



**Silicon Valley Clean Energy  
Audit Committee Meeting**

Monday, February 4, 2019  
8:00 am

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

City of Campbell

City of Cupertino

City of Gilroy

City of Los Altos

Town of Los Altos Hills

Town of Los Gatos

City of Milpitas

City of Monte Sereno

City of Morgan Hill

City of Mountain View

County of Santa Clara

City of Saratoga

City of Sunnyvale

**AGENDA**

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

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

Consent Calendar (Action)

- 1) Approve Minutes of the January 16, 2019, Audit Committee Meeting

Regular Calendar

- 2) Receive Financial Auditor Report from Pisenti & Brinker, LLP (Discussion)
- 3) Request for Information on Addition of Cybersecurity Information (Action)
- 4) Information Technology Audit Update (Discussion)
- 5) Automated Meter Infrastructure Audit Update (Discussion)

Committee/Staff Remarks

Adjourn

[svcleanenergy.org](http://svcleanenergy.org)

333 W El Camino Real  
Suite 290  
Sunnyvale, CA 94087



**Silicon Valley Clean Energy  
Audit Committee Meeting**  
Wednesday, January 16, 2019  
10:00 am

City of Campbell

City of Cupertino

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Conference Room  
333 W El Camino Real, Suite 290  
Sunnyvale, CA

**DRAFT MINUTES**

**Call to Order**

Director Corrigan called the meeting to order at 10:12 a.m.

**Roll Call**

**Present:**

Director Jeannie Bruins, City of Los Altos (arrived at 10:19 a.m.)  
Director Courtenay Corrigan, Town of Los Altos Hills  
Director Nancy Smith, City of Sunnyvale

**Absent:**

None.

**Public Comment on Matters Not Listed on the Agenda**

No public speakers.

**Consent Calendar**

MOTION: Director Smith moved and Director Corrigan seconded the motion to approve the consent calendar.

The motion carried unanimously with Director Bruins absent.

**1) Approve Minutes of the December 5, 2018, Audit Committee Meeting**

**Regular Calendar**

**2) Approve February Meeting Date and Time of the SVCE Audit Committee (Action)**

Director of Finance and Administration Don Eckert introduced the item; the group briefly discussed availability and were in consensus to schedule the next Audit Committee meeting on February 4, 2019 from 8:00 a.m. – 10:00 a.m.



City of Campbell

Staff requested Board Clerk Andrea Pizano send a calendar invite for the meeting to committee members.

**3) Report from the External Auditor on the Status of the FY 2017-18 Financial Audit (Discussion)**

City of Cupertino

Director of Finance and Administration Eckert announced as part of the normal audit procedure, staff would leave the room to allow committee members to discuss the financial audit with independent auditor, Brett Bradford of Piseni & Brinker LLP.

City of Gilroy

Staff excused themselves from the conference room at 10:16 a.m.

City of Los Altos

Bradford and committee members discussed the upcoming financial audit.

Staff returned to the conference room at 10:36 a.m.

Town of Los Altos Hills

Bradford outlined the process for the upcoming financial audit for staff: a sample of power commitments and customer bills are pulled and audited for accuracy, and a financial statement will be submitted by SVCE and reviewed by Piseni & Brinker LLP. SVCE management will prepare a Management Discussion and Analysis (MD&A) which is an unaudited section of the annual report. Bradford noted a draft of the financial audit would be presented at the next Audit Committee meeting on February 4, 2019.

Town of Los Gatos

City of Milpitas

**Committee/Staff Remarks**

No comments.

City of Monte Sereno

**Adjournment**

Director Corrigan adjourned the meeting at 10:53 a.m.

City of Morgan Hill

City of Mountain View

County of Santa Clara

City of Saratoga

City of Sunnyvale



## Staff Report – Item 2

To: Silicon Valley Clean Energy Audit Committee

From: Girish Balachandran, CEO

**Item 2: Receive Financial Auditor Report from Pisenti & Brinker, LLP**

Date: 2/4/2019

### **RECOMMENDATION**

This item is informational.

### **BACKGROUND**

In accordance with Financial Policy #1 (FP1), Accounting Policy, the annual audit of the financial statements is near completion and the draft report prepared by Pisenti & Brinker, LLP has been issued to the Agency. The auditors have preliminarily rendered a clean opinion and *"found the financial statements referred to above present fairly, in all material respects, the financial position of SVCE as of September 30, 2018, and the changes in financial position and cash flows for the periods ended in accordance with accounting principles generally accepted in the United States of America."*

### **Basic Financial Statements**

The Statement of Net Position presents information about assets and liabilities with the difference between the two reported as net position. The change in net position over time is an indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports how net position changed during the year and presents a comparison between operating and non-operating revenues and operating and non-operating expenses. Operating revenues and expenses are related to the Agency's principal business of providing carbon-free electricity.

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other sources and uses, such as financing and investing activities.

### **Notes to the Financial Statements**

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements. These are found immediately following the financial statements to which they refer.

### **ANALYSIS & DISCUSSION**

The following represents some highlights as of September 30, 2018:

- As of September 30, 2018, total assets were \$115.1 million, with \$108.8 million of current assets. Current assets are mostly comprised of \$57.0 million of cash and cash equivalents, \$23.7 million in accounts receivable, \$17.0 million in accrued revenue, \$9.1 million in deposits, and \$2.0 million in restricted cash. At the end of the fiscal year ended September 30, 2017, current assets primarily

**Agenda Item: 2****Agenda Date: 2/4/2019**

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consisted of cash. Deposits reported in the current asset section primarily consist of cash collateral required by energy suppliers and the scheduling authority on the State's transmission grid. Other noncurrent assets of \$6.2 million primarily consist of various deposits for energy supply, regulatory and other operating expenses. Since operations began in April 2017, SVCE has operated at a surplus which has resulted in growth of liquidity.

