



**Silicon Valley Clean Energy Authority
Board of Directors Meeting**
Wednesday, February 13, 2019
7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

City of Campbell

City of Cupertino

City of Gilroy

City of Los Altos

AGENDA

Town of Los Altos Hills

Call to Order

Town of Los Gatos

Roll Call

City of Milpitas

Public Comment on Matters Not Listed on the Agenda

City of Monte Sereno

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

City of Morgan Hill

Consent Calendar (Action)

City of Mountain View

1a) Approve Minutes of the January 9, 2019, Board of Directors Meeting

1b) Approve Minutes of the December 12, 2018, Customer Program Advisory Group Meeting

County of Santa Clara

1c) Customer Program Advisory Group Report

City of Saratoga

1d) Approve Amendment to Financial Policy 6 – Purchasing Policy to Grant the CEO the Authority to Execute Agreements Not to Exceed \$500,000 in Response to Emergency Situations with the Prior Written Consent of Two Executive Committee Members

City of Sunnyvale

1e) Authorize CEO to Execute Grant Agreement with Bay Area Air Quality Management District for FutureFit Heat Pump Water Heater Initiative

1f) Approve 2019 Updates to Exhibits C, Annual Energy Use, and Exhibit D, Voting Shares, of the SVCE Joint Powers Agreement

1g) Approve the Cancellation of the July 10, 2019 Board of Directors Meeting, and Move the August Board of Directors Meeting to August 21, 2019

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087

City of Campbell 1h) Approve Amendment to Credit Agreement and Other Related Documents with River City Bank to Increase the Line of Credit to \$35 million, and Adopt Resolution Certifying Representatives on River City Bank Loans

City of Cupertino 1i) Approve General and Administrative Policy 5 – Code of Ethics Policy

City of Gilroy Regular Calendar

2) Receive Financial Audit Report from Pisenti & Brinker LLP (Action)

City of Los Altos 3) CEO Report (Discussion)

4) Appoint Board Committee Members (Action)

Town of Los Altos Hills 5) Electric Vehicle Supply Equipment Incentive Program (Action)

6) 2020 Time-of-Use Rate Transition for Residential Customers (Discussion)

Town of Los Gatos 7) Executive Committee Report (Discussion)

8) Finance and Administration Committee Report (Discussion)

City of Milpitas 9) Legislative Ad Hoc Committee Report (Discussion)

City of Monte Sereno 10) Audit Committee Report (Discussion)

City of Morgan Hill Board Member Announcements and Direction on Future Agenda Items

Public Comment on Closed Session

City of Mountain View

The public may provide comments regarding the Closed Session item(s) just prior to the Board beginning the Closed Session. Closed Sessions are not open to the public.

County of Santa Clara

Convene to Closed Session (Community Hall Kitchen)

City of Saratoga

Conference with Legal Counsel – Existing Litigation
Government Code Section 54956.9(d)(1)

City of Sunnyvale

Name of Case: In re Pacific Gas and Electric Company, Debtor, United States
Bankruptcy Court, Northern District of California, San Francisco Division, Case No.
19-30088

Report from Closed Session

svcleanenergy.org

Adjourn

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087



Silicon Valley Clean Energy Authority

Board of Directors Meeting

Wednesday, January 9, 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 7:01 p.m.

Roll Call

Present:

Chair Courtenay C. Corrigan, Town of Los Altos Hills
Vice Chair Margaret Abe-Koga, City of Mountain View
Alternate Director Tony Ndah, City of Milpitas
Alternate Director Anthony Eulo, City of Morgan Hill
Director Nancy Smith, City of Sunnyvale
Director Howard Miller, City of Saratoga
Director Rod Sinks, City of Cupertino
Director Marico Sayoc, Town of Los Gatos
Director Liz Gibbons, City of Campbell
Director Dave Cortese, County of Santa Clara (arrived at 7:03 p.m.)
Director Jeannie Bruins, City of Los Altos

Absent:

Director Fred Tovar, City of Gilroy
City of Monte Sereno

Chair Corrigan welcomed Director Sayoc, who provided brief comments.

Public Comment on Matters Not Listed on the Agenda

No speakers.

Consent Calendar

CEO Girish Balachandran requested to pull Item 1e) *Approve Amendment to Financial Policy 6 – Purchasing Policy to Grant the Authority of the CEO to Execute Contracts Implementing the Decarbonization Strategy and Programs Roadmap* and move the item to February's Board of Directors meeting for consideration.

Director Sayoc stated her vote would be an abstention on Item 1a) *Approve Minutes of the December 12, 2018, Board of Directors Meeting*.

MOTION: Director Bruins moved and Alternate Director Eulo seconded the motion to approve the Consent Calendar, with the exception of Item 1e with the recommendation that it be moved to February's Board meeting.

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

The motion carried unanimously with an abstention by Director Sayoc on Item 1a, and Director Tovar and a City of Monte Sereno representative absent.

- 1a) Approve Minutes of the December 12, 2018, Board of Directors Meeting**
- 1b) Receive November 2018 Treasurer Report**
- 1c) Appoint SVCE Treasurer/Auditor and Board Secretary for 2019**
- 1d) Approve Amended Energy Risk Management Policy**

Regular Calendar

2) CEO Report (Discussion)

CEO Girish Balachandran provided a CEO report which included an introduction of new employee Justin Zanugis, Analyst; Analyst Zanugis provided brief introductory comments.

CEO Balachandran noted a proposal would be brought to the Board in February to cancel the July Board of Directors meeting and move the August Board meeting out one week to the third week of August. CEO Balachandran added if anything arises during that time which would need the Board's attention, a special meeting would be called.

Manager of Regulatory/Legislative Affairs Hilary Staver provided a Regulatory and Legislative update to the Board.

3) Elect a Chair and Vice Chair of the SVCE Board of Directors for 2019 (Action)

Chair Corrigan introduced the item and welcomed nominations for the role of Chair from the floor; there were no nominations from the floor. Chair Corrigan stated the group would move forward with considering Vice Chair Margaret Abe-Koga, who submitted a letter of interest, for the position of Chair.

MOTION: Director Bruins moved and Director Miller seconded the motion to nominate Director Margaret Abe-Koga as Chair of the Silicon Valley Clean Energy Board of Directors for 2019.

Vice Chair Abe-Koga provided brief comments regarding serving as Chair of the Board for 2019.

The motion carried with Director Tovar and a City of Monte Sereno representative absent.

Following the selection of Chair, Director Corrigan exchanged seats with newly appointed Chair Abe-Koga and Chair Abe-Koga presided over the remainder of the meeting.

The group acknowledged Director Corrigan for her work as Chair in 2018.

Chair Abe-Koga announced there were two letters of interest submitted for the position of Vice Chair from Director Miller and Director Smith, and opened nominations from the floor for Vice Chair; no additional nominations were made.

Director Miller provided brief comments on his interest for the position of Vice-Chair.

Director Smith provided brief comments on her interest for the position of Vice-Chair.

MOTION: Director Cortese moved and Director Bruins seconded the motion to nominate Director Nancy Smith as Vice Chair of the Silicon Valley Clean Energy Board of Director for 2019.

MOTION: Director Gibbons moved and Alternate Director Eulo seconded the motion to nominate Director Howard Miller as Vice Chair of the Silicon Valley Clean Energy Board of Directors for 2019.

VOTE FOR THE POSITION OF VICE CHAIR:

Alternate Director Ndah: Miller
Alternate Director Eulo: Miller
Director Smith: Smith
Director Miller: Miller
Director Sinks: Smith
Director Sayoc: Miller
Chair Abe-Koga: Miller
Director Corrigan: Miller
Director Gibbons: Miller
Director Cortese: Smith
Director Bruins: Smith

Board Clerk Andrea Pizano reported seven votes for Miller, four votes for Smith, and two absences.

MOTION: Director Cortese moved and Director Sinks seconded the motion of a ratification vote of Director Miller as Vice Chair of Silicon Valley Clean Energy's Board of Directors.

The motion carried unanimously with Director Tovar and a City of Monte Sereno representative absent.

Chair Abe-Koga congratulated Director Miller on his appointment as Vice Chair of the Silicon Valley Clean Energy Board of Directors for 2019.

4) Appoint Directors to the SVCE Executive Committee for 2019 (Action)

CEO Balachandran introduced the item; Director Corrigan noted she would withdraw her name for consideration for the 2019 Executive Committee to allow the other interested members to serve.

MOTION: Director Gibbons moved and Director Corrigan seconded the motion to recommend Chair Abe-Koga, Vice Chair Miller, and Directors Gibbons, Sinks, and Smith serve on the 2019 SVCE Executive Committee.

The motion carried unanimously with Director Tovar and a City of Monte Sereno representative absent.

5) Executive Committee Report (Discussion)

Chair Abe-Koga reported there was nothing to report.

6) Finance and Administration Committee Report (Discussion)

Vice Chair Miller reported there was nothing to report.

7) Legislative Ad Hoc Committee Report (Discussion)

Director Sinks reported there was nothing to report.

8) Audit Committee Report (Discussion)

Director Corrigan reported there was nothing to report.

Board Member Announcements and Direction on Future Agenda Items

Director Smith recognized staff for the hard copy of the Decarbonization Strategy and Programs Roadmap brochure at their seats.

Public Comment on Closed Session

No speakers.

General Counsel Stepanicich announced the group would be convening to closed session to discuss anticipated litigation in the event that PG&E files for bankruptcy.

The Board convened to Closed Session in the Community Hall Kitchen at 7:30 p.m.

Convene to Closed Session (Community Hall Kitchen)

Conference with Legal Counsel – Anticipated Litigation

Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2)

One Potential Case

The Board returned to the Council Chambers at 7:59 p.m. with Director Tovar and a City of Monte Sereno representative absent.

Report from Closed Session

General Counsel Stepanicich reported there was no action taken in closed session and there was nothing to report.

Adjourn

Chair Abe-Koga adjourned the meeting at 7:59 p.m.



**Silicon Valley Clean Energy Authority
Customer Program Advisory Group Meeting**

Wednesday, December 12, 2018

11:00 am

Sunnyvale Recreation Center
Neighborhood Room
550 E. Remington Drive
Sunnyvale, CA

DRAFT MINUTES

Call to Order

SVCE Board Clerk Andrea Pizano called the meeting to order at 11:04 a.m.

Roll Call

Present:

Member Gary Latshaw, City of Cupertino
Member Tara Sreekrishnan, City of Cupertino
Member Donald Weiden, City of Los Altos
Member Peter Evans, Town of Los Altos Hills
Member George Parton, Town of Los Gatos (arrived at 11:06 a.m.)
Member Patti Sexton, City of Milpitas
Member Bryan Mekechuk, City of Monte Sereno
Member Robert Brewer, City of Mountain View
Member Tara Martin-Milius, City of Sunnyvale
Member Douglas Kunz, City of Sunnyvale (arrived at 11:05 a.m.)
Member James Tuleya, City of Sunnyvale
Member Pamela Garcia, Unincorporated Santa Clara County

Absent:

Member Jeff Homan, City of Mountain View
Member Sandeep Muju, City of Saratoga
Member Tristan Mecham, Unincorporated Santa Clara County

Chair Evans noted this would be the last meeting of the Customer Program Advisory Group (CPAG) and thanked members for their participation.

Public Comment on Matters Not Listed on the Agenda

None.

Consent Calendar

Board Clerk Pizano requested an amendment on page 2 of the minutes, under Item 3) *Programs Roadmap Breakout Groups (Discussion)*; to the following sentence "... with Vice Chair Martin-Milius, and Directors Mecham and Muju absent", Mecham and Muju should be referred to as "Members" and not "Directors".

MOTION: Member Tuleya moved and Member Mekechuk seconded the motion to approve the Minutes of the November 14, 2018, Customer Program Advisory Group Meeting as amended.

The motion carried unanimously with Members Homan, Mecham, and Muju absent.

1) Approve Minutes of the November 14, 2018, Customer Program Advisory Group Meeting

Regular Calendar

2) Briefing from December 4, 2018 SVCE Executive Committee Meeting on Draft Programs Roadmap (Discussion)

Director of Decarbonization and Grid Innovation Programs Aimee Bailey introduced the item and provided comments regarding the feedback received from the December 4, 2018 Executive Committee meeting. Feedback included guidance to consolidate the presentation, questions about engagement with external stakeholders, questions about communicating GHG emission reduction targets, and communicating the feasibility of the targets themselves.

The committee discussed the eleven specific programs named on page 2 of the board meeting presentation deck (copied below), including implementation challenges, development of success metrics not shown here, and the alignment of the programs with SVCE's mission.

Program	FY19-FY20 Budget Request	Agreements and MOUs
C&I Clean Power Offerings	\$150k in FY 2019	
Reach Codes	\$400k in FY 2019	Cost sharing agreement with Peninsula Clean Energy for third-party support
All-Electric Showcase Grants	\$1.5m over two-year period	
FutureFit Heat Pump Water Heater	\$325k over two-year period	
EV Infrastructure Strategy & Plan	\$200k in FY 2019	
EV Fast Charge Depots	\$700k over two-year period	
Innovation Partnerships	(combined with Innovation Onramp budget request)	MOUs with Prospect Silicon Valley and Joint Venture Silicon Valley
Innovation Onramp	\$1.2m over two-year period	Two standardized Partnership Agreements
Virtual Power Plant	\$1.1m over two-year period	
Customer Resource Center	\$350k over two-year period	
GHG Emission Inventory Update	\$100k in FY 2019	

Director of Decarbonization and Grid Innovation Programs Bailey explained the concept of "Virtual Power Plant". Member Tuleya explained the benefit of regional coordination and information sharing for green building or "reach" codes. The committee discussed the resources proposed for the Customer Resource Center, and how to measure its success, e.g., engagement or level of customer participation (this is the one program that is open to all customers, not just those who directly participate in specific programs).

