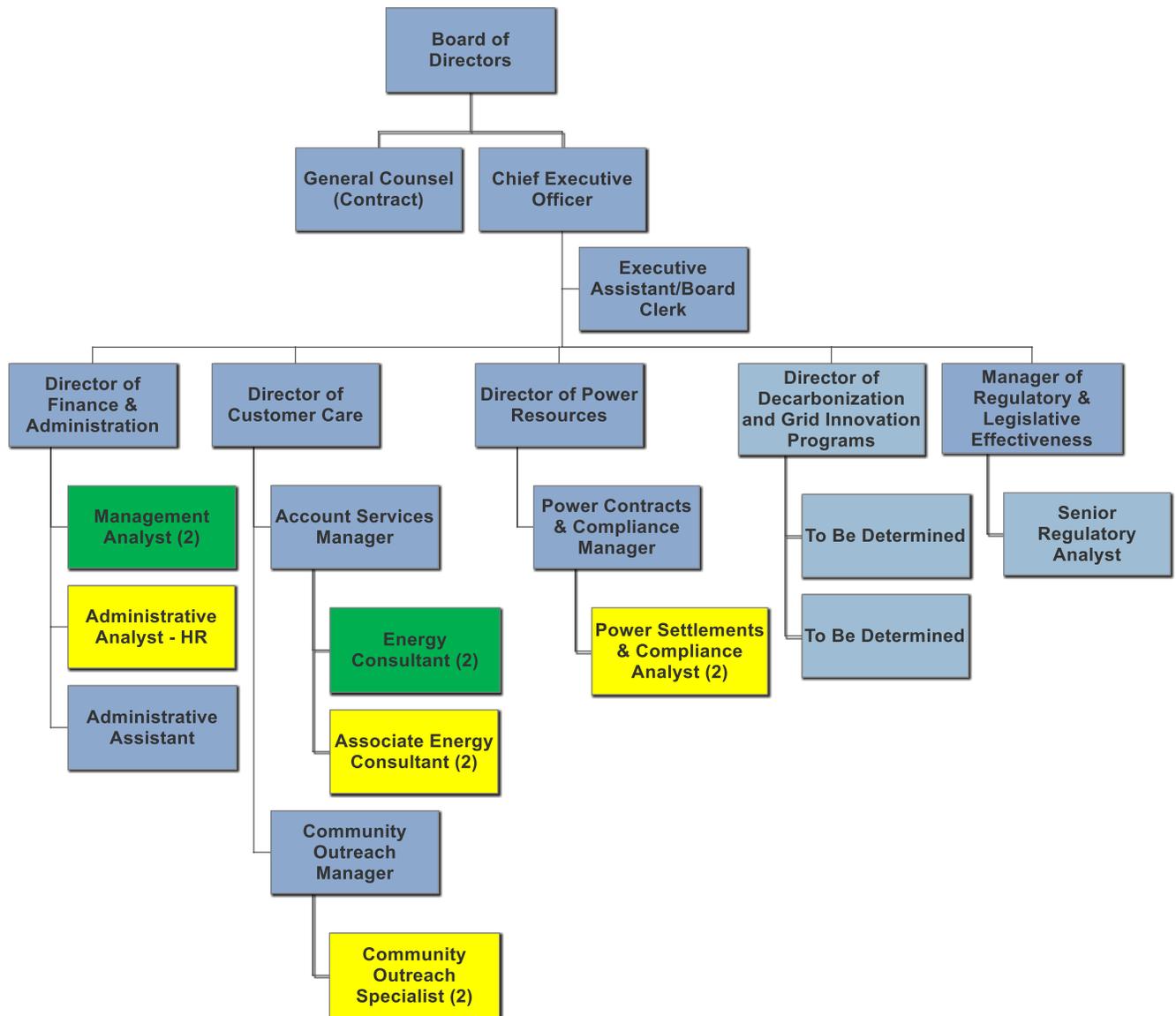
- (1) Administrative Analyst - HR with a primary role of human resource management.
- (1) Additional Community Outreach Specialist that would eliminate the need for a temporary position.

The proposed budget also includes the reclassification of the following positions:

- The Administrative Analyst and IT Specialist positions would be reclassified to Management Analyst to align to the diverse duties these employees currently perform.
- The Account Representative I and II positions would be reclassified to Energy Consultant.

The proposed budget also includes the elimination of the Associate Legislative Analyst and replacing it with an additional Analyst in the Power Resources Department to match the current needs of the Agency.

The Table of Organization below reflects the changes in the Proposed Budget:



Green boxes are reclassifications.

Yellow boxes are new positions or additional number of positions in that title.

Agenda Item: 5**Agenda Date: 7/11/2018***Attract and Retain*

The agency is currently conducting a compensation study through an outside consultant. A comprehensive review of the benefits structure is ongoing as well. Contingency has been built into the employment expenses line item in the proposed budget. A more detailed funding of compensation and benefits will be presented at the September Board meeting.

Broadbanding

The agency is reviewing a broadbanding approach to the organizational structure. Broadbanding is the term applied to having extremely wide salary bands, much more encompassing than with traditional salary structures.

Advantages of Broadbanding include:

- An effective tool to support a flattened organization and reduce hierarchy. By maintaining a flat structure, SVCE remains competitive by reacting quickly to changes in the market.
- It facilitates internal movement. With broadbanding, more internal movement is facilitated, because the probability increases that one's current job and alternate position are within the same range of pay. This makes pay take a back seat and puts forward other attributes of a position, encouraging internal mobility and potentially more developmental assignments.