- As of September 30, 2018, total liabilities were \$36.7 million. Current liabilities consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by SVCE. Other components include the short-term portion of the bank note payable, accounts payable, and taxes and surcharges due to governments. As part of the formation of SVCE, member agencies loaned SVCE \$2.7 million for costs during the implementation period and for working capital until payments were collected from customers. The loan was outstanding as of September 30, 2017 and was repaid in January 2018.
- As of September 30, 2017, total revenues were \$250.1 million primarily from the sale of carbon-free electricity. Operating revenues exceeded the cost of electricity by \$60.0 million resulting in an operating margin of 24% enabling the Agency to maintain competitive rates and build its cash reserves.
- As of September 30, 2018, total expenses were \$200.0 million. The increase in operating expenses from fiscal year 2018 to 2017 is largely the result of energy purchases needed to provide for retail customer use. Expenses for staff compensation, consulting, and other general and administrative expenses increased in 2018 as the organization grew to support its operations.

**STRATEGIC PLAN**

This report supports the fiscal management goals of the strategic plan.

**FISCAL IMPACT**

During Fiscal Year 2017-18, SVCE's total revenues exceeded total expenses, resulting in an increase to Net Position of \$50.1 million.

SVCE's Auditors, Pisenti & Brinker LLP, issued an unqualified ("clean") opinion on the Agency's financials for the year ended September 30, 2018.

**ATTACHMENTS**

1. Financial Statements for the Period Year ended September 30, 2018

SILICON VALLEY CLEAN ENERGY AUTHORITY

Financial Statements

Years Ended:

- September 30, 2018
- September 30, 2017

With Report of Independent Auditors

DRAFT

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

The Management's Discussion and Analysis provides an overview of Silicon Valley Clean Energy Authority's (SVCE) financial activities as of and for the years ended September 30, 2018 and 2017. The information presented here should be considered in conjunction with the audited financial statements.

**BACKGROUND**

The formation of SVCE was made possible by the passage, in 2002, of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation.

SVCE was created as a California Joint Powers Authority (JPA) on March 31, 2016. SVCE was established to provide electric power at competitive costs as well as to provide other benefits within Santa Clara County, including reducing energy related greenhouse gas emissions, securing energy supply and price stability, and providing energy efficiencies and local economic benefits. Governed by a board of directors (Board) consisting of elected representatives from each jurisdiction, SVCE has the rights and powers to set rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations. SVCE is responsible for the acquisition of electric power for its service area. SVCE serves the unincorporated areas of Santa Clara County and the cities and towns of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale.

In April 2017, SVCE began providing service to its first 66,000 customer accounts as part of its initial enrollment phase. SVCE completed its customer enrollment in July 2017 and as of September 30, 2018, SVCE serves approximately 274,000 customer accounts.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**Financial Reporting**

SVCE presents its financial statements in accordance with generally accepted accounting principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

**Contents of this report**

This report is divided into the following sections:

- Management discussion and analysis, which provides an overview of operations.
- The basic financial statements, which offer information on SVCE's financial status:
  - The *Statements of Net Position* includes all of SVCE's assets, liabilities, and net position using the accrual basis of accounting. The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.
  - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of SVCE's revenue and expenses for the years shown.
  - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as financing and investing activities.
  - Notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**FINANCIAL HIGHLIGHTS**

The following table is a summary of SVCE's assets, liabilities, and net position as of September 30:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 108,758,726	\$ 61,416,239	\$ 1,897,092
Noncurrent assets			
Capital assets, net	184,319	167,506	-
Other noncurrent assets	<u>6,192,560</u>	<u>128,560</u>	<u>28,560</u>
Total noncurrent assets	<u>6,376,879</u>	<u>296,066</u>	<u>28,560</u>
Total assets	<u>115,135,605</u>	<u>61,712,305</u>	<u>1,925,652</u>
Current liabilities	36,700,885	30,666,808	306,016
Noncurrent liabilities	<u>-</u>	<u>2,730,000</u>	<u>2,730,000</u>
Total liabilities	<u>36,700,885</u>	<u>33,396,808</u>	<u>3,036,016</u>
Net position			
Investment in capital assets	184,319	167,506	-
Restricted for security collateral	2,000,000	4,400,000	
Unrestricted (deficit)	<u>76,250,401</u>	<u>23,747,991</u>	<u>(1,110,364)</u>
Total net position	<u>\$ 78,434,720</u>	<u>\$ 28,315,497</u>	<u>\$ (1,110,364)</u>

**Current Assets**

**2018 compared to 2017** Current assets reached \$108,759,000 by the end of 2018 and are mostly comprised of the following: \$56,963,000 in cash and cash equivalents, \$23,661,000 in accounts receivable, \$16,931,000 in accrued revenue, \$9,117,000 in deposits and prepaids, and \$2,000,000 in restricted cash. The overall increase in current assets over the prior year was expected, as fiscal year 2017 was the first year of operations.

Deposits reported in the current asset section primarily consist of cash collateral required by energy suppliers and the scheduling authority on the State's transmission grid.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**Capital Assets**

As of September 2018, capital assets were \$184,000, net of accumulated depreciation, primarily reflecting the acquisition of furniture and equipment accompanying SVCE's establishing its administrative office during the year. SVCE does not own assets used for electric generation or distribution.