Communications Manager Pamela Leonard stated she is hoping for the level of engagement at or exceeding the level of customer engagement around the formation of SVCE. Member Tuleya noted an entity called Community Climate Solutions that might be a GHG reduction information resource for the Customer Resource Center and suggested Menlo Challenge and Fremont Challenge.

Director of Decarbonization and Grid Innovation Programs Bailey also stated there is additional information on the program brief for each program.

3) Future Role of a Customer Program Advisory Group (Discussion)

Vice Chair Martin-Milius led an exercise for group members to consider what met and did not meet individual expectations of the CPAG group.

The following ideas were identified as *meeting* expectations of CPAG members:

- Staff and the Chair/Vice Chair communicated and organized for meetings beforehand
- Fulfilling the reason why CPAG was established: to obtain more direct input from the community at a strategy formation stage
- The fishbone diagram used to illustrate the process of program development was useful
- Use of the group as an advisory committee; proved to be a good, independent sounding board for SVCE staff ideas
- The open group forum allowed members to expand on each others' ideas and allowed new voices to be heard
- New voices in decision-making, and members came up a learning curve as to the industry and SVCE's business due to their sustained participation (which would not be possible in randomly-selected customer feedback)

The following ideas were identified as *not meeting* expectations of CPAG members:

- Feeling as there is not yet a tangible end product; for example, when asked 'What did you do as a member of CPAG?', not having a definitive answer
- Not a strong sense of reporting back to the community and difficult to know if expectations for members' community outreach were being met; request for more specific recommendations on how members should interact with the communities they represented

The CPAG broke into discussion groups at 11:43 a.m. to address 1) what worked well for members in the group process, and 2) what could have worked better.

The following ideas were identified as what *worked well* for members in the group process:

- Hosting an initial Saturday workshop for members to learn about the energy duck curve and other energy related information helped members understand the background of the work being done and as a result made the group more effective
- The mechanics of the meetings – a mix of presentations and group discussions and brainstorming
- It has been helpful recently for members to receive both the agenda and presentation slides prior to the meeting to allow members to review and come to meetings prepared
- Practical, real-life examples of what people are doing to reduce GHG emissions made things informative
- Regular meeting schedules made it easier for members keep the time on their calendars
- The content and Agenda should drive the discussion, which could possibly lead to quarterly meetings, possibly with interspersed subcommittee meetings
- Value in structure for topics as well as needs of the group for effective use of members' time; address frequency of meetings, whether it would be a standing committee, or sub committees to discuss specific topics or meet as an ad hoc
- More beneficial to meet face-to-face rather than allow telecommuting to meetings; this turned out to be the right decision

The following ideas were identified as *what could have worked better* for members in the group process:

- Mid-day meetings posed a challenge; may prefer evening meetings
- Would be helpful if the CPAG representative met with board representative, the member agency representative of the same city as well as with city staff to enhance communications. If there is no

citizen environmental or sustainability commission or committee within an SVCE member city, it would be good to form one

- The CPAG was initiated for the start-up phase of customer programs, so the next group would focus on a different role. There are other topics where SVCE would benefit from community input such as legislative/regulatory affairs or ways to increase customer engagement and participation in programs.

The group recessed for a brief lunch at 12:18 p.m.; the group reconvened at 12:25 p.m. with Members Homan, Muju, and Mecham absent.

Community Outreach Manager displayed a slide which listed current SVCE committees. The group was prompted to consider, "What can a group like CPAG offer?" Chair Evans provided context for the prompt by defining what "like CPAG" could mean with the following attributes:

- Unique in that community members serve as opposed to elected officials, staff, or advocates;
- Broad-based (diverse geographical/city-level representation);
- Members possess (or acquire) some domain expertise and institutional knowledge;
- Members are highly engaged and volunteers;
- Voice of customers and the community.

The group discussed what a future group like the CPAG could offer and identified the following points:

- Decarbonization, including an effort to implement electric vehicles and get off of fossil fuels, will take a group effort
- There has been an investment in this group in terms of knowledge of the issues, the programs and the organization and a link to the communities; it is a resource to the extent members would like to stay engaged
- Utilize the group to provide community input into topics of interest at the policy and staff level
- Utilize the group to drive community engagement in programs and other areas of interest for SVCE
- Group members can be leaders by participating in programs that are important to SVCE; for example, be informal ambassadors to the community as well as formal channels to SVCE; and
- A future CPAG could serve as a focus group only with much higher engagement than a random sample.

4) Acknowledgement of Customer Program Advisory Group Members (Discussion)

Vice Chair Martin-Milius requested all present to share their thoughts on what they found most rewarding about the CPAG process; CPAG members and staff went around the room and shared their experiences.

Communications Manager Leonard distributed plaques and bags to CPAG members; the group gathered for a photo.

Committee/Staff Remarks and Future Agenda Items

Chair Evans commented he would be meeting with Vice Chair Martin-Milius to synthesize thoughts for the SVCE Board of Directors on how a group like CPAG could continue and thanked everyone for their hard work and participation.

Adjourn

Chair Evans adjourned the meeting at 1:00 p.m.

Attachment

1. Photos from Customer Program Advisory Group brainstorm flip charts from Item 3) *Future Role of a Customer Program Advisory Group* Discussions

Attachment 1

Item 3) Future Role of a Customer Program Advisory Group (Discussion)

What met and did not meet individual expectations of the CPAG group:

MET / WORKED EXPECTATIONS	NOT MET
<ul style="list-style-type: none"> ▲ STAFF & CHAIR COMMUNICATED & ORGANIZED WELL - EXCEEDED ▲ ESTABLISHED CPAG - HAVE INPUT FROM COMMUNITY FOR SVCE PURPOSE ▲ FISHBONE USEFUL ▲ ADVISORY CAPACITY TO BE A GOOD SOUNDING BOARD ▲ FUNCTION OF US ACTING AS GROUP - EXPAND IDEAS ▲ NEW VOICES HEARD ALL LEARNED - RELEVANT 	<ul style="list-style-type: none"> ▲ WHAT DID YOU DO? NO TANGIBLE OUTPUT ▲ REPORTING BACK TO COMMUNITY ▲ HARD TO KNOW IF I WAS DOING JOB FOR COMMUNITY OUTREACH - NEED MORE SPECIFIC GUIDELINES

The following ideas were identified as what *worked well* for members in the group process:

WORKED WELL...

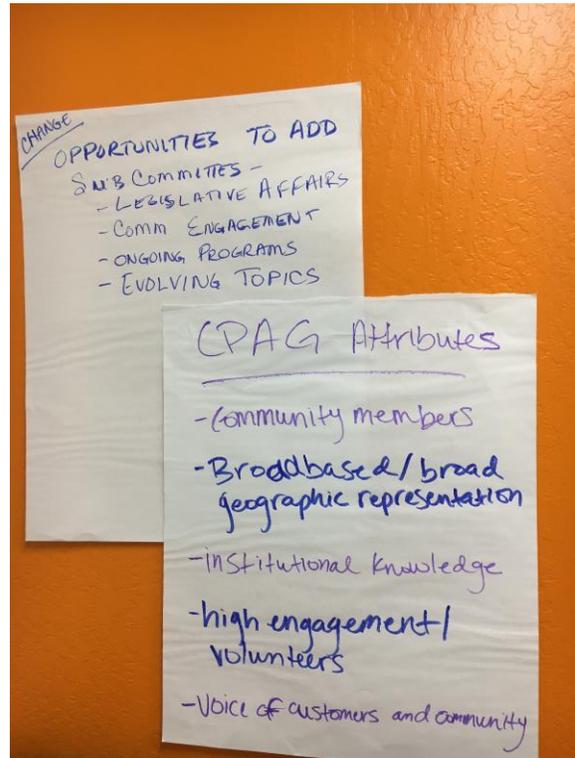
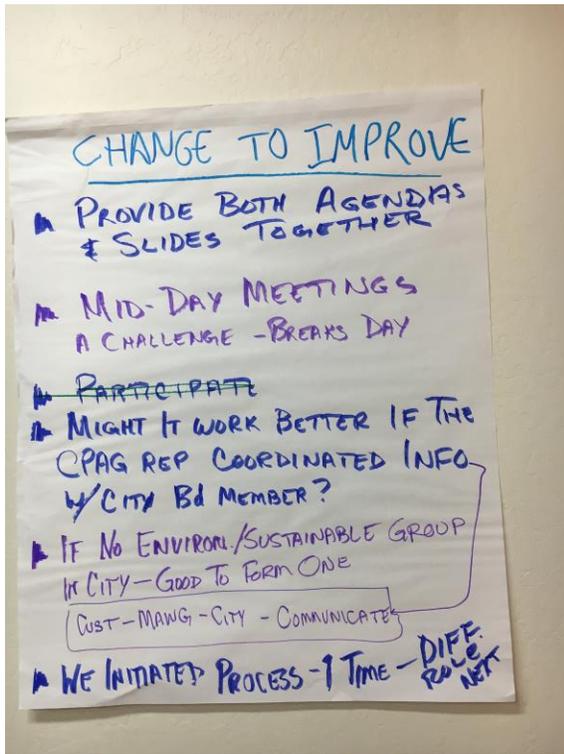
- ▲ SAT. WORKSHOP/ DUCK CURVE MADE GROUP EFFECTIVE & UNDERSTAND THE BACKGROUND FOR GROUP TO BE SUCCESSFUL
↳ DO THAT AGAIN @ BEGINNING
- ▲ MECHANICS OF GROUP DISCUSSIONS, BRAINSTORM ETC.
- ▲ PRACTICAL EXAMPLES SEE IT; EXPLAINED @ APTS. / HOME /
- ▲ STANDARD MEETING TIME / PLACE DAY

WELL

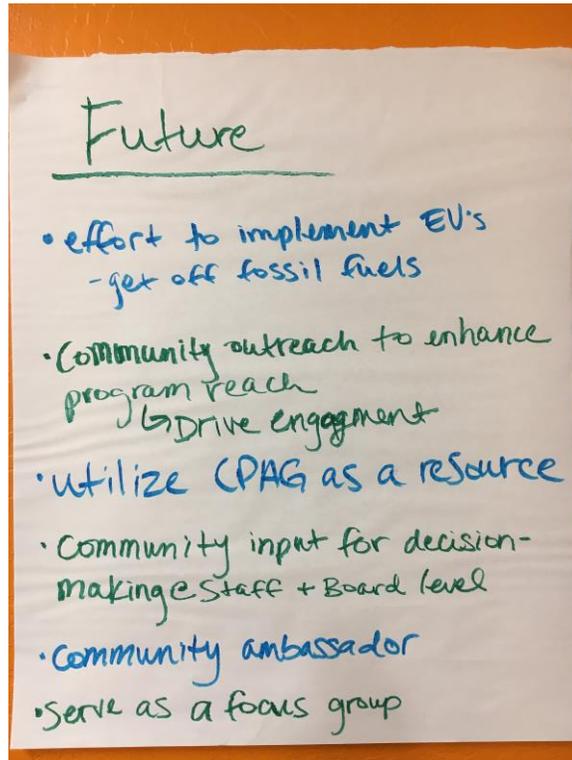
- ▲ AGENDAS DRIVE ACTIVITY IF QTR MTG. NEE SUBCOMMITTEE
- ▲ VALUE IN STRUCTURE - FOR TOPICS & FOR EFFECTIVE USE OF TIME FOR PARTICIPANTS
 - FREQUENCY
 - STANDING
 - SUB COMMITTEES - SPECIFIC TOPICS AD HOC -
- ▲ SCHED IS IMPORTANT
- ▲ GOOD TO BE FACE-TO-FACE RATHER THAN BY PHONE

Attachment 1

The following ideas were identified as *what could have worked better* for members in the group process:



The group discussed what a future group like the CPAG could offer and identified the following points:





Item 1c

To: Silicon Valley Clean Energy Board of Directors

From: Peter Evans, CPAG Chair

Item 1c: Customer Program Advisory Group Report

Date: 2/13/2019

REPORT

December Meeting

The twelfth Customer Program Advisory Group (CPAG) meeting was held on December 12, 2018 at the Sunnyvale Recreation Center.

The CPAG meeting agenda and summary report are listed below.

Consent Calendar

- 1) Approve Minutes of the November 14, 2018, Customer Program Advisory Group Meeting

Regular Calendar

- 2) Briefing from December 4, 2018 SVCE Executive Committee Meeting on Draft Programs Roadmap (Discussion)
- 3) Future Role of a Customer Program Advisory Group (Discussion)
- 4) Acknowledgement of Customer Program Advisory Group Members (Discussion)

The meeting opened with Director of Decarbonization and Grid Innovation Programs Aimee Bailey providing a verbal update on the feedback received from SVCE's Executive Committee members during a meeting on December 4th. Some of this feedback included consolidating the programs roadmap into a brief which would be easier to follow, outreach and communication to the public, and the forecasting analysis used. The group shared their appreciation for staff's work in developing the roadmap.