Disadvantages of Broadbanding include:

- Can Lose Awareness of Market External Rates. Traditional salary structures, when done right, give current information to your management team about what market rates are. With broadbanding, there is a possibility of disconnect from market rates because of the large range.
 - Conducting a compensation study every two years is a tool to keep management informed of the market rate.
- May Lead to Inequities. In broadbanding, it is possible to have two people with similar responsibilities receiving compensation that are thousands of dollars apart.
 - Establishing Administrative oversight and internal controls will mitigate this.

Staff recommends developing a broadbanding policy and present to the Board during the mid-year budget process or sooner.

Risk

There are significant risks that could impact the financial performance of the agency including:

- Changes to PG&E rates in 2019 that could result in a reduction of base rates.
- Direction of the PCIA charge. A decision from the CPUC is expected in late July 2018 that may provide clarity.
- Power supply shocks. Most power supply needs are hedged in FY 2018-19 to mitigate the impact.
- Decrease in energy load. The Mid-Year 2017-18 budget included a decrease in load. The proposed budget assumes minimal growth.

STRATEGIC PLAN

This staff report supports the fiscal management goals of the strategic plan.

ALTERNATIVE

This report is being provided to inform the Board of the activities associated with the development of the FY 2018-19 Operating Budget. Staff is in the process of refining alternatives and evaluating recommendations proposed by the Board of Directors, in support of a plan to present a more comprehensive budget proposal in the next round of budget deliberations with the Board of Directors.

Agenda Item: 5

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FISCAL IMPACT

The Proposed FY 2018-19 Operating Budget includes total revenues of \$286.2 million and total expenses of \$228.1 million projecting a surplus of \$58.1 million.

ATTACHMENTS

1. Proposed FY 2018-19 Operating Budget

**SILICON VALLEY CLEAN ENERGY
FY 2018-19 PROPOSED BUDGET
(\$ in thousands)**

Line	DESCRIPTION	FY2017-18	FY 2018-19	VARIANCE	
		MID-YEAR BUDGET	PROPOSED BUDGET	\$	%
REVENUES					
1	Energy Sales	253,508	284,881	31,373	12.4%
2	Green Prime Premium	610	616	6	1.0%
3	Other Income	51	100	49	97.0%
4	Investment Income	100	600	500	500.0%
5	TOTAL REVENUES	<u>\$254,269</u>	<u>\$286,197</u>	<u>\$31,928</u>	<u>12.6%</u>
EXPENSES					
6	Power Supply	182,561	207,710	(25,149)	-13.8%
7	Data Management	3,277	3,388	(111)	-3.4%
8	PG&E Fees	887	1,078	(191)	-21.5%
9	Employment Expenses	3,555	5,577	(2,021)	-56.9%
10	Professional Services	1,325	1,805	(480)	-36.2%
11	Marketing & Promotions	550	1,103	(553)	-100.5%
12	Notifications	125	155	(30)	-24.0%
13	Lease	335	477	(142)	-42.4%
14	General & Administrative	598	636	(38)	-6.4%
15	TOTAL EXPENSES	<u>\$193,213</u>	<u>\$221,928</u>	<u>(\$28,716)</u>	<u>-14.9%</u>
16	TOTAL EXPENSES W/O POWER SUPPLY	<u>\$10,652</u>	<u>\$14,219</u>	<u>-\$3,567</u>	<u>-33.5%</u>
ENERGY PROGRAMS					
17	Various Programs	5,070	5,698	(627)	-12.4%
18	TOTAL ENERGY PROGRAMS	<u>\$5,070</u>	<u>\$5,698</u>	<u>(\$627)</u>	<u>-12%</u>
CAPITAL INVESTMENT					
19	Facility Equipment	50	350	(300)	0.0%
20	TOTAL CAPITAL INVESTMENT	<u>\$50</u>	<u>\$350</u>	<u>(\$300)</u>	<u>0%</u>
DEBT SERVICE					
21	Interest	16	-	16	100%
22	Principal	5,630	-	5,630	100%
23	TOTAL DEBT SERVICE	<u>\$5,646</u>	<u>\$0</u>	<u>\$5,646</u>	<u>100%</u>
CASH INFLOWS/(OUTFLOWS)					
24	Financial Security Requirement	\$0	(147)	(147)	
25	TOTAL CASH INFLOWS/(OUTFLOWS)	<u>\$0</u>	<u>(\$147)</u>	<u>(\$147)</u>	
26	BALANCE AVAILABLE FOR RESERVES	<u>\$50,290</u>	<u>\$58,074</u>	<u>\$7,783</u>	<u>15.5%</u>



Staff Report – Item 6

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 6: SVCE Baseline Greenhouse Gas (GHG) Accounting and Energy Metrics Data

Date: 7/11/2018

This item will be addressed in the form of a presentation to the Board.



Staff Report – Item 7

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 7: Executive Committee Report

Date: 7/11/2018

This item will be addressed in the form of a presentation to the Board.



Staff Report – Item 8

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 8: Finance and Administration Committee Report

Date: 7/11/2018

This item will be addressed in the form of a presentation to the Board.



Staff Report – Item 9

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 9: Legislative Ad Hoc Committee Report

Date: 7/11/2018

No report as the Legislative Ad Hoc Committee has not met since their May 7, 2018 meeting.