**Other Noncurrent Assets**

Other noncurrent assets reached \$6,193,000 in 2018 and primarily consists of various deposits for energy supply, regulatory and other operating purposes.

**Current Liabilities**

**2018 compared to 2017** Current liabilities at the end of 2018 consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by SVCE. Other components include trade accounts payable, taxes and surcharges due to governments, and various other accrued liabilities. At the end of the period ended September 30, 2017, besides the previous mentioned liabilities, SVCE had an outstanding loan with River City Bank for \$2,900,000. This debt was retired in December 2017.

**Noncurrent Liabilities**

**2018 compared to 2017** As part of the formation of SVCE, member agencies loaned SVCE \$2,730,000 for costs during the implementation period and for working capital until payments were collected from customers. The loan was outstanding as of September 30, 2017 and was repaid in January 2018.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

The following table is a summary of SVCE's results of operations.

	<u>October 1, 2017 - September 30, 2018</u>	<u>October 1, 2016 - September 30, 2017</u>	<u>March 31, 2016 - September 30, 2016</u>
Operating revenues	\$ 249,948,112	\$ 93,940,264	\$ -
Interest income	153,840	1,078	-
Total income	250,101,952	93,941,342	-
Operating expenses	199,967,063	64,366,230	329,011
Interest and related expense	15,666	149,251	-
Total expenses	199,982,729	64,515,481	329,011
Change in net position	<u>\$ 50,119,223</u>	<u>\$ 29,425,861</u>	<u>\$ (329,011)</u>

### Operating Revenues

**2018 compared to 2017** SVCE's major customer enrollment was completed in July 2017, resulting in fiscal year 2018 being the first year with a full customer base. This is the main driver of the sharp increase in revenues from the prior year. In addition, SVCE began serving the City of Milpitas in June 2018 which resulted in an additional approximately 25,000 customers. SVCE's gross margin for 2018 and 2017 was approximately 24% and 37%, respectively, as operating revenues exceeded the cost of electricity by \$60,042,000 and \$34,638,000. SVCE's operating revenue is from the sale of electricity to energy consumers within its jurisdiction, consisting mostly of residential, commercial, industrial and agricultural customers.

### Operating Expenses

**2018 compared to 2017** Operating expenses increased \$135,601,000 during 2018 primarily due to significantly increased energy purchases to provide for the increased SVCE customer base. Energy costs greatly exceed all other operating expenses, accounting for approximately 95% of total operating expenses. SVCE procures energy from a variety of sources to maintain a balanced renewable power portfolio.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**ECONOMIC OUTLOOK**

Silicon Valley Clean Energy serves approximately 97% of all eligible customers in Santa Clara County, and that rate of participation is expected to remain stable for 2019.

The work of our first year of operations was to provide all our customers with carbon-free electricity. Clean electricity from SVCE's carbon-free sources has contributed to a dramatic 21% reduction in area-wide carbon emissions from energy use compared to 2015 levels. We are also investing in new renewable energy projects. In 2018 SVCE entered into three long-term power agreements, partnering with our neighboring Community Choice Energy agency, Monterey Bay Community Power, for the joint-procurements. The three projects combined are expected to create 1,440 jobs during construction.

- The 200 MW Duran Mesa Wind project, developed by Pattern Development, will be built in New Mexico and is a 15-year agreement, expected to reach commercial operation in late-2020. The project's location will complement California's abundant supply of mid-day solar energy, delivering clean wind power during hours of peak demand in the early evening.
- The RE Slate 1 project, developed by Recurrent, will be built in Kings County and is a 15-year agreement which includes 150 MW of solar capacity and 45 MW/180 MWh of storage
- The BigBeau Solar project, developed by EDF Renewables North America, will be built in Kern County and is a 20-year agreement which includes 128 MW of solar capacity and 40 MW/160 MWh of storage.

At the end of 2018, the Board of Directors approved a decarbonization roadmap that expands SVCE's scope from providing clean electricity to influencing emission reductions from buildings and transportation. The first tranche of programs for development and launch in 2019 include:

- Mobility – EV charging infrastructure and EV fast charging pilot depots.
- Energy Efficiency & Grid Integration – Support “virtual power plants” made up of cloud-based aggregations of customer-sited resources to support grid integration and monetize value from connected, controllable loads.
- Education and Outreach – Develop a customer resource center and partner with local organizations in under-reached customer segments.
- Innovation – Engage with key strategic partners to participate in the local innovation ecosystem and provide small grants to support innovation through pilot projects with external partners.

Senate Bill 237 was passed in 2018 and increased the cap for direct access participation. SVCE could be impacted by the expansion of direct access due to the large commercial and industrial load in the territory. The impact would not materialize until 2020 but SVCE is currently developing strategies to ensure long-term success of the agency. Financial reserves policies and energy risk management policies are also in place to manage this risk.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**ECONOMIC OUTLOOK (continued)**

SVCE will continue to provide stable and competitive electric rates whenever possible and has identified unpredictable and unreasonably high PG&E customer exit fees as a key barrier to this goal. A CPUC decision was presented in the fall of 2018 that provided some clarity but resulted in an unfavorable input to the rate setting process. SVCE has prioritized regulatory work with respect to the second phase of the PCIA process as well as implemented a proactive approach on other regulatory and legislative issues. Additionally, SVCE's healthy cash reserves have placed us in a stable position to manage this risk.