Following the discussion of the roadmap being presented to the Board, CPAG members engaged in a discussion on the future role of a Customer Program Advisory Group.

Members were first asked to consider what worked well and met individual expectations with the CPAG group versus what did not meet expectations.

The following ideas were identified *as meeting* expectations of CPAG members:

- Staff and the Chair/Vice Chair communicated and organized for meetings beforehand
- Fulfilling the reason why CPAG was established: to obtain more direct input from the community at a strategy formation stage
- The fishbone diagram used to illustrate the process of program development was useful

Agenda Item: 1c**Agenda Date: 2/13/2019**

- Use of the group as an advisory committee; proved to be a good, independent sounding board for SVCE staff ideas
- The open group forum allowed members to expand on each other's ideas and allowed new voices to be heard
- New voices in decision making, and members came up a learning curve as to the industry and SVCE's business due to their sustained participation (which would not be possible in randomly-selected customer feedback)

The following ideas were identified *as not meeting* expectations of CPAG members:

- Feeling as there is not yet a tangible end product; for example, when asked 'What did you do as a member of CPAG?', not having a definitive answer
- Not a strong sense of reporting back to the community and difficult to know if expectations for members' community outreach were being met; request for more specific recommendations on how members should interact with the communities they represented

The CPAG broke into discussion groups to address 1) what worked well for members in the group process, and 2) what could have worked better.

The following ideas were identified as what *worked well* for members in the group process:

- Hosting an initial Saturday workshop for members to learn about the energy duck curve and other energy related information helped members understand the background of the work being done and as a result made the group more effective
- The mechanics of the meetings – a mix of presentations and group discussions and brainstorming
- It has been helpful recently for members to receive both the agenda and presentation slides prior to the meeting to allow members to review and come to meetings prepared
- Practical, real-life examples of what people are doing to reduce GHG emissions made things informative
- Regular meeting schedules made it easier for members keep the time on their calendars
- The content and Agenda should drive the discussion, which could possibly lead to quarterly meetings, possibly with interspersed subcommittee meetings
- Value in structure for topics as well as needs of the group for effective use of members' time; address frequency of meetings, whether it would be a standing committee, or sub committees to discuss specific topics or meet as an ad hoc
- More beneficial to meet face-to-face rather than allow telecommuting to meetings; this turned out to be the right decision

The following ideas were identified as *what could have worked better* for members in the group process:

- Mid-day meetings posed a challenge; may prefer evening meetings
- Would be helpful if the CPAG representative met with board representative, the member agency representative of the same city as well as with city staff to enhance communications. If there is no citizen environmental or sustainability commission or committee within an SVCE member city, it would be good to form one
- The CPAG was initiated for the start-up phase of customer programs, so the next group would focus on a different role. There are other topics where SVCE would benefit from community input such as legislative/regulatory affairs or ways to increase customer engagement and participation in programs.

The group discussed what a future group like the CPAG could offer and identified the following points:

- Decarbonization, including an effort to implement electric vehicles and get off of fossil fuels, will take a group effort;
- There has been an investment in this group in terms of knowledge of the issues, the programs and the organization and a link to the communities; it is a resource to the extent members would like to stay engaged
- Utilize the group to provide community input into topics of interest at the policy and staff level
- Utilize the group to drive community engagement in programs and other areas of interest for SVCE.
- Group members can be leaders by participating in programs that are important to SVCE; for example, be informal ambassadors to the community as well as formal channels to SVCE; and

Agenda Item: 1c**Agenda Date: 2/13/2019**

- A future CPAG could serve as a focus group only with much higher engagement than a random sample.

What follows are what I consider key takeaways relating to a continued role for the CPAG:

1. The CPAG as constituted offers a unique *community member* perspective that is different than elected representatives on the board, SVCE staff and member agency staff, and advocates.
2. The CPAG is a resource now, with knowledge of SVCE, its business and challenges, and its programs. This is an investment that has been made.
3. Several factors contributed to the effectiveness of the CPAG, including
 - a. Broad representation from within SVCE
 - b. A durable (but limited) commitment by members, as opposed to a one-time gathering
 - c. Regular meetings that can be calendared well in advance, even if not monthly
 - d. Face-to-face open-forum meetings
 - e. The workshop for members on CCAs, SVCE, the Duck Curve and other energy-related topics, held early-on to provide background for the committee's workThese elements could be incorporated in other successor advisory committees.
4. The CPAG or a committee like it could help drive customer engagement in programs and provide guidance as the program portfolio is refined. It may also provide input on policy or regulatory topics.

These argue for a continuation of the CPAG with at least some of the members. At a minimum, SVCE should have a means to obtain knowledgeable community member input on key topics.



Staff Report – Item 1d

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1d: Approve Amendment to Financial Policy 6 – Purchasing Policy to Grant the CEO the Authority to Execute Agreements Not to Exceed \$500,000 in Response to Emergency Situations with the Prior Written Consent of Two Executive Committee Members

Date: 2/13/2019

RECOMMENDATION

Staff recommends the Board approve amendment to Financial Policy 6 – Purchasing Policy to grant the CEO authority to execute agreements up to \$500,000 in the event of an emergency situation with the prior written consent of two (2) Executive Committee members.

BACKGROUND

At the March 8, 2017 Board of Directors meeting, Financial Policy 6 – Purchasing Policy was adopted by the Board. The current policy requires the prior written consent of three (3) Executive Committee members to authorize the CEO to engage in agreements up to \$500,000 in response to an emergency situation.

At the time of the adoption of the policy, the Executive Committee consisted of six (6) members. At the August 2017 Board of Directors meeting, the number of Executive Committee members was lowered to five (5).

ANALYSIS & DISCUSSION

To assist staff to respond quickly in an emergency situation, it is recommended to amend the policy and lower the requirement to two Executive Committee members providing written consent to allow the CEO to engage in agreements up to \$500,000.

STRATEGIC PLAN

The recommendation supports the strategic plan.

ALTERNATIVE

Staff is open to suggestions from the Board regarding the recommendation.

FISCAL IMPACT

There is no fiscal impact to the agency with the adoption of the recommendation.

ATTACHMENTS

1. FP6 – Purchasing Policy (Amended)



FP6

Category: FINANCE

PURCHASING POLICY

1. Delegation to the Chief Executive Officer

The CEO shall have all necessary and proper authority to approve and execute:

- a. contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board;
- b. contracts with a not-to-exceed maximum dollar amount of less than or equal to \$100,000 per vendor for a given scope of work, per fiscal year;
- c. amendments or addenda to existing contracts, regardless of the existing contract's price or total amount, which improves the terms of the contract to SVCE's benefit without increasing the contract's non-to-exceed maximum dollar amount; and
- d. in the event of an emergency situation contracts with a not-to-exceed maximum dollar amount of:
 - i. \$150,000 in the aggregate; or
 - ii. \$500,000 in the aggregate with the prior written consent of ~~two~~^{three} (2~~3~~) Executive Committee members

In order to avert or alleviate damage to property, to protect the health, safety and welfare of the community and SVCE's employees, or to repair or restore damaged or destroyed property of SVCE.

An "emergency situation" for purposes hereof is a situation creating an imminent danger to life or property or other material financial loss that calls for immediate action with inadequate time for prior Board approval. The Chief Executive Officer shall within thirty (30) days of the emergency, deliver a report to the Board of Directors explaining the necessity for the action, a



FP6

Category: FINANCE

listing of expenditures made under these emergency powers and any recommended future actions.



Staff Report – Item 1e

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1e: Authorize CEO to Execute Grant Agreement with Bay Area Air Quality Management District for FutureFit Heat Pump Water Heater Initiative

Date: 2/13/2019

RECOMMENDATION

Authorize CEO to execute grant agreement with Bay Area Air Quality Management District (BAAQMD). The attached agreement contains provisions for receipt of \$325,000 in Air District Grant Funds for use with SVCE's FutureFit Heat Pump Water Heater initiative.

BACKGROUND

SVCE's Member Agency Working Group (MAWG) brought this grant opportunity to SVCE in January 2018. To review the grant requirements in context of member agencies' greenhouse gas (GHG) reduction goals, a sub-committee of the MAWG was formed to evaluate opportunities. The MAWG identified water heating fueled by natural gas as one of the highest GHG emitters. Further, the grant's requirement to deal with existing building stock mapped well with the challenge cities face in decarbonizing equipment within existing buildings. As such, the sub-committee recommended a grant proposal focused on replacing existing natural gas water heaters with carbon-free electricity using heat pump water heaters (HPWH).

The Board approved the allocation of up to \$500,000 of non-residential FY17-18 program funds to an electric heat pump water heater and electric service panel upgrade initiative titled "FutureFit", commensurate with receipt of up to \$500,000 in matching funds from the Bay Area Air Quality Management District (BAAQMD) Climate Protection Grant at the May 9, 2018 Board of Directors meeting.

ANALYSIS & DISCUSSION

Natural gas water heaters account for approximately 40% of GHG emissions from residential buildings accounting for an estimated 4.5% of GHG emissions in our service territory. Each gas-fired water heater contributes just under one metric ton of CO_{2e} emissions per year. Given SVCE's customer base, a reasonable estimate of the number natural gas fueled water heaters is around 200,000.

Electric heat pump water heaters are standard in many countries, with cost and efficiency levels very competitive with natural gas. Gas-fired water heaters remain standard, with over 200,000 installed in our service area alone. Natural gas has been supported at the California Building Code level which led to near ubiquitous utilization. Importantly, electric heat pump water heaters utilizing carbon free electricity produce no emissions. In addition, they can engage dynamically with the utility grid – using electricity when it is cleanest and least expensive. They serve as a thermal battery, storing heat produced from electricity during high supply hours and then relying upon that stored energy during high demand hours – highly compatible with demand response initiatives. Traditional electric resistance efficiency pales in comparison to HPWH and electric on-demand cannot engage so seamlessly with grid supply and constraint.

**Terms**

The attached contract covers the date of mutual execution through January 31, 2021, and the contract contains quarterly deliverables from SVCE to BAAQMD. BAAQMD provides \$141,750 reserved to provide cash incentives and \$183,250 for other program related expenses, totaling \$325,000.

For incentive payments, half of the incentive money will be paid within six months of execution of the contract. The other half will be paid once SVCE demonstrates the first tranche of incentive funding has been exhausted.

For other program related expenses, the BAAQMD will pay them in equal quarterly installments upon receipt and satisfactory review of agreed upon quarterly deliverables.

STRATEGIC PLAN

Residential electrification initiatives fit within SVCE's Strategic Plan section for Customer and Community

5.3: Develop and conduct SVCE programs that promote decarbonization via grid innovation and fuel switching to clean electricity and increased energy efficiency.

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.

FISCAL IMPACT

As the SVCE portion of the program has already been approved by the SVCE Board of Directors in December 2018 as part of the overall approved budget for Decarbonization programs, there is no additional fiscal impact beyond the already budgeted \$325,000.

ATTACHMENTS

1. Bay Area Air Quality Management District Grant Agreement

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

GRANT AGREEMENT

GRANT NO. 2018.291

1. PARTIES - The parties to this Agreement (“Agreement”) are the Bay Area Air Quality Management District (“DISTRICT”) whose address is 375 Beale Street, Suite 600, San Francisco, CA 94105, and the **Silicon Valley Clean Energy Authority** (“GRANTEE”) whose address is 333 W. El Camino Real, Ste 290, Sunnyvale, CA 94087.
2. RECITALS
 - A. DISTRICT is the local agency with primary responsibility for regulating stationary source air pollution in the Bay Area Air Quality Management District in the State of California. DISTRICT is authorized to enter into this Agreement under California Health and Safety Code Section 40701.
 - B. DISTRICT desires to award GRANTEE a grant for the activities described in Attachment A, Work Plan.
 - C. All parties to this Agreement have had the opportunity to have the Agreement reviewed by their attorney.
3. TERM - The term of this Agreement is from the date of execution by both PARTIES until January 31, 2021, unless further extended by amendment of this Agreement in writing, or terminated earlier.
4. TERMINATION
 - A. DISTRICT shall have the right to terminate this Agreement at its sole discretion at any time upon thirty (30) days written notice to GRANTEE. The notice of termination shall specify the effective date of termination, which shall be no less than thirty (30) calendar days from the date of delivery of the notice of termination, and shall be delivered in accordance with the provisions of section 10 below. Immediately upon receipt of the notice of termination, GRANTEE shall cease all activities under this Agreement, except such activities as are specified in the notice of termination. Within forty-five (45) days of receipt of written notice, GRANTEE is required to:
 - i) Submit a final written report describing all work performed by GRANTEE;
 - ii) Submit an accounting of all grant funds expended up to and including the date of termination; and,
 - iii) Reimburse DISTRICT for any unspent funds.
 - B. DISTRICT may terminate this Agreement and be relieved of any payments should GRANTEE fail to perform the requirements of this Agreement at the time and in the manner herein provided.
5. NO AGENCY RELATIONSHIP CREATED / INDEPENDENT CAPACITY - GRANTEE and the agents and employees of GRANTEE, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of DISTRICT, and nothing herein shall be construed to be inconsistent with that relationship or status. DISTRICT shall not have the right to direct or control the activities of GRANTEE in performing the services provided herein.
6. CONTRACTORS / SUBCONTRACTORS / SUBGRANTEES
 - A. GRANTEE will be entitled to make use of its own staff and such contractors, subcontractors, and subgrantees.