SVCE has a strong focus on continuing to build credit capacity through increased cash reserves, engaging lines of credit for increased liquidity, and entering into favorable energy purchase commitments with the intent of securing an investment grade credit rating in 2020-2021. This will help create a stable environment for SVCE and its ratepayers.

**REQUEST FOR INFORMATION**

This financial report is designed to provide SVCE's customers and creditors with a general overview of the organization's finances and to demonstrate SVCE's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 333 W. El Camino Real, Suite 290, Sunnyvale, CA 94087.

Respectfully submitted,

Girish Balachandran, Chief Executive Officer



**BASIC FINANCIAL STATEMENTS**

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**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 56,963,340	\$ 16,843,597
Accounts receivable, net of allowance	23,661,147	21,420,350
Energy settlements receivable	-	266,328
Accrued revenue	16,931,361	14,976,322
Other receivables	86,261	200,000
Prepaid expenses	1,123,847	71,842
Deposits with energy suppliers	7,992,770	3,237,800
Restricted cash	2,000,000	4,400,000
Total current assets	108,758,726	61,416,239
Noncurrent assets		
Capital assets, net of depreciation	184,319	167,506
Deposits with energy suppliers	6,192,560	128,560
Total noncurrent assets	6,376,879	296,066
Total assets	115,135,605	61,712,305
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	720,538	850,222
Accrued cost of electricity	34,183,673	25,988,111
Accrued interest payable	-	7,226
Accrued payroll and benefits	191,289	85,023
Other accrued liabilities	-	20,900
User taxes and energy surcharges due to other governments	1,020,385	815,326
Notes payable to bank	-	2,900,000
Supplier security deposits	585,000	-
Total current liabilities	36,700,885	30,666,808
Noncurrent liabilities		
Loans payable to JPA members	-	2,730,000
Total noncurrent liabilities	-	2,730,000
Total liabilities	36,700,885	33,396,808
<b>NET POSITION</b>		
Investment in capital assets	184,319	167,506
Restricted for security collateral	2,000,000	4,400,000
Unrestricted	76,250,401	23,747,991
Total net position	\$ 78,434,720	\$ 28,315,497

The accompanying notes are an integral part of these financial statements.

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>OPERATING REVENUES</b>		
Electricity sales, net	\$ 249,204,377	\$ 93,650,174
GreenPrime electricity premium	730,235	290,090
Other income	13,500	-
Total operating revenues	249,948,112	93,940,264
<b>OPERATING EXPENSES</b>		
Cost of electricity	189,905,958	59,302,601
Staff compensation and benefits	2,626,639	1,511,113
Data management	3,431,478	1,038,131
Service fees - PG&E	1,161,129	280,922
Consultants and other professional fees	892,267	627,283
Legal	357,719	348,905
Communications and noticing	617,516	804,538
General and administration	934,728	429,655
Depreciation	39,629	23,082
Total operating expenses	199,967,063	64,366,230
Operating income (loss)	49,981,049	29,574,034
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	153,840	1,078
Interest and related expense	(15,666)	(76,033)
Financing costs	-	(73,218)
Total nonoperating revenues (expenses)	138,174	(148,173)
<b>CHANGE IN NET POSITION</b>	50,119,223	29,425,861
Net position at beginning of period	28,315,497	(1,110,364)
Net position at end of period	\$ 78,434,720	\$ 28,315,497

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Electricity sales	\$ 245,936,491	\$ 57,704,107
Other income	13,500	-
Supplier security deposit received	1,185,000	-
Tax and surcharges from customers	5,160,891	1,347,868
Energy settlements received	8,917,455	14,770,083
Deposits and collateral received	2,200,300	-
Cost to purchase electricity	(173,406,464)	(48,350,900)
Staff compensation and benefits	(2,436,100)	(1,445,854)
Professional services, data management and service fees	(6,723,415)	(2,576,055)
General and administration	(954,645)	(414,978)
Energy settlements paid	(18,044,959)	-
Deposits and collateral paid	(13,019,270)	-
Security deposits returned to suppliers	(600,000)	-
Tax and surcharge payments to other governments	(4,953,547)	(893,056)
Net cash provided (used) by operating activities	<u>43,275,237</u>	<u>20,141,215</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Note proceeds from bank	-	4,400,000
Loan proceeds from JPA members	-	165,591
Deposits and collateral paid	-	(3,837,800)
Principal payments on note	(2,900,000)	(1,500,000)
Principal payments on JPA member loans	(2,730,000)	-
Deposits and collateral received	-	500,000
Interest and related expense payments	(22,892)	(68,807)
Finance costs paid	-	(73,218)
Net cash provided (used) by non-capital financing activities	<u>(5,652,892)</u>	<u>(414,234)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital assets acquisitions	<u>(56,442)</u>	<u>(190,588)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	<u>153,840</u>	<u>1,078</u>
Net change in cash and cash equivalents	37,719,743	19,537,471
Cash and cash equivalents at beginning of year	21,243,597	1,706,126
Cash and cash equivalents at end of period	<u>\$ 58,963,340</u>	<u>\$ 21,243,597</u>
<b>Reconciliation to the Statement of Net Position</b>		
Cash and cash equivalents (unrestricted)	\$ 56,963,340	\$ 16,843,597
Restricted cash	2,000,000	4,400,000
Cash and cash equivalents	<u>\$ 58,963,340</u>	<u>\$ 21,243,597</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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