- B. Nothing contained in this Agreement or otherwise, shall create any contractual relation between DISTRICT and any contractors, subcontractors, or subgrantees of GRANTEE, and no agreement with contractors, subcontractors, or subgrantees shall relieve GRANTEE of its responsibilities and obligations hereunder. GRANTEE agrees to be as fully responsible to DISTRICT for the acts and omissions of its contractors, subcontractors, and subgrantees and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by GRANTEE. GRANTEE's obligation to pay its contractors, subcontractors, and subgrantees is an independent obligation from DISTRICT's obligation to make payments to GRANTEE. As a result, DISTRICT shall have no obligation to pay or to enforce the payment of any moneys to any contractor, subcontractor, or subgrantee.
7. INDEMNIFICATION - GRANTEE agrees to indemnify, defend, and hold harmless DISTRICT, its officers, employees, agents, representatives, and successors-in-interest against any and all liability, demands, claims, costs, losses, damages, recoveries, settlements, and expenses (including reasonable attorney fees) that DISTRICT, its officers, employees, agents, representatives, and successors-in-interest may incur or be required to pay arising from the death or injury of any person or persons (including employees of GRANTEE), or from destruction of or damage to any property or properties, caused by or connected with the performance of this Agreement by GRANTEE, its employees, subcontractors, subgrantees, or agents.
8. PAYMENT
- A. DISTRICT agrees to award GRANTEE a grant of \$325,000 for the activities described in Attachment A, Work Plan. Of this grant, \$141,750 are reserved to provide cash incentives as described in Phase 3 of Attachment A, Work Plan, and \$183,250 are reserved for all other work described in Attachment A, Work Plan. This grant shall be payable in the following manner:
- i) Grant for non-incentive work shall be payable as follows:
 - a) Seven (7) quarterly payments of \$22,906.25 each, payable upon DISTRICT'S receipt and approval of GRANTEE'S quarterly progress report and invoice; and
 - b) One (1) final payment of \$22,906.25 upon completion of all tasks identified in Attachment A, Work Plan, payable upon DISTRICT's receipt of approval of GRANTEE's invoice and GRANTEE's final report.
 - ii) Grant for incentives shall be payable in two (2) installments, as follows:
 - a) \$70,875, within six (6) months following the execution of this Agreement; and
 - b) \$70,875 after DISTRICT's receipt of tracking sheet showing that the first installment of \$70,875 of incentives have been distributed.
- B. GRANTEE shall carry out the work described on the Work Plan, and shall obtain DISTRICT's written approval of any changes or modifications to the Work Plan prior to performing or incurring costs for the changed work. If GRANTEE fails to obtain such prior written approval, DISTRICT, at its sole discretion, may refuse to provide funds to pay for such work or costs.
- C. Payment will be made only to GRANTEE.
- D. GRANTEE agrees to return any grant funds received for incentives that it does not use to provide incentives.
9. AUTHORIZED REPRESENTATIVE - GRANTEE shall continuously maintain a representative vested with signature authority authorized to work with DISTRICT on all grant-related issues. GRANTEE shall, at all times, keep DISTRICT informed as to the identity of the authorized representative.

10. NOTICES - All notices that are required under this Agreement shall be provided in the manner set forth herein, unless specified otherwise. Notice to a party shall be delivered to the attention of the person listed below, or to such other person or persons as may hereafter be designated by that party in writing. Notice shall be in writing sent by e-mail, facsimile, or regular first class mail. In the case of e-mail and facsimile communications, valid notice shall be deemed to have been delivered upon sending, provided the sender obtained an electronic confirmation of delivery. E-mail and facsimile communications shall be deemed to have been received on the date of such transmission, provided such date was a business day and delivered prior to 4:00 p.m. Pacific Time. Otherwise, receipt of e-mail and facsimile communications shall be deemed to have occurred on the following business day. In the case of regular mail notice, notice shall be deemed to have been delivered on the mailing date and received five (5) business days after the date of mailing.

DISTRICT: Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105
Attn: Axum Teferra

GRANTEE: Silicon Valley Clean Energy Authority
333 W. El Camino Real, Ste 290
Sunnyvale, CA 94087
Attn: John Supp

11. ADDITIONAL PROVISIONS - All attachment(s) to this Agreement are expressly incorporated herein by this reference and made a part hereof as though fully set forth.
12. ACKNOWLEDGEMENTS - GRANTEE shall acknowledge DISTRICT support each time the activities funded, in whole or in part, by this Agreement are publicized in any news media, brochures, or other type of promotional material. The acknowledgement of DISTRICT support must state "Funded in part by a Grant from the Bay Area Air Quality Management District." Initials or abbreviations for DISTRICT shall not be used.
13. FINANCIAL MANAGEMENT SYSTEM
- A. GRANTEE shall be responsible for maintaining an adequate financial management system and will immediately notify DISTRICT when GRANTEE cannot comply with the requirements in this section.
- B. GRANTEE's financial management system shall provide for:
- i) Financial reporting: accurate, current, and complete disclosure of the financial results of each grant in conformity with generally accepted principles of accounting, and reporting in a format that is in accordance with the financial reporting requirements of the grant.
 - ii) Accounting records: records that adequately identify the source and application of funds for DISTRICT-supported activities. These records must contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures and income.
 - iii) Internal control: effective internal and accounting controls over all funds, property and other assets. GRANTEE shall adequately safeguard all such assets and assure that they are used solely for authorized purposes.
 - iv) Budget control: comparison of actual expenditures or outlays with budgeted amounts for each grant.

- v) Allowable cost: procedures for determining reasonableness, allowability, and allocability of costs generally consistent with the provisions of federal and state requirements.
 - vi) Source documentation: accounting records that are supported by source documentation.
 - vii) Cash management: procedures to minimize the time elapsing between the advance of funds from DISTRICT and the disbursement by GRANTEE, whenever funds are advanced by DISTRICT.
- C. DISTRICT may review the adequacy of the financial management system of GRANTEE at any time subsequent to the award of the grant. If DISTRICT determines that GRANTEE's accounting system does not meet the standards described in paragraph B above, additional information to monitor the grant may be required by DISTRICT upon written notice to GRANTEE, until such time as the system meets with DISTRICT approval.
14. AUDIT / RECORDS ACCESS - GRANTEE agrees that DISTRICT shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. GRANTEE agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated, or until completion of any action and resolution of all issues which may arise as a result of any litigation, dispute, or audit, whichever is later. GRANTEE agrees to allow the designated representative(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, GRANTEE agrees to include a similar right of DISTRICT to audit records and interview staff in any contract, subcontract, or subgrant related to performance of this Agreement.
15. FORFEIT OF GRANT FUNDS / REPAYMENT OF FUNDS IMPROPERLY EXPENDED - If grant funds are not expended, or have not been expended, in accordance with this Agreement, or if real or personal property acquired with grant funds is not being used, or has not been used, for grant purposes in accordance with this Agreement, DISTRICT, at its sole discretion, may take appropriate action under this Agreement, at law or in equity, including requiring GRANTEE to forfeit the unexpended portion of the grant funds and/or to repay to DISTRICT any funds improperly expended.
16. COMPLIANCE - GRANTEE shall comply fully with all applicable federal, state, and local laws, ordinances, regulations, and permits. GRANTEE shall provide evidence, upon request, that all local, state, and/or federal permits, licenses, registrations, and approvals have been secured for the purposes for which grant funds are to be expended. GRANTEE shall maintain compliance with such requirements throughout the grant period. GRANTEE shall ensure that the requirements of the California Environmental Quality Act are met for any approvals or other requirements necessary to carry out the terms of this Agreement. Any deviation from the requirements of this section shall result in non-payment of grant funds.
17. CONFIDENTIALITY – In order to carry out the purposes of this Agreement, GRANTEE may require access to certain of DISTRICT's confidential information (including trade secrets, inventions, confidential know-how, confidential business information, and other information that DISTRICT considers confidential) (collectively, "Confidential Information"). It is expressly understood and agreed that DISTRICT may designate in a conspicuous manner Confidential Information that GRANTEE obtains from DISTRICT, and GRANTEE agrees to:
- A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any other person or entity in any manner whatsoever, except that such disclosure or access shall be permitted to

employees of GRANTEE requiring access in fulfillment of the services provided under this Agreement.

- B. Ensure that GRANTEE's officers, employees, agents, representatives, subgrantees, and independent contractors are informed of the confidential nature of such information and to assure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this section.
- C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Agreement.
- D. Notify DISTRICT promptly and in writing of the circumstances surrounding any possession, use, or knowledge of such information or any part thereof by any person or entity other than those authorized by this section. Take at GRANTEE's expense, but at DISTRICT's option and in any event under DISTRICT's control, any legal action necessary to prevent unauthorized use of such information by any third party or entity which has gained access to such information at least in part due to the fault of GRANTEE.
- E. Take any and all other actions necessary or desirable to assure such continued confidentiality and protection of such information during the term of this Agreement and following expiration or termination of the Agreement.
- F. Prevent access to such materials by a person or entity not authorized under this Agreement.
- G. Establish specific procedures in order to fulfill the obligations of this section.

18. INTELLECTUAL PROPERTY RIGHTS - Title and full ownership rights to all intellectual property developed under this Agreement shall at all times remain with DISTRICT, unless otherwise agreed to in writing. GRANTEE is granted a limited, non-exclusive license to use intellectual property created under this contract. GRANTEE may trademark project elements or work products that pre-exist this grant.

19. PUBLICATION

- A. DISTRICT shall approve in writing any report or other document prepared by GRANTEE in connection with performance under this Agreement prior to dissemination or publication of such report or document to a third party. DISTRICT may waive in writing its requirement for prior approval.
- B. Until approved by DISTRICT, any report or other document prepared by GRANTEE shall include on each page a conspicuous header, footer, or watermark stating "DRAFT – Not Reviewed or Approved by BAAQMD," unless DISTRICT has waived its requirement for prior approval pursuant to paragraph A of this section.
- C. Information, data, documents, or reports developed by GRANTEE for DISTRICT, pursuant to this Agreement, shall be part of DISTRICT's public record, unless otherwise indicated. GRANTEE may use or publish, at its own expense, such information, provided DISTRICT approves use of such information in advance. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Agreement.

"This report was prepared as a result of work sponsored, paid for, in whole or in part, by the Bay Area Air Quality Management District (District). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of the District. The District, its officers, employees, contractors, and subcontractors make no

warranty, expressed or implied, and assume no legal liability for the information in this report.”

- D. GRANTEE shall inform its officers, employees, subgrantees, and subcontractors involved in the performance of this Agreement of the restrictions contained herein and shall require compliance with the above.
20. PROPERTY AND SECURITY - Without limiting GRANTEE’s obligations with regard to security, GRANTEE shall comply with all the rules and regulations established by DISTRICT for access to and activity in and around DISTRICT’s premises.
21. ASSIGNMENT - No party shall assign, sell, license, or otherwise transfer any rights or obligations under this Agreement to a third party without the prior written consent of the other party, and any attempt to do so shall be void upon inception.
22. WAIVER - No waiver of a breach, of failure of any condition, or of any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies. Further, the failure of a party to enforce performance by the other party of any term, covenant, or condition of this Agreement, and the failure of a party to exercise any rights or remedies hereunder, shall not be deemed a waiver or relinquishment by that party to enforce future performance of any such terms, covenants, or conditions, or to exercise any future rights or remedies.
23. FORCE MAJEURE - Neither DISTRICT nor GRANTEE shall be liable for or deemed to be in default for any delay or failure in performance under this Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, judicial orders, governmental controls, regulations or restrictions, inability to obtain labor or materials or reasonable substitutes for labor or materials necessary for performance of the services, or other causes, except financial, that are beyond the reasonable control of DISTRICT or GRANTEE, for a period of time equal to the period of such force majeure event, provided that the party failing to perform notifies the other party within fifteen calendar days of discovery of the force majeure event, and provided further that that party takes all reasonable action to mitigate the damages resulting from the failure to perform. Notwithstanding the above, if the cause of the force majeure event is due to party’s own action or inaction, then such cause shall not excuse that party from performance under this Agreement.
24. SEVERABILITY - If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them will not be affected.
25. HEADINGS - Headings on the sections and paragraphs of this Agreement are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.
26. COUNTERPARTS/FACSIMILES/SCANS – This Contract may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of

which together shall constitute the same contract. The parties may rely upon a facsimile copy or scanned copy of any party's signature as an original for all purposes.

27. GOVERNING LAW - Any dispute that arises under or relates to this Agreement shall be governed by California law, excluding any laws that direct the application to another jurisdiction's laws. Venue for resolution of any dispute that arises under or relates to this Agreement, including mediation, shall be San Francisco, California.

28. ENTIRE AGREEMENT AND MODIFICATION - This Agreement represents the final, complete, and exclusive statement of the agreement between the parties and supersedes all prior and contemporaneous understandings and agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying upon, any representation or warranty outside those expressly set forth herein. This Agreement may only be amended by mutual agreement of the parties in writing and signed by both parties.

29. SURVIVAL OF TERMS - The provisions of sections 7 (Indemnification), 14 (Audit / Records Access), 15 (Forfeit of Grant Funds / Repayment of Funds Improperly Expended), 17 (Confidentiality), 18 (Intellectual Property Rights), and 19 (Publication) shall survive the expiration or termination of this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be duly executed on their behalf by their authorized representatives.

BAY AREA AIR QUALITY

SILICON VALLEY CLEAN ENERGY AUTHORITY

By: _____
Jack P. Broadbent
Executive Officer/APCO

By: _____
Girish Balachandran
CEO

Date: _____

Date: _____

Approved as to form:
District Counsel

By: _____
Brian C. Bunger
District Counsel

ATTACHMENT A

WORK PLAN

GRANTEE shall perform all of the following work:

GRANTEE's 'FutureFit Home' initiative will focus on incentivizing the replacement of 100 natural gas-fired water heaters with electric heat-pump water-heaters (HPWH), including upgrades where necessary to the home's electric service panel. GRANTEE will also focus on driving the HPWH market by creating a regionally consistent HPWH incentive-level across jurisdictions; training building inspectors on HPWH technologies and permitting; and educating consumers about the health, environmental and financial benefits of HPWH technology.

Phase I: Awareness Building and Training

Task 1.1: Develop a consumer guide

GRANTEE will develop a consumer guide to promote the advantages of HPWHs and will provide content on its website, newsletter, on-bill messaging, as well as in at least 4 community meetings held across GRANTEE's territory. The materials will contain information on the benefits of home electrification and HPWH technologies, costs, expected savings, incentives, safety and installation options. The community meetings will educate residents on HPWHs and home electrification, and connect them to incentives and related installation opportunities. The target residential audience will be climate champions and homeowners with planned retrofits.

Deliverables:

1. Consumer/Buyer Guide
2. Materials on website, newsletter
3. For each community meeting: meeting materials, agendas, and meeting dates

Task 1.2: Lead outreach to different customer groups

GRANTEE will hold one-on-one meetings with general contractors, multifamily development operators, solar bulk-buy administrators and solar contractors to build awareness of HPWHs and to gauge and catalog each company's interest and capabilities in promoting HPWHs. The meetings will educate these groups on the benefits of HPWHs and overall electrification, available incentives for their customers, and opportunities for tapping into this new HPWH market. GRANTEE will also lead outreach to stakeholders and host a minimum of 6 HPWH educational meetings – two each for the respective general contractor, multifamily operator, and solar contractor communities.

Deliverables:

1. List of general contractors, multifamily development operators, solar bulk-buy administrators and solar contractors engaged
2. Letter of Intent with a solar bulk-buy administrator to include heat pump technology in their future bulk purchasing activities, if any
3. For all meetings: dates, agendas, meeting materials, attendee lists and summary of any resulting follow-up activities

Task 1.3: Train Building Inspectors

GRANTEE will collaborate with its member cities to adopt improvements to permitting processes and increase HPWH knowledge at the building inspector-level by hosting 3 trainings (north county, central, south county) for building inspectors and permitting staff. GRANTEE will educate staff on HPWH technologies and guide the streamlining of inspection and permitting of these systems at the trainings and with educational materials. GRANTEE will also produce a condensed Consumer Guide highlighting the incentive program for placement at building permit departments. GRANTEE will coordinate with existing municipal- or state-led convenings of contractors to dovetail trainings.

Deliverables:

1. Condensed Consumer Guide
2. For each training: training materials, agendas, list of participants, and training dates

Phase 2: Supply Chain

Task 2.1: Coordinate with other Bay Area HPWH programs

GRANTEE will engage City of Palo Alto Utilities, Silicon Valley Power, and the City of San Jose on their plans for HPWH adoption. To the extent possible, establish a regional incentive level for switching to HPWHs, in order to provide consistency to the market. Factors taken into consideration for setting a regional incentive level include the importance of electric service panel upgrades within that incentive, and estimated installation costs for simple and more complex installations, and residential electrical rates. GRANTEE anticipates 1 in-person meeting with all aforementioned stakeholders, along with follow-up calls and emails.

Deliverables:

1. HPWH incentive rates for aforementioned stakeholders, and summary of coordination efforts
2. For each meeting: meeting materials, agendas, list of participants, and meeting dates
3. Region-wide support matrix showing stakeholders' various incentive programs and levels

Phase 3: Incentive and Market Transformation

Task 3.1: Design and launch incentive program

GRANTEE will engage installation contractors and building departments to establish an incentive application process for residents. The incentive program will provide 100 HPWHs with a 200A service panel upgrade and necessary interior electrical work for the same price as a natural gas water heater replacement, with 10% of the incentives budget going to CARE (as defined by the Air District: <http://www.baaqmd.gov/plans-and-climate/community-air-risk-evaluation-care-program>) or Family Electric Rate Assistance Program (FERA) customers. Criteria used in the application process will include: a) customer's electric rate (preference given to those on an all-electric, time-of-use, or electric vehicle rates), b) any of customer's existing solar PV or battery storage, and c) project's financial savings for customer. CARE and FERA customers will be assessed on cost-savings potential. GRANTEE will host multiple meetings with general contractors about the application and installation requirements, and with building departments about required documentation, permits, and inspections.

Deliverables:

1. Summary of program approach and design, and selected incentive rate structure

2. Incentive outreach and installation data (e.g., participation rates, installation address, installation cost, equipment replaced, equipment installed, incentive amount, CARE/FERA installations, estimated energy and GHG savings, etc.)
3. Customer pipeline-- # of interested building owners, # applied for incentives, # of HPWHs installed

Task 3.2: Collect data from installations

GRANTEE will work with contractors to identify key installation aspects impacting costs, including existence of 220v service, proper ventilation, etc. and record those aspects within a public data set. GRANTEE will also issue an RFP to procure the services of a subcontractor to be a 3rd party Evaluation, Measurement and Verification (EM&V) partner to learn impacts of the initiative, including data gathering on energy usage changes.

Deliverables:

1. RFP and executed contract
2. Installation cost data set
3. 3rd party EM&V report to measure performance

Phase 4: Monitor Outcome and Results

Task 4.1: Monitor project outcome and results by metrics

GRANTEE will monitor progress and track results in terms of:

- Number of stakeholders engaged (customers, contractors, inspectors, etc.)
- Number of hosted trainings
- Number and size of incentives distributed
- Estimated aggregate reductions in energy-use and GHG-emissions based on program implementation

Deliverables:

1. Detailed results included in the project final report (see below)

Task 4.2. Finalize accounting

No later than September 15, 2020, GRANTEE shall provide DISTRICT with a final version of the tracking sheet referenced under Section 8.A.ii of the Agreement showing the total amount of rebates issued under the Program using DISTRICT grant funds as of August 31, 2020. GRANTEE shall reimburse to DISTRICT any grant funds that GRANTEE has received from DISTRICT but has not used for incentives by September 15, 2020.

Progress Reports

Beginning thirty (30) calendar days after execution of the contract, every April 15, July 15, October 15 and January 15 until the end of the Term, GRANTEE shall provide quarterly progress reports describing GRANTEE's progress toward completion of the work outlined above. Quarterly progress reports shall be prepared on the District's Quarterly Report form (provided separately).

Final Report

Within thirty (30) calendar days of completion of project, GRANTEE shall submit a Final Report. The Final Report, to be prepared on the District’s Final Report form (provided separately), should report on the outcomes of the project and learned lessons.

Grant Payments

Grant payments will be made in installments in accordance with Section 8, Payment, and with the reporting and payment schedule for non-incentive grant funds set forth below. **Total payments under this Agreement shall not exceed \$325,000.**

Reporting and Grant Payment Schedule for Non-Incentive Grant Funds

Payments of non-incentive grant funds shall be contingent upon DISTRICT’s approval of GRANTEE’s quarterly progress reports and final report. DISTRICT approval will take into consideration adequate progress in implementing program tasks to meet the milestones set forth below. DISTRICT shall pay GRANTEE its grant payments upon receipt and approval of GRANTEE’s quarterly progress reports and final report demonstrating that the applicable project milestones have been met as provided in Section 8 of this Agreement.

Milestone	Required progress on project	Completion Date	Report	Payment
1	Task 1.1 – initiated Task 1.2 – initiated Task 1.3 – initiated Task 2.1 – initiated	3/31/19	QPR #1 (4/15/19)	\$22,906.25
2	Task 1.1 – completed Task 1.2 – completed Task 1.3 – completed Task 2.1 – completed Task 4.1 – initiated	6/30/19	QPR #2 (7/15/19)	\$22,906.25
3	Task 3.1 – initiated Task 4.1 – on-going	9/30/19	QPR #3 (10/15/19)	\$22,906.25
4	Task 3.1 – on-going Task 4.1 – on-going	12/31/19	QPR #4 (1/15/20)	\$22,906.25
5	Task 3.1 – on-going Task 4.1 – on-going	3/31/20	QPR #5 (4/15/20)	\$22,906.25
6	Task 3.1 – on-going Task 3.2 – initiated Task 4.1 – on-going	6/30/20	QPR #6 (7/14/20)	\$22,906.25

7	Task 3.1 – completed Task 3.2 – on-going Task 4.1 – on-going Task 4.2 – initiated	9/30/20	QPR #7 (10/15/20)	\$22,906.25
8 (Final)	Task 3.2 – completed Task 4.1 – completed Task 4.2 – completed	12/31/20	Final Report (1/31/21)	\$22,906.25



Staff Report – Item 1f

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1f: Approve 2019 Updates to Exhibit C, Annual Energy Use, and Exhibit D, Voting Shares, of the SVCE Joint Powers Agreement

Date: 2/13/2019

RECOMMENDATION

Approve update to Exhibits C & D in Silicon Valley Clean Energy's (SVCE) Joint Powers Agreement (JPA) to reflect the member agencies' energy demand and voting rights.

BACKGROUND

As referenced in Section 4.9.2 *Voting Shares Vote* of SVCE's JPA, immediately following an affirmative percentage vote by the Board of Directors, two Directors may request a vote of the voting shares be held. A voting shares vote requires that the sum of all corresponding voting shares of Directors voting in the affirmative exceed a 50 percent majority. Voting shares are determined by the formula outlined in Section 4.9.3 *Voting Shares Formula*.

The Annual Energy Use (Exhibit C) and Voting Shares (Exhibit D) for each of SVCE's 13 jurisdictions should be adjusted in SVCE's JPA annually.

ANALYSIS & DISCUSSION

The Voting Shares Formula outlined in Section 4.9.3 specifies that for the first two years following the Effective Date (March 31, 2016) voting shares are based on annual electricity usage within the Party's respective jurisdiction. Electricity usage combines quantities of electricity served to customers by SVCE, and by PG&E. Direct Access load is not included in this calculation. For annual Voting Shares calculations after the first two years, Section 4.9.3 specifies that the calculation be based on electric load served by the Authority only.

Milpitas customers were enrolled with SVCE in June 2018, shortly after the two-year anniversary of the Effective Date. Given a partial year of Milpitas enrollment in 2018, and to reasonably reflect each jurisdiction's share of SVCE's total load for 2019, SVCE and PG&E voting shares were again determined by the process used for the years 2016 – 2018. This combines actual load served in 2018 by Silicon Valley Clean Energy, and load served by PG&E for each jurisdiction, divided by the total across all jurisdictions. Attached are updated Exhibits reflecting application of this method to 2018 electricity use data provided by PG&E.

For voting share calculations in 2020, the calculation process will revert to use of SVCE-only electric load, as originally outlined in the Joint Powers Agreement. The next annual adjustment shall occur as soon as reasonably practicable after January 1, 2020 but no later than March 1, 2020, subject to Board approval.

ATTACHMENTS

1. Update to Exhibit C, Annual Energy Use
2. Update to Exhibit D, Voting Shares

EXHIBIT C
ANNUAL ENERGY USE

This Exhibit C is effective as of February 13, 2019.

Party	kWh (2018*)
Campbell	200,193,265
Cupertino	221,844,705
Gilroy	277,211,685
Los Altos	128,201,685
Los Altos Hills	43,653,627
Los Gatos	187,635,067
Milpitas	630,702,408
Monte Sereno	15,526,682
Morgan Hill	212,564,274
Mountain View	573,730,908
Santa Clara County (Unincorporated)	370,628,124
Saratoga	118,189,410
Sunnyvale	1,221,635,577
Total	4,201,717,417

*Data provided by PG&E

EXHIBIT D

VOTING SHARES

This Exhibit D is effective as of February 13, 2019.

Party	kWh (2018*)	Voting Share Section 4.9.2
Campbell	200,193,265	4.7%
Cupertino	221,844,705	5.3%
Gilroy	277,211,685	6.6%
Los Altos	128,201,685	3.1%
Los Altos Hills	43,653,627	1.0%
Los Gatos	187,635,067	4.5%
Milpitas	630,702,408	15.0%
Monte Sereno	15,526,682	0.4%
Morgan Hill	212,564,274	5.1%
Mountain View	573,730,908	13.6%
Santa Clara County (Unincorporated)	370,628,124	8.8%
Saratoga	118,189,410	2.8%
Sunnyvale	1,221,635,577	29.1%
Total	4,201,717,417	100.0%

*Data provided by PG&E



Staff Report – Item 1g

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1g: Approve the Cancellation of the July 10, 2019 Board of Directors Meeting, and Move the August Board of Directors Meeting to August 21, 2019

Date: 2/13/2019

RECOMMENDATION

Staff recommends that the Board approve the cancellation of the regularly scheduled July 10, 2019 Board of Directors Meeting, and move the regularly scheduled August meeting to August 21, 2019.

BACKGROUND

In 2018, the Board approved a one-month hiatus for the month of August as a result of Directors expressing interest for a break during the summer months. Based on feedback from taking a one-month Board meeting hiatus last year, staff would like to propose cancelling the July 10, 2019 Board of Directors meeting and moving the August Board of Directors meeting to August 21, 2019.