	<u>2018</u>	<u>2017</u>
Operating income (loss)	\$ 49,981,049	\$ 29,574,034
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	39,629	23,082
Revenue reduced for uncollectible accounts	1,255,952	472,062
(Increase) decrease in accounts receivable	(3,496,749)	(21,892,412)
(Increase) decrease in energy settlements receivable	266,328	(266,328)
(Increase) decrease in other receivables	113,739	(200,000)
(Increase) decrease in accrued revenue	(1,955,039)	(14,976,322)
(Increase) decrease in prepaid expenses	(1,052,005)	(46,467)
(Increase) decrease in current deposits	(10,818,970)	-
Increase (decrease) in accounts payable	(129,684)	695,267
Increase (decrease) in accrued payroll and related	106,266	74,534
Increase (decrease) in accrued cost of electricity	8,195,562	25,988,111
Increase (decrease) in accrued liabilities	(20,900)	(119,672)
Increase (decrease) taxes and surcharges due to other governments	205,059	815,326
Increase (decrease) in supplier security deposits	585,000	-
Net cash provided (used) by operating activities	<u>\$ 43,275,237</u>	<u>\$ 20,141,215</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

Silicon Valley Clean Energy Authority (SVCE) is a joint powers authority created on March 31, 2016. As of September 30, 2018, parties to its Joint Powers Agreement consist of the following local governments:

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

SVCE is separate from and derives no financial support from its members. SVCE is governed by a Board of Directors whose membership is composed of elected officials representing one or more of the parties.

SVCE was formed to study, promote, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing these objectives. A core function of SVCE is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

SVCE began its energy delivery operations in April 2017. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company.

**BASIS OF ACCOUNTING**

SVCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

SVCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into two categories – investment in capital assets and unrestricted.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**CASH AND CASH EQUIVALENTS**

For purpose of the Statements of Cash Flows, SVCE has defined cash and cash equivalents to include cash on hand and demand deposits. Amounts restricted for security collateral are not considered cash and cash equivalents. These restricted balances are presented separately in the Statement of Net Position. Restricted cash is included as cash and cash equivalents in the Statement of Cash Flows.

**DEPOSITS WITH ENERGY SUPPLIERS**

Various energy contracts entered into by SVCE require SVCE to provide a supplier with a security deposit. These deposits are generally held for the term of the contract. Deposits with energy suppliers are classified as current or noncurrent assets depending on the length of the time the deposits will be held. While these energy contract related deposits make up the majority of this item, other components of deposits include those for regulatory and other operating purposes.

**CAPITAL ASSETS AND DEPRECIATION**

SVCE's policy is to capitalize furniture and equipment valued over \$1,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, five years for automobiles and seven years for furniture and leasehold improvements.

**SUPPLIER SECURITY DEPOSITS**

Certain energy contracts entered into by SVCE require the supplier to provide SVCE with security deposits. Similar to collateral, this will be held by SVCE in the event the energy supplier's generation facility is not operational within a contractually defined timeframe. If the facility is operational in time, then SVCE will return the deposit.

**OPERATING AND NON-OPERATING REVENUE**

Revenue from the sale of electricity to customers is considered operating revenue. The vast majority of operating revenue is derived from these sales. Interest income is considered non-operating revenue.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**REVENUE RECOGNITION**

SVCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the period and electricity estimated to have been delivered but not yet billed as of the end of the year. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

**ELECTRICAL POWER PURCHASED**

Electrical power sold to customers was purchased through several energy suppliers. The cost of power and related delivery costs has been recognized as “cost of electricity” in the Statements of Revenues, Expenses and Changes in Net Position.

SVCE purchases Renewable Energy Certificates (REC) to comply with external mandates and self-imposed benchmarks. SVCE procures RECs with the intent to retire them and does not engage in the activity of building a surplus of RECs. An expense is recognized at the point that the cost of the REC is due and payable to the supplier.

**STAFFING COSTS**

SVCE pays employees bi-weekly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. SVCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. SVCE provides compensated time off, and the related liability is recorded in these financial statements.

**INCOME TAXES**

SVCE is a joint powers authority under the provision of the California Government Code. As such it is not subject to federal or state income or franchise taxes.

**ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**2. CASH AND CASH EQUIVALENTS**

SVCE maintains its cash in interest and non-interest-bearing accounts. California Government Code Section 16521 requires that banks collateralize amounts of public funds in excess of the FDIC limit of \$250,000 by 110%. SVCE has no deposit or investment policy that addressed a specific type of risk that would impose additional restrictions beyond this code. Accordingly, the amount of risk is not disclosed. Risk is monitored on an ongoing basis.

**3. ACCOUNTS RECEIVABLE AND ACCRUED REVENUE**

Accounts receivable were as follows:

	September 30, 2018	September 30, 2017
Accounts receivable from customers	\$ 25,389,161	\$ 21,892,412
Allowance for uncollectible accounts	<u>(1,728,014)</u>	<u>(472,062)</u>
Net accounts receivable	<u>\$ 23,661,147</u>	<u>\$ 21,420,350</u>

The majority of account collections occur within the first few months following customer invoicing. SVCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, SVCE continues to have success collecting older accounts. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years. SVCE records reserves for its estimated uncollectible accounts as a reduction to the related operating revenue in the Statements of Revenues, Expenses and Changes in Net Position. Charges to reserve for uncollectible accounts for the years ended September 30, 2018 and 2017 were \$1,256,000 and \$472,000, respectively.