ANALYSIS & DISCUSSION

Staff has reviewed projections for summer workload and identified that taking a one-month recess from the Board of Directors meeting in July will not affect operations. Staff is aware that if the need for Board action arises in July or early August, a special meeting of the Board will be called.

STRATEGIC PLAN

Not applicable.

ALTERNATIVES

The Board may select alternative Board meeting dates if the proposed July hiatus and August 21st reschedule is not ideal for members; the Board could also choose not to cancel or reschedule any of the regularly scheduled Board meetings.

FISCAL IMPACT

None.



Staff Report – Item 1h

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1h: Approve Amendment to Credit Agreement and Other Related Documents with River City Bank to Increase the Line of Credit to \$35 million, and Adopt Resolution Certifying Representatives on River City Loans

Date: 2/13/2019

RECOMMENDATION

Staff recommends that the Board authorize the CEO to amend the Credit Agreement and other related documents with River City Bank to provide up to a \$35 million Revolving Line of Credit (RLOC), substantive in the form attached, and approve Resolution 2019-01 Certifying Representatives on River City Loans.

FINANCE AND ADMINISTRATION COMMITTEE RECOMMENDATION

At the January 25, 2019 Finance and Administration Committee, the Committee agreed to recommend the Board approve the increase to the existing line of credit. The Committee also directed staff to consider long-term options in the agency's liquidity portfolio.

BACKGROUND

At the September 12, 2018 Board of Directors meeting, the Board approved the current \$20 million RLOC with River City Bank with a one-year duration.

ANALYSIS & DISCUSSION

With the recent Pacific Gas & Electric (PG&E) bankruptcy announcement, having access to external liquidity to supplement SVCE's balance sheet will provide time for SVCE to react with its locally controlled rate setting and to implement other mitigation strategies. The increased line of credit will be advantageous for future negotiations of power supply and may help avoid SVCE having to post collateral to suppliers that are not agreeable to the lockbox credit structure due to the PG&E bankruptcy.

Although the PG&E bankruptcy is not expected to impact customer reserves, the increased line of credit combined with SVCE's current cash position provides approximately 180 expense coverage days which allows SVCE to prepare and respond to risks not yet known.

Highlights of the amendment include:

- No change in duration. The credit agreement expires in October 2019.
- No change in interest rate assumptions for draws against the line of credit.
- Debt service reserve requirements were increased by \$1.5 million.
- SVCE is required to maintain Unrestricted Tangible Net Assets (Equity) not less than \$75.0 million. As of November 2018, SVCE has \$87.2 million of Unrestricted Tangible Net Assets.
- PG&E Documentation – River City Bank requires assurance (a) PG&E will continue to perform its obligations as SVCE's billing agent to pass-through revenues to SVCE, (b) SVCE revenues are not used by PG&E as collateral in order to obtain debtor-in-possession (DIP) financing.

STRATEGIC PLAN

The recommendation supports the financial and power supply goals of the strategic plan.

ALTERNATIVES

Staff did solicit other financial institutions. Another bank presented an offer but was not cost competitive compared to the recommendation.

FISCAL IMPACT

Fees due upon closing of \$30,105.00 include:

- Loan Amendment Fee: \$28,125.00
- Legal Fees: \$1,980.00

SVCE is also required to increase the balance in the debt service reserve account from \$2.0 million to \$3.5 million.

ATTACHMENTS

1. Amended line of credit agreement with River City Bank
2. Resolution 2019-01 Certifying Representatives from SVCE on River City Bank Loans.

**AMENDMENT TO
CREDIT AGREEMENT**

Dated as of February 13, 2019

by and between

**SILICON VALLEY CLEAN ENERGY AUTHORITY,
as Borrower**

and

**RIVER CITY BANK,
as Lender**

This Amendment to Credit Agreement (this “Amendment”) is entered into as of **February 13, 2019**, by and between **SILICON VALLEY CLEAN ENERGY AUTHORITY**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (“Borrower”), and **RIVER CITY BANK**, a California corporation (“Lender”).

1. Background and Purpose.

1.1 Lender and Borrower have entered into a revolving credit facility as set forth in a Credit Agreement dated as of October 22, 2018 (the “Credit Agreement”) for a revolving line of credit and the issuance of Letters of Credit. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

1.2 Borrower has requested an increase in the Revolving Credit Commitment;

1.3 Lender is willing to grant such request, on the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the mutual benefits of the parties hereto and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

2. Amendment of Credit Agreement. The Credit Agreement is hereby amended as follows:

2.1 Section 4.1(b)(iii). Section 4.1(b)(iii) of the Credit Agreement is hereby amended to read in full as follows:

“(iii) The expiry date of the requested Letter of Credit, after giving effect to any auto-renewal feature, would occur more than seven (7) years after the date of issuance; provided, however, that this condition shall not apply (1) if the Letter of Credit is secured by cash collateral, or (2) Lender’s Chief Executive Officer or Chief Credit Officer approves a waiver of this condition in writing.”

2.2 Section 6.1. Section 6.1 of the Credit Agreement is hereby amended to provide that the minimum balance in the Debt Service Reserve Account shall be increased from \$2,000,000.00 to \$3,500,000.00 (i.e., 10% of the maximum Revolving Credit Commitment).

2.3 Section 6.2. Section 6.2 of the Credit Agreement is hereby amended to replace “\$2,000,000.00” with “\$3,500,000.00” in (1).

2.4 Section 9.6. Section 9.6 of the Credit Agreement is hereby amended to read in full as follows:

“Borrower to maintain minimum Unrestricted Tangible Net Assets not at any time less than Seventy-Five Million and 00/100 Dollars (\$75,000,000), measured monthly as of each Fiscal Year End.

“Unrestricted Tangible Net Assets” is defined as total assets less temporarily and permanently restricted assets, less any intangible assets, less total liabilities.”

2.5 Definition of Revolving Credit Commitment. The definition of “Revolving Credit Commitment” is hereby amended to read in full as follows:

“Revolving Credit Commitment” means, at any time of determination, an amount equal to \$35,000,000.00 less the aggregate principal amount of Advances made by Lender under the Revolving Credit.”

2.6 Additional Covenant. The following Section 9.19 is hereby added to the Credit Agreement:

Section 9.19. PG&E Documentation. On or before March 31, 2019, Borrower shall provide evidence satisfactory to Lender that the U.S. Bankruptcy Court for the Northern District of California, San Francisco Division, in the bankruptcy of PG&E Corporation and Pacific Gas and Electric Company (collectively, “PG&E”), has entered one or more final orders (a) authorizing PG&E to perform all of its obligations to Borrower as servicer and billing agent, including without limitation PG&E’s collection and remittance of all pass-through revenues (the “TPP Funds”) payable to Borrower; and (b) authorizing PG&E to obtain debtor-in-possession financing on the express condition that the TPP Funds are not property of the debtor and do not constitute collateral for such financing.

3. Conditions Precedent to Effectiveness. The effectiveness of this Amendment is expressly conditioned upon the satisfaction of all of the following conditions:

3.1 Documents. Borrower shall have executed and Lender shall have received all of the following documents:

- (a) This Amendment;
- (b) The Amendment to Assignment of Deposit Accounts of even date herewith, in the form provided by Lender;
- (c) The Amended and Restated Revolving Credit Promissory Note of even date herewith, in the form provided by Lender;
- (d) The Invoice of even date herewith, in the form provided by Lender; and
- (e) Such other documents, instruments and agreements as Lender may reasonably request.

3.2 Authorization Documents. Lender shall have received, in form and substance satisfactory to Lender, copies of resolutions and such other documents evidencing the authorization of Borrower to enter into this Amendment and the authority of Borrower's officers to execute this Amendment and any other documents related hereto, as Lender may reasonably request.

3.3 Debt Service Reserve Account Deposit. Borrower shall have deposited into the Debt Service Reserve Account in immediately available funds the sum sufficient to increase the balance therein to at least \$3,500,000.00.

3.4 Amendment Fee. Lender shall have received in immediately available funds the sum of \$28,125.00 in payment of an amendment fee (i.e., 0.25% of the increased commitment under the Revolving Credit prorated for nine (9) months).

3.5 Costs and Expenses. Lender shall have received payment in immediately available funds all costs and expenses (including without limitation all attorney's fees) incurred by Lender in connection with the negotiation, documentation and closing of the transaction contemplated hereby.

3.6 Representations and Warranties. All representations and warranties contained herein shall be true and correct in all material respects, and no Default or Event of Default shall have occurred and be continuing.

4. Representations and Warranties. By signing this Amendment, Borrower hereby represents and warrants that (a) all representations and warranties in the Credit Agreement are true and correct in all material respects as of the date hereof, (b) Borrower is duly authorized to enter into this Amendment and (c) no Default or Event of Default has occurred or is continuing under the Credit Agreement.

5. Continuing Validity. Except as expressly changed in this Amendment, the terms of the original Credit Agreement remain unchanged and in full force and effect. Consent by Lender to this Amendment does not waive Lender's right to strict performance of the Credit Agreement as changed, nor obligate Lender to make any future change in terms. Nothing in this Amendment will constitute a satisfaction of the obligations of Borrower under the Credit Agreement. If any person who signed the original Credit Agreement does not sign this Amendment below, then all persons signing below acknowledge that this Amendment is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Amendment or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the first date written above.

SILICON VALLEY CLEAN ENERGY AUTHORITY

By: _____
Girish Balachandran
Chief Executive Officer

By: _____
Margaret Abe-Koga
Chair of the Board

RIVER CITY BANK

By: _____

Name: _____

Its: _____

DRAFT

AMENDED AND RESTATED REVOLVING CREDIT PROMISSORY NOTE

\$35,000,000.00
Loan No. 5084548931

February 13, 2019

FOR VALUE RECEIVED, **SILICON VALLEY CLEAN ENERGY AUTHORITY**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. ("*Borrower*"), promises to pay to the order of **RIVER CITY BANK** ("*Lender*") the principal sum of THIRTY-FIVE MILLION and/100 DOLLARS (\$35,000,000.00), pursuant to the terms of that certain Credit Agreement dated as of October 22, 2018, as amended by that certain Amendment to Credit Agreement dated as of February 13, 2019 (the "*Credit Agreement*"), between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Amended and Restated Revolving Credit Promissory Note ("*Note*") shall be made to Lender at its address specified in the Credit Agreement, or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. This Note amends, restates and replaces the Revolving Credit Promissory Note dated as of October 22, 2018, made by Borrower and payable to the order of Lender in the original principal amount of \$20,000,000.00. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

Payment Terms. Borrower agrees to pay monthly payments of interest only on the unpaid principal balance of this Note as of each Payment Date beginning on the latter of (a) the first Payment Date after the date of each Advance, or (b) November 1, 2018, with all subsequent payments due and payable on each Payment Date thereafter as provided in Section 3 of the Credit Agreement. Interest will accrue prior to maturity (whether by lapse of time, acceleration or otherwise) at the Applicable Rate and after maturity (whether by lapse of time, acceleration or otherwise), whether before or after judgment, at the Default Rate, until paid in full.

Maturity Date. The outstanding principal balance of this Note and all accrued but unpaid interest thereon shall be due and payable in full on the Revolving Credit Termination Date.

Default and Acceleration. Upon the occurrence of any Event of Default described in Section 10.1 of the Credit Agreement, Lender or any permitted holder of this Note may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender's option to accelerate this Note and declare all Advances and all indebtedness under this Note then outstanding to be immediately due and payable, with or without notice to Borrower, as applicable.

Miscellaneous. This Note and the holder hereof are entitled to all of the rights and benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement Lender's rights and remedies under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or guarantor or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify the terms of this Note without the consent of or notice to anyone other than the party with whom the modification is made.

Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the day and year first above written.

SILICON VALLEY CLEAN ENERGY AUTHORITY

By: _____
Girish Balachandran
Chief Executive Officer

By: _____
Margaret Abe-Koga
Chair of the Board

AMENDMENT TO ASSIGNMENT OF DEPOSIT ACCOUNTS

This Amendment to Assignment of Deposit Accounts (this “Amendment”) is entered into as of **February 13, 2019**, by and between **SILICON VALLEY CLEAN ENERGY AUTHORITY**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (“Borrower”), and **RIVER CITY BANK**, a California corporation (“Lender”).

WITNESSETH:

WHEREAS, Lender has made available to Borrower a revolving credit facility upon and subject to the terms and conditions set forth in that certain Credit Agreement (the “Credit Agreement”) dated as of October 22, 2018, between Borrower and Lender;

WHEREAS, Borrower has assigned to Lender a security interest in a deposit account with Lender with reference number 5469968313 (the “Debt Service Reserve Account”) pursuant to that certain Assignment of Deposit Accounts dated November 14, 2018 (the “Assignment”); and

WHEREAS, Borrower has requested an increase in the Revolving Credit Commitment (as defined in the Credit Agreement), and Lender is willing to grant such request, on the terms set forth in that certain Amendment to Credit Agreement dated as of the date hereof.

NOW, THEREFORE, in consideration of the mutual benefits of the parties hereto and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

The “Minimum Required Balance” described in the Collateral Description section of the Assignment is hereby increased from \$2,000,000.00 to \$3,500,000.00.

Except as expressly set forth herein, the Assignment remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the first date written above.