Accrued revenue presented in the Statements of Net Position represents revenue from customer electricity usage that has not been billed at the end of the period.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
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**4. ENERGY SETTLEMENTS RECEIVABLE**

SVCE receives generation scheduling and other services from a scheduling coordinator registered with the California Independent System Operator (CAISO). Energy settlements due from the scheduling coordinator were \$0 and \$266,000 as of September 30, 2018 and 2017, respectively.

**5. CAPITAL ASSETS**

Changes in capital assets were as follows:

	<u>Furniture &amp; Equipment</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Balances at September 30, 2016	\$ -	\$ -	\$ -
Additions	190,588	(23,082)	167,506
Balances at September 30, 2017	190,588	(23,082)	167,506
Additions	56,442	(39,629)	16,813
Balances at September 30, 2018	<u>\$ 247,030</u>	<u>\$ (62,711)</u>	<u>\$ 184,319</u>

**6. DEBT**

**Notes payable to River City Bank**

In December 2016, SVCE entered into an agreement with River City Bank to borrow up to \$18,000,000 in the form of a Revolving Credit Promissory Note and \$2,000,000 in the form of a Non-Revolving Promissory Note. The intended use of funds drawn was to provide cash to pay for energy purchases and operating expenses which were due before revenue was collected from customers. The notes were secured by cash deposit of \$1,900,000 as well as guarantees by the County of Santa Clara and the cities of Gilroy, Mountain View and Sunnyvale. Principal could be drawn as needed and interest accrued on the outstanding balance and was payable each month and computed at the one-month LIBOR rate plus an additional 1.25% for the Non-Revolving portion and an additional 1.75% for the Revolving portion. SVCE drew upon both the Revolving and the Non-Revolving lines during fiscal year ended September 30, 2017. All of the funds drawn on the Non-Revolving line were repaid within the year. The outstanding balance on the Revolving line matured in December 2017 and was repaid in full at that time.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
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**6. DEBT (continued)**

**Loans payable to JPA members**

As part of SVCE's formation agreement, all the members were required to provide initial funding to SVCE to investigate the feasibility of implementing a community choice aggregation program as well as to provide for other working capital needs. The agreement required that SVCE repay the members within four years after formation without interest. These loans total \$2,730,000 and are reported as noncurrent liabilities on the Statements of Net Position. No principal payments were made through the year ended September 30, 2017. In January 2018, SVCE repaid the loans.

Below is a summary of loans by members as of September 30, 2017:

Campbell	\$ 100,000
Cupertino	520,000
Gilroy	100,000
Los Altos	100,000
Los Altos Hills	25,000
Los Gatos	100,000
Monte Sereno	25,000
Morgan Hill	100,000
Mountain View	520,000
Santa Clara County (Unincorporated)	520,000
Saratoga	100,000
Sunnyvale	520,000
Total	<u>\$ 2,730,000</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**6. DEBT (continued)**

Debt principal activity and balances for all notes and loans were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
Year ended September 30, 2016				
JPA Member loans	\$2,730,000	\$ -	\$ -	\$ 2,730,000
Amounts due within one year				<u>-</u>
Amounts due after one year				<u>\$2,730,000</u>
Year ended September 30, 2017				
Bank note (revolving)	\$ -	\$2,900,000	\$ -	\$ 2,900,000
Bank note (non-revolving)	-	1,500,000	(1,500,000)	-
JPA Member loans	<u>2,730,000</u>	<u>-</u>	<u>-</u>	<u>2,730,000</u>
Total	<u>\$2,730,000</u>	<u>\$4,400,000</u>	<u>\$(1,500,000)</u>	5,630,000
Amounts due within one year				<u>(2,900,000)</u>
Amounts due after one year				<u>\$2,730,000</u>
Year ended September 30, 2018				
Bank note (revolving)	\$2,900,000	\$ -	\$(2,900,000)	\$ -
JPA Member loans	<u>2,730,000</u>	<u>-</u>	<u>(2,730,000)</u>	<u>-</u>
Total	<u>\$5,630,000</u>	<u>\$ -</u>	<u>\$(5,630,000)</u>	<u>-</u>
Amounts due within one year				<u>-</u>
Amounts due after one year				<u>\$ -</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**7. DEFINED CONTRIBUTION RETIREMENT PLAN**

SVCE provides retirement benefits through the Silicon Valley Clean Energy Authority Public Agency Retirement System Defined Contribution Plan. The Plan is a defined contribution 401(a) Retirement Plan established to provide benefits at retirement to employees of certain qualified employers admitted by the Plan. The Plan is administered by the Public Agency Retirement System (PARS). At September 30, 2018 and 2017, SVCE had 16 and 13 plan participants, respectively. SVCE is required to contribute up to 10% of covered payroll as a match to employee contributions. SVCE contributed approximately \$197,000 and \$104,000 during the years ended September 30, 2018 and 2017, respectively. Plan provisions and contribution requirements as they apply to SVCE are established and may be amended by the Board of Directors.

**8. RISK MANAGEMENT**

SVCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. SVCE purchases liability and property insurance from a commercial carrier. Coverage for property, general liability, errors and omissions was \$2,000,000 with a \$1,000 deductible. Coverage for owned automobiles was \$1,000,000.

**9. PURCHASE COMMITMENTS**

In the ordinary course of business, SVCE enters into various power purchase agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

SVCE enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following table is the approximated obligations on existing energy and renewable contracts as of September 30, 2018.

Year Ended September 30,	
2019	\$ 193,100,000
2020	144,600,000
2021	91,400,000
2022	41,000,000
2023	33,000,000
2024-2041	<u>379,700,000</u>
Total	<u>\$ 882,800,000</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
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**9. PURCHASE COMMITMENTS (continued)**

As of September 30, 2018, SVCE had outstanding non-cancelable commitments to service providers for services yet to be performed of approximately \$5.1 million through March 2020.

**10. OPERATING LEASE**

During 2017, SVCE entered a 63-month non-cancelable lease for its office premises. The lease commencement date was November 1, 2016. Rental expense under this lease was \$320,000 and \$211,000 for the years ended September 30, 2018 and 2017, respectively.

Future minimum lease payments under the lease are as follows:

Year ended September 30,	
2019	\$ 319,904
2020	329,504
2021	339,392
2022	<u>114,240</u>
Total	<u>\$ 1,103,040</u>

**11. FUTURE GASB PRONOUNCEMENTS**

The requirements of the following GASB Statement are effective for future fiscal years ending after June 30, 2018:

GASB Statement No. 87, *Leases*, is effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**12. SUBSEQUENT EVENTS**

In September 2018, new legislation that was passed in the California legislature that expands direct access for commercial customers throughout the State. It is unknown what the impact of this will be on SVCE or how much commercial load might be eligible under this direct access expansion.

PG&E delivers electricity through its transmission and distribution system on behalf of SVCE. PG&E also provides meter-reading, billing, maintenance and outage response services. In January 2019, PG&E announced that it plans to prepare for Chapter 11 bankruptcy. It is unknown what the impact of the bankruptcy will be on SVCE.

PG&E provides transmission and distribution services to SVCE customers and serves as billing agent for MBCP. PG&E is responsible to collect payments on behalf of SVCE. In January 2019, PG&E announced its intention to file for Chapter 11 bankruptcy protection. SVCE expects the utility will continue to operate in a business-as-usual fashion and the SVCE's revenues collected by PG&E will continue to flow through to SVCE with no material interruption.

DRAFT



### Staff Report – Item 3

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To: Silicon Valley Clean Energy Audit Committee

From: Girish Balachandran, CEO

**Item 3: Request for Information on Addition of Cybersecurity Information**

Date: 2/4/2019

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#### **RECOMMENDATION**

Staff recommends that the Audit Committee approve the issuance of a Request for Information (RFI) related to cybersecurity risks.

#### **BACKGROUND**

In light of recent cybersecurity breaches and continuing cybersecurity threats in all sectors of the economy, it is prudent for Silicon Valley Clean Energy (SVCE) to issue an RFI to further assess cybersecurity preparedness for the agency and the Community Choice Aggregator (CCA) industry. The Board of Directors and Senior Management have underscored the importance of cybersecurity to the integrity of the grid and customer data protection.

SVCE has been a leader in the CCA industry with regards to information technology goals by hiring in-house expertise, establishing information technology board policies, training and monitoring, and through third-party audits.

#### **ANALYSIS & DISCUSSION**

The RFI's purpose is to gather intelligence from the information technology community with a broad scope of best practices for cybersecurity including:

- Governance and Risk Assessment
- Access Rights and Controls
- Data Loss Prevention
- Vendor Management
- Training
- Other Recommendations

The RFI will close on March 15, 2019. The Audit Committee will be apprised of the results and recommended next steps upon staff's review.

#### **STRATEGIC PLAN**

This report supports the Information Technology goals of the strategic plan.

#### **FISCAL IMPACT**

There is no fiscal impact to the agency with the issuance of an RFI.



**ATTACHMENTS**

1. Draft Request for Information



## REQUEST FOR INFORMATION

### **1.0 Description**

- 1.1 Silicon Valley Clean Energy Authority (SVCEA) in support of the Finance and Administration Department is seeking information on how an interested consultant could identify cybersecurity risks and assess cybersecurity preparedness in the community choice aggregation sector.
- 1.2 THIS IS A REQUEST FOR INFORMATION (RFI) ONLY. This RFI is issued solely for information and planning purposes – it does not constitute a Request for Proposal (RFP) or a promise to issue an RFP in the future. This request for information does not commit SVCEA to contract for any supply or service whatsoever. Further, SVCEA is not at this time seeking proposals and will not accept unsolicited proposals. Responders are advised that SVCEA will not pay for any information or administrative costs incurred in response to this RFI, all costs associated with responding to this RFI will be solely at the interested party's expense. Not responding to this RFI does not preclude participation in any future RFP, if any is issued. If a solicitation is released, it will be posted on the SVCEA website at <https://svcleanenergy.org>. It is the responsibility of the potential offerors to monitor these sites for additional information pertaining to this requirement.

### **2.0 Background**

- 2.1 SVCEA is a community choice aggregator (CCA) formed in March 2016 as a Joint Powers Authority serving most of Santa Clara County with carbon free electricity. SVCEA is a public agency with a thirteen (13) member Board of Directors representing each community that we serve. SVCEA partners with Pacific Gas and Electric (PG&E) as PG&E operates the transmission and distribution systems to deliver the electricity that SVCEA procures.

As the CCA sector continues to evolve and mature, the importance of cybersecurity to the integrity of grid reliability and customer data protection has been underscored by SVCEA senior management and board directors.

### **3.0 Requested Information**

- 3.1 In order to promote better compliance practices and inform staff and board directors understanding of cybersecurity preparedness, this RFI will focus on the following areas:
  - 3.1.1 Governance and Risk Assessment: Responders should provide information regarding best practices for firms evaluating



cybersecurity risks and what controls and risk assessment processes are recommended specifically for the Electric Utility and/or CCA type business. Responders may comment on the level of communication to, and involvement of, senior management and board of directors.