SILICON VALLEY CLEAN ENERGY AUTHORITY

By: _____
Girish Balachandran
Chief Executive Officer

By: _____
Margaret Abe-Koga
Chair of the Board

RIVER CITY BANK

By: _____

Name: _____

Its: _____

DRAFT

RESOLUTION NO. 2019-01

RESOLUTION OF SILICON VALLEY CLEAN ENERGY AUTHORITY

In my capacity as Chair of the Board of Directors of the Silicon Valley Clean Energy Authority (the “Authority”), I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE AUTHORITY’S EXISTENCE. The complete and correct name of the Authority is Silicon Valley Clean Energy Authority. The Authority is a public agency formed under the provisions of the Joint Exercise Powers Act of the State of California, Government Code section 6500 *et seq.* The Authority is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California.

The Authority is duly authorized to transact business, having obtained all necessary filings, governmental licenses and approvals in the State of California in which the Authority is doing business.

The Authority has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Authority maintains an office at 333 W. El Camino Real, Suite 290, Sunnyvale, California 94087. Unless the Authority has designated otherwise in writing, the principal office is the office at which the Authority keeps its books and records. The Authority will notify Lender prior to any change in the location of the Authority’s state of organization or any change in the Authority’s name. The Authority shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Authority and the Authority’s business activities.

RESOLUTIONS ADOPTED. At a meeting of the Silicon Valley Clean Energy Authority’s Board of Directors (the “Board”), duly called and held on the 13th day of February, 2019, by a vote affixed hereto, the resolutions set forth in this Resolution were adopted.

AUTHORIZED REPRESENTATIVES. The following named individuals are the authorized representatives of the Authority with titles and genuine signatures provided below:

NAMES	TITLES	SIGNATURES
Margaret Abe-Koga	Chair of the Board	_____
Girish Balachandran	Chief Executive Officer	_____

ACTIONS AUTHORIZED. Any one (1) of the authorized representatives listed above may enter into any agreements of any nature with River City Bank (“Lender”) that have been approved by this Board, and those agreements will bind the Authority. The Board approves the AMENDED CREDIT AGREEMENT, dated as of February 13, 2019 (the “Credit Agreement”), by and between the Authority and the Lender and the transactions contemplated thereby. Each of the authorized representatives of the Authority named above are authorized and directed to execute the Credit Agreement on behalf of the Authority substantially in the form presented to the Board, with such changes as the authorized representative signing the same shall approve as being in the best interest

of the Authority, such approval to be conclusively evidenced by the execution thereof. Specifically, but without limitation, each of the authorized representatives is authorized, empowered, and directed to do the following for and on behalf of the Authority with respect to a loan or loans and any other financial accommodations from Lender contemplated by the Credit Agreement:

Borrow Money. To borrow and authorize advances, letters of credit and other lending accommodations from time to time from Lender, on such terms as may be agreed upon between the Authority and Lender, such sum or sums of money as in its judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender any loan agreement, promissory note or notes, letter of credit applications, requests, or other evidence of the Authority's credit accommodations, in form and substance acceptable to Lender, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Authority's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Authority or in which the Authority now or hereafter may have an interest, including without limitation all of the Authority's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Authority to Lender at any time owing, however the same may be evidenced. Such property may be pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender any assignment agreements, pledge agreements, mortgages, deeds of trust, security agreements, financing statements and other documents which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Authority or in which the Authority may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Authority's account with Lender, or to cause such other disposition of the proceeds derived therefrom as it may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as any Authorized Representative may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

NOTICES TO LENDER. The Authority will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Authority's name; (B) change in the Authority's assumed business name(s); (C) change in the management or in the members of the Authority; (D) change in the authorized signer(s); (E) change in the Authority's principal office address; (F) change in the Authority's state of organization; (G) conversion of the Authority to a new or different type of business entity; or (H) change in any other aspect of the Authority that directly or indirectly relates to any agreements between the Authority and Lender. No change in the Authority's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The authorized representatives named above are duly elected, appointed, or employed by or for the Authority, as the case may be, and each occupies the position set opposite his or her name. This Resolution now stands of record on the books of the Authority, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Authority's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signatures set opposite the names listed above are their genuine signatures.

I have read all the provisions of this Resolution, and I personally and on behalf of the Authority certify that all statements and representations made in this Resolution are true and correct. This Resolution is dated on this 13th day of February, 2019.

SILICON VALLEY CLEAN ENERGY AUTHORITY

Margaret Abe-Koga
Chair, Silicon Valley Clean Energy Authority



Staff Report – Item 1i

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 1i: Approve General and Administrative Policy 5 – Code of Ethics Policy

Date: 2/13/2019

RECOMMENDATION

Staff recommends the Board approve General and Administrative Policy 5 – Code of Ethics to establish policy and guidelines that reflect the expected values and behaviors for Silicon Valley Clean Energy (SVCE) officers and employees.

EXECUTIVE COMMITTEE RECOMMENDATION

The Executive Committee recommends the Board approve the Code of Ethics Policy. At the January 29, 2019 meeting, the Executive Committee discussed adding language to the policy regarding the disciplinary process for violations of the policy and clarity in defining financial thresholds.

BACKGROUND

To foster public confidence in the integrity of SVCE, it is important to ensure that public officials and employees act independently and impartially in exercising judgement when taking action on issues which impact SVCE.

ANALYSIS & DISCUSSION

The Code of Ethics Policy (See Attachment 1) establishes guidelines to the Board Directors and employees in identifying and handling potential conflicts of interest involving SVCE business.

STRATEGIC PLAN

The recommendation supports all areas of the strategic plan.

ALTERNATIVE

Staff is open to suggestions from the Board regarding the recommendation.

FISCAL IMPACT

There is no fiscal impact to the agency with this recommendation.

ATTACHMENTS

1. GAP5 – Code of Ethics



GAP5

Category: General and Administrative

CODE OF ETHICS

I. Purpose and Scope

In order to best serve SVCE customers, the agency's officers and employees must act individually and collectively to create a public agency that is responsible, fair, honest and open. SVCE officers and employees are expected to demonstrate the highest standards of personal integrity, honesty and conduct in all activities in order to inspire public confidence and trust.

The purpose of this Code of Ethics is to establish policy and guidelines that reflect the expected values and behaviors for SVCE officers and employees.¹ It is to be viewed as a supplement to applicable local, state, and federal legal and ethical requirements, and is not intended as a comprehensive summary of such requirements. Officers and employees are encouraged to seek assistance from the General Counsel's Office or their managers or supervisors for any legal or ethical concerns.

II. Policy

A. Responsibilities of Public Service

Officers and employees of SVCE at all levels are guardians of the public trust. SVCE officers and employees are required to be impartial and responsible in the fulfillment of their duties. The customers of SVCE expect and must receive the highest standard of ethics from all those in public service.

SVCE officers and employees are obligated to uphold the Constitution of the United States and the Constitution of the State of California and to comply with Federal and State laws and SVCE policies, rules and regulations. Recognizing the special responsibilities of serving SVCE customers, SVCE officers and employees are required to maintain the highest standards of

¹ "Officers" includes the members of the Board of Directors and Board-created advisory commissions, boards, or committees.



GAP5

Category: General and Administrative

integrity and honesty, and they are expected to treat all members of the public and fellow SVCE employees with respect, courtesy, concern and responsiveness.

The conduct of SVCE officers and employees in both their official and private affairs should be above reproach to assure that their position is not used for personal gain. Officers and employees shall refrain from abusive conduct, personal charges, or verbal attacks upon the character or motives of other officers or employees or members of the public.

Officers and employees are bound to discharge the duties of their offices regardless of personal consideration. Public interest must be their primary concern.

B. Open Government

SVCE is committed to open and transparent government and strives to consistently meet the community's expectations by providing excellent service in a positive, timely, and transparent manner. SVCE officers and employees are obligated to serve the public by reaching decisions and conducting activities in full view of the public in accordance with the Brown Act (Government Code Section 54950 *et seq.*).

C. Conflicts of Interest

A conflict of interest arises when a SVCE officer or employee is in a position to benefit personally, whether directly or indirectly, from his or her dealings with an organization, contractor, consultant, or person conducting business with SVCE. Officers and employees are expected to avoid conflicts of interest. Further, officers and employees should avoid the appearance of conflicts of interest in order to ensure that SVCE decisions are made in an independent and impartial manner.

SVCE officers and employees are prohibited from making, participating in making, or attempting to influence a decision of SVCE in which he or she has a financial interest as defined by law. If an officer or employee believes he or she may have a financial interest related to a contemplated decision, he or



GAP5

Category: General and Administrative

she must disclose their interest to their immediate supervisor or the General Counsel's Office and remove themselves from any decision-making process.

In accordance with state law, officers and employees who are designated in the SVCE Conflict of Interest Code or are listed in Government Code Section 87200 shall file annual written disclosures of their economic interests.

For additional rules and regulations related to conflicts of interest, please refer to the Political Reform Act of 1974 (Government Code Section 87100 *et seq.*), Government Code Section 1090 *et seq.*, and related state and federal laws.

D. Favors, Gratuities, and Gifts

SVCE officers and employees shall not accept money, gratuities, gifts, or other consideration or favors from anyone other than SVCE for the performance of an act which they would be required or expected to perform in the regular course of their duties; nor shall such persons accept any gifts as defined under the Political Reform Act which could be perceived or interpreted as an attempt to influence their actions with respect to SVCE business.

If you encounter a situation which could tend to compromise this policy, you should courteously decline such an offer or consult a supervisor or the General Counsel. In the event perishable gifts are received and are unable to be returned, supervisors may wish to contact the Director of Finance and Administration to arrange for such gifts to be donated to a local non-profit.

This is just a summary of your obligations. For additional information regarding specific regulations on the acceptance of gifts, please refer to Government Code Sections 89500 to 89522 and 2 California Code of Regulations Sections 18930 to 18961.

E. Use of SVCE Resources for Personal Gain

SVCE officers and employees shall not use SVCE resources not available to the general public (e.g., SVCE staff time, funds, facilities, equipment, or



GAP5

Category: General and Administrative

supplies) for personal gain or for campaign related political activities, nor shall they use or attempt to use their position to secure unwarranted privileges or exemptions for themselves or others.

F. Use of Confidential Information

SVCE officers and employees shall respect the confidentiality of information concerning the property, personnel, and affairs of SVCE. They shall neither disclose confidential information without proper legal authorization, nor use such information to advance their personal, financial, or other private interests. Any official or employee who is aware of a breach of confidentiality is expected to bring forth that information to the appropriate supervisor or official in a timely manner.

In accordance with the Brown Act, SVCE officers and employees shall uphold the public's right to know not only the decisions taken, but also the deliberations which shape agency policies conducted by the Board of Directors and Board-created advisory commissions, boards, or committees that are subject to the Brown Act's open meeting requirements.

G. Outside Employment

No employee shall engage in any work, employment or occupation outside SVCE employment which is detrimental to SVCE service, which prevents or impedes the efficient performance of their duties in SVCE employment, or which in any way conflicts with their employment with SVCE. No employee shall engage in any work, employment, or occupation outside of SVCE unless they have notified their department head and such outside work has been approved by the Chief Executive Officer.

H. Reporting of Improper Activities

SVCE has a responsibility to conduct its affairs ethically and in compliance with the law. SVCE officers and employees are expected and encouraged to promptly raise questions and concerns regarding possible violations of SVCE policy, rules or regulations or state or federal law with his or her immediate supervisor, department head, or the General Counsel.



GAP5

Category: General and Administrative

I. Fair and Equal Treatment

In dealing with the public, the guiding principle should be to provide courteous and fair treatment. SVCE officials and employees shall not, in the performance of their duties, discriminate against any person on the basis of race, color, religion, national origin, ancestry, age, sex, gender, pregnancy, childbirth or related medical condition, sexual orientation, marital status, disability, medical condition, and actual or perceived gender identity. SVCE officials and employees shall reinforce SVCE's commitment to equal employment opportunity and a work environment free of discrimination and harassment, including sexual harassment; shall behave in a respectful manner towards others; and shall refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics or morals of others.

III. Violations

In addition to any other penalty as provided by law, employees who violate the Code of Ethics will be subject to disciplinary action, up to and including termination.

Members of the Board of Directors or other officers who intentionally or repeatedly do not follow this Code of Ethics may be reprimanded or formally censured by the Board, lose committee assignments, or have official travel restricted. Serious or repeated violations by a Board member should be referred by the Board to the governing body of the Party that appointed such Board member. Officers should point out violations of the Code of Ethics to the offending officer. If the offenses continue, then the matter should be referred to the Chair of the Board. If the Chair is the individual whose actions violate the Code of Ethics, then the matter should be referred to the Vice Chair. Refer to SVCE's Operating Rules and Regulations for the termination of Board Officers or Board Directors.

IV. Distribution



GAP5

Category: General and Administrative

This policy shall be distributed to all SVCE officers and employees upon appointment or hire, and annually thereafter.



Staff Report – Item 2

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 2: Receive Financial Audit Report from Pisenti & Brinker LLP

Date: 2/13/2019

RECOMMENDATION

Receive the Year-End Financial Statements and the Independent Auditor’s Report for the Fiscal Year 2017-18.

AUDIT COMMITTEE RECOMMENDATION

The Audit Committee recommends the Board approve the Independent Auditor’s Report. At the February 4, 2019 meeting, the Audit Committee received a presentation by the Independent Auditor discussing the status of the audit and the preliminary auditor’s opinion. The Audit Committee also received a draft of the financial report.

BACKGROUND

In accordance with Financial Policy #1 (FP1), Accounting Policy, the annual audit of the financial statements has been completed and the report prepared by Pisenti & Brinker, LLP has been issued to the Agency. The auditors have 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 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, 2018, 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.

ALTERNATIVE

There is no alternative to this recommendation as the financial audit is a requirement of Board Policy FP1.

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

ATTACHMENTS

1. Audited Financials for the fiscal year ended September 30, 2018



FINANCIAL STATEMENTS

Years Ended:

 September 30, 2018

 September 30, 2017

With Report of Independent Auditors

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

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Independent Auditor's Report

To the Board of Directors
Silicon Valley Clean Energy Authority
Sunnyvale, California

Report on the Financial Statements

We have audited the accompanying financial statements of Silicon Valley Clean Energy Authority (SVCE), as of and for the years ended September 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise SVCE's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVCE as of September 30, 2018 and 2017 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Pisenti & Brinku LLP

Santa Rosa, California
February 7, 2019

**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

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

	<u>2018</u>	<u>2017</u>
ASSETS		
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	<u>108,758,726</u>	<u>61,416,239</u>
Noncurrent assets		
Capital assets, net of depreciation	184,319	167,506
Deposits with energy suppliers	6,192,560	128,560
Total noncurrent assets	<u>6,376,879</u>	<u>296,066</u>
Total assets	<u>115,135,605</u>	<u>61,712,305</u>
LIABILITIES		
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	<u>36,700,885</u>	<u>30,666,808</u>
Noncurrent liabilities		
Loans payable to JPA members	-	2,730,000
Total noncurrent liabilities	<u>-</u>	<u>2,730,000</u>
Total liabilities	<u>36,700,885</u>	<u>33,396,808</u>
NET POSITION		
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	<u>\$ 78,434,720</u>	<u>\$ 28,315,497</u>

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

	2018	2017
OPERATING REVENUES		
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
OPERATING EXPENSES		
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
NONOPERATING REVENUES (EXPENSES)		
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)
CHANGE IN NET POSITION	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>
CASH FLOWS FROM OPERATING ACTIVITIES		
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>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
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>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets acquisitions	<u>(56,442)</u>	<u>(190,588)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
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>
Reconciliation to the Statement of Net Position		
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
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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 & 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

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
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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
YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

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.

On October 11, 2018, the California Public Utilities Commission (CPUC) passed an Alternative Proposed Decision (APD) regarding the calculation of the Power Charge Indifference Adjustment (PCIA). The decision will increase the PCIA for all of SVCE's customers. SVCE is evaluating the specific changes that will be required to SVCE's rates as a result of this decision.

PG&E provides transmission and distribution services to SVCE customers and serves as billing agent for SVCE. 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.



Staff Report – Item 3

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 3: CEO Report

Date: 2/13/2019

REPORT

SVCE Staff Update

Colleen Regan joined SVCE on 1/22/19 as the Power Resources Planner. Colleen joins us from Bloomberg New Energy Finance (BNEF), where she oversaw research and analysis on North American utility and corporate energy strategy. In a prior role at BNEF, her responsibilities included forecasting California greenhouse gas emissions and carbon market prices. Colleen studied economics and international affairs in college and holds a master's degree in energy policy.

Decarb & Grid Innovation Intern Robert Spragg extended his internship with SVCE to work full time starting in January 2019. Robert has been instrumental to several projects, including the GHG forecasting analysis to set the 2025 and 2030 emissions reduction targets. After his internship concludes in March, Robert will return to Stanford to complete the final quarter of his masters degree in the Atmosphere/Energy program.

U.S. Department of Energy's "Solar District Cup"

Director of Decarb & Grid Innovation Aimee Bailey was invited to participate on the steering committee of the inaugural U.S. Department of Energy's (DOE) "Solar District Cup", a new, two-semester, and cross-disciplinary challenge bringing together dozens of teams of students from universities across the country to design and model distributed solar and related electric energy systems across multiple buildings on a utility network. The effort is a part of the DOE's work force development efforts aimed at grooming the next generation of renewable energy industry talent. The steering committee will provide input through Summer 2019 to finalize the competition design. Student work will begin in Fall 2019.

SVCE Awards

The Sunnyvale Silicon Valley Chamber of Commerce selected SVCE as a recipient of their 2018 award for Outstanding Collaboration in Carbon Free Electricity. SVCE will be recognized at the annual Chamber of Commerce banquet on February 23, 2019.

SVCE's core staff implementation team which includes Erin Cooke and Misty Mersich, City of Cupertino, Elaine Marshall, City of Milpitas, Steve Attinger, City of Mountain View, Kevin Armstrong and Demetra McBride, Santa Clara County, Tim Kirby and Melody Tovar, City of Sunnyvale, and Don Bray and Andrea Pizano of SVCE, are recipients of the 2019 SPUR Impact Award for regional collaboration. They will be recognized at the March 22, 2019 SPUR Impact Awards.

CEO Agreements Executed

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

Agenda Item: 3**Agenda Date: 2/13/2019**

- 1) Hall Energy Law PC: Legal Services, not to exceed \$100,000

CEO Power Supply Agreements Executed

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

Counterparty Name	Execution Date	Transaction Type	Product	Start Date	End Date	Notional Value
Morgan Stanley	1/8/2019	Buy	Renewable Energy/PCC1	1/8/2019	12/31/2020	\$6,475,000.00
Energy America	1/17/2019	Buy	Physical Price Hedge	3/1/2019	9/30/2019	\$7,181,188.06

These agreements are included in the Board packet as Appendix A.

ATTACHMENTS

1. Regulatory/Legislative Update, February 2019
2. Account Services & Community Relations Update, February 2019
3. Agenda Planning Document, February 2019 – May 2019



SVCE Regulatory and Legislative Update

February 2019

Hilary Staver, Manager of Regulatory and Legislative Affairs

Regulatory Summary

The past month's regulatory scene, like most energy scenes right now, was dominated by PG&E's January 14th announcement of intent to file for **Chapter 11 bankruptcy**. Though the bankruptcy process has only just begun and will take years to complete, analyzing potential impacts and identifying resources needed to fully understand and follow the situation has been a top priority. Ultimately, the bankruptcy may result in larger changes to the energy landscape that render some of the details we are currently negotiating in various CPUC proceedings moot. However, the regulatory process cannot come to a standstill while the bankruptcy is litigated, so in the meantime our work at the CPUC continues as planned until we gain visibility into how and where it may need to change.

The CPUC proceeding most directly related to deciding PG&E's future (though distinct from the bankruptcy process, which is carried out in court) is **I.15-08-019, an investigation into PG&E's treatment of safety issues** and the changes it merits to PG&E's corporate structure, governance, and operations. This investigation was opened in 2015 in response to numerous safety violations by PG&E, across both the electric and natural gas businesses and dating back to the deadly San Bruno explosion in 2010. The initial phase of work culminated in Decision 18-11-050, which the Commission approved in November 2018 and by which they adopted the findings and recommendations of the Northstar Consulting Corp regarding PG&E's safety culture.

The Northstar report found that PG&E lacked a "comprehensive enterprise-wide" approach to safety¹, and the CPUC deemed the findings sufficiently concerning to justify consideration of more significant changes. In a Scoping Ruling released December 21st, 2018, the Commission opened a new phase of the proceeding and requested stakeholder feedback on a number of potential actions, including splitting up PG&E's gas and electric businesses, converting PG&E to a publicly owned utility, and removing them from the electric generation business altogether. Comments on the Scoping Ruling are due February 13th, and SVCE is collaborating with several other Bay Area CCAs to file comments jointly. However, SVCE will also file individual comments elaborating on some of the issues in the joint filing.

The new year also brought us a new phase of the **PCIA proceeding (R.17-06-026)**. Back in December, the CPUC held a prehearing conference to discuss the scope and schedule for Phase 2. Among other goals, Phase 2 is expected to a) flesh out implementation details of some ideas adopted in the Phase 1 Decision back in October 2018, and b) come to a conclusion on the longer-term proposals put forth in Phase 1 opening testimony (such as CalCCA's Staggered Portfolio Auction), which the Phase 1 Decision took no stance on and deferred entirely to Phase 2. Phase 2 will be structured differently from Phase 1, with three stakeholder-led working groups ("Benchmarking," "Portfolio Optimization," and "Prepayment") serving as the main platform for discussion with periodic reporting to the CPUC. Benchmarking will start meeting in February 2019, with the other two staggered through March and April.

As in Phase 1 of the PCIA proceeding, CalCCA will represent SVCE in Phase 2, and SVCE will help develop CalCCA's stance, strategy, and filings through participation in CalCCA's PCIA committee. Throughout January, the main focus of the committee has been getting organized internally for Phase 2 and establishing contact with PG&E's team in preparation for co-chairing the Benchmarking working group. On 2/1, the CPUC released a Scoping Ruling finalizing the schedule and working group leadership assignments. CalCCA is co-chairing Benchmarking with PG&E and Portfolio Optimization with Southern California Edison. All told, Phase 2 is expected to run through Q2 2020.

¹ Northstar Consulting Corp. report, pg I-1: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M235/K399/235399881.PDF>



The **Resource Adequacy (RA) proceeding (R.17-09-020)** once again finds itself in limbo this month. Recall that around Thanksgiving 2018, the CPUC skipped several stages of the Track 2 proceeding schedule and went directly to releasing a Track 2 Proposed Decision (PD). The PD abolished local RA requirements for individual load serving entities (LSEs) and made the IOUs the central buyers of all local RA in their service territories, with costs recovered through rates from all customers including CCA customers. The PD was originally scheduled for a Commission vote on January 10th, but was pulled from the agenda after ex parte meetings and an All-Party Meeting held on January 4th revealed near unanimous stakeholder opposition to the PD in its current form. The vote has been rescheduled for February 21st, but the Commission has yet to release revisions to the PD or an Alternate Proposed Decision (APD). One or both of these changes is expected before the 21st. A Scoping Ruling for Track 3 of the proceeding was released on January 29th, but it remains unclear how the planned Track 3 scope and schedule will be impacted by the outcome of Track 2.

The **Integrated Resource Planning (IRP) proceeding (R.16-02-007)** continues to wind down. A Ruling released January 11th detailed the statewide portfolio CPUC staff have developed by aggregating all the individual LSE IRPs, which they have dubbed the hybrid conforming portfolio (HCP). The Ruling finds that the HCP produces acceptable outcomes on both emissions reduction and reliability (though it notes potential system vulnerability if future drought conditions in California reduce the amount of available in-state hydro), and thus does not find any remedial mandated procurement necessary at this time. SVCE submitted largely supportive comments on the Ruling as part of the Joint CCA Parties on January 31st, and the final expected step in this proceeding is a Proposed Decision in the coming month.

On **ratemaking**, we have one extended ending and one new beginning this month. In the **2018 ERRA proceeding (A.18-06-001)** where the 2019 PCIA is being determined, the vote on the final Proposed Decision (PD) has been delayed until February 21st. Additionally, Commissioner Guzman-Aceves issued an Alternate Proposed Decision (APD) on January 22nd which proposes to implement the true-up of the brown power component of the market price benchmark in 2018, as opposed to 2019 in the initial PD. If adopted, the APD would be a significant improvement for CCAs over the original PD. As a result of the delay on the PD/APD vote, the Annual Electric True-up, which finalizes PG&E's 2019 generation rates, is also pushed back. Given the numerous points of delay, we do not expect new PCIA and IOU generation rates to be implemented before May 1, 2019.

In the meantime, **PG&E's 2020-2022 General Rate Case (A.18-12-009)** has kicked off. General rate cases (GRCs) are cyclical proceedings occurring every three years in which each IOU submits a proposal to the CPUC for funding its core gas and electric operations. On December 13th, 2018, PG&E filed its application for a Test Year 2020 GRC requesting that the CPUC increase its 2020 gas and electric revenue requirements by a total of \$1.058 billion, accompanied by an increase in gas and electric retail rates starting in 2020. SVCE has retained joint representation with a team of northern California CCAs and will be participating actively in this proceeding. The Joint CCAs will submit a prehearing statement on 2/4 and prehearing conference is scheduled for 2/11.

Finally, we anticipate working on several new proceedings as we move into 2019. We are still waiting for the **SB 237 implementation** proceeding to begin. This should happen very soon given that SB 237 requires the CPUC to come to a decision on several implementation matters by June 2019. SVCE is also planning to work on two new proceedings dedicated to advancing **transportation electrification**. One is a Commission-issued rulemaking (R.18-12-006) covering various TE-related issues, where SVCE will be working to ensure that the CPUC takes into account existing and planned CCA programs and authorizes access to EV program funding for CCA programs. We plan to file opening comments on . The other is an application PG&E filed in November 2018 proposing two new rates classes for EV charging by commercial customers. SVCE is following this filing closely to prevent potential cost-shifting to CCA customers.



Legislative Summary

We are approaching the February 22nd deadline for bills to be introduced. Once that has passed, we will have a better idea of the legislative landscape we'll be navigating for the rest of the year. A meeting of the legislative ad hoc committee is being scheduled for shortly after this deadline in order to survey important bills, develop a prioritization among them, and plan corresponding outreach.



Account Services & Community Relations Update

February 2019

1. Outreach Events & Sponsorships

- Staff is co-locating and co-sponsoring with San Jose Clean