- 3.1.2 Access Right and Controls: SVCEA may be particularly at risk of a data breach from a failure to implement basic controls to prevent unauthorized access to systems of information. Responders may comment on how firms control access to various systems and data via management or user credentials, authentication, and authorization methods. Comments may include a review of controls associated with remote access, passwords, network segmentation and tiered access.
- 3.1.3 Data Loss Prevention: Some data breaches may have resulted from the absence of robust controls in the areas of patch management and system configuration. Responders may comment on how firms monitor the volume of content transferred outside of the agency by its employees or through third parties, such as email attachments or uploads. Responders may also comment how firms monitor potentially unauthorized data transfers and may comment how firms verify the authenticity of a customer request to transfer funds.
- 3.1.4 Vendor Management: Some of the largest data breaches over the last few years may have resulted from the hacking of third party vendor platforms. As a result, responders should focus on SVCEA practices and controls related to vendor management, such as due diligence with regard to vendor selection, monitoring, and oversight of vendors, and contract terms. Responders may comment on assessment of how vendor relationships are considered as part of SVCEA's ongoing risk assessment process as well as how SVCEA determines appropriate level of due diligence to conduct on a vendor.
- 3.1.5 Training: Without proper training, employees and vendors may put SVCEA's data at risk. Some data breaches may result from unintentional employee actions such as a misplaced laptop, accessing data through an unsecured internet connection, or opening messages or downloading attachments from an unknown source. With proper training, however, employees and vendors can be the agency's first line of defense, such as by altering IT to suspicious activity and understanding and following agency protocols with respect to technology. Responders may focus on



how training is tailored to specific job functions and how training is designed to encourage responsible employee and vendor behavior. Responders may comment how procedures for responding to cyber incidents under an incident response plan are integrated into regular personnel and vendor training.

- 3.1.6 Incident/Management Response: responders may comment on best practices for established policies, assigned roles, assessed system vulnerabilities, and developed plans to address possible future events. Comments may include which SVCEA data, assets, and services warrant most protection to help prevent attacks from causing significant harm.
- 3.1.7 Responders may comment on additional areas of cybersecurity-related risks.
- 3.1.8 Security Policies: Development and maintenance.
- 3.1.9 Security Framework: containing standards, procedures, measurement.
- 3.1.10 Vulnerability Management: monitoring, alerting and remediation.
- 3.1.11 Privacy: As new regulations emerge, there are opportunities for integrating best practices around personal data & information security. Provide a framework for creating transparency and an essential Cybersecurity roadmap for building and leveraging current attention and focus.

## 4.0 Responses

- 4.1 Interested parties are requested to respond to this RFI with a white paper.
- 4.2 White papers in Microsoft Word for Office 2010 compatible format are due no later than **March 15, 2019, 5:00 PM PST**. Responses shall be limited to 25 pages for Section 3 and submitted via email only to [svceRMlrequests@svcleanenergy.org](mailto:svceRMlrequests@svcleanenergy.org). Proprietary information, if any, should be minimized and **MUST BE CLEARLY MARKED**. To aid SVCEA, please segregate proprietary information. Please be advised that all submissions become SVCEA property and will not be returned.
- 4.3 Section 1 of the white paper shall provide administrative information, and shall include the following as a minimum:



- 4.3.1 Name, mailing address, overnight delivery address (if different from mailing address), phone number, fax number (if applicable), and e-mail of designated point of contact
- 4.3.2 Recommended consulting strategy.
- 4.3.3 Either 1) copy of executed non-disclosure agreement (NDA) with SVCEA or 2) a statement that the responder will not allow SVCEA to release its proprietary data to SVCEA support consultants.

The number of pages in Section 1 of the white paper shall not be included in the 25 page limitation, i.e., the 25 page limitation applies only to Section 2 of the white paper.

## **5.0 Sector Discussions**

5.1 SVCEA representatives may or may not choose to meet with potential offerors. Such discussions would only be intended to get further clarification of potential capability to meet the requirements, especially any development and certification risks.

## **6.0 Questions**

6.1 Questions regarding this announcement shall be submitted in writing by e-mail to the Management Analyst, [svceRMIrequests@svcleanenergy.org](mailto:svceRMIrequests@svcleanenergy.org). Verbal questions will NOT be accepted. Questions will be answered by posting answers to the SVCEA [Cybersecurity FAQ](#). Accordingly, questions shall NOT contain proprietary or classified information. SVCEA does not guarantee that questions received after March 15, 2019 will be answered.

## **7.0 Summary**

7.1 THIS IS A REQUEST FOR INFORMATION (RFI) ONLY to identify sources that can provide cybersecurity services. The information provided in the RFI is subject to change and is not binding on SVCEA. SVCEA had not made a commitment to procure any of the items discussed, and release of this RFI should not be construed as such a commitment or as authorization to incur cost for which reimbursement would be required or sought. All submissions become SVCEA property and will not be returned.



**Staff Report – Item 4**

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To: Silicon Valley Clean Energy Audit Committee

From: Girish Balachandran, CEO

**Item 4: Information Technology Audit Update**

Date: 2/4/2019

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**This item will be addressed in the form of an oral report to the Audit Committee.**



**Staff Report – Item 5**

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To: Silicon Valley Clean Energy Audit Committee

From: Girish Balachandran, CEO

**Item 5: Automated Meter Infrastructure Audit Update**

Date: 2/4/2019

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**This item will be addressed in the form of a presentation to the Audit Committee.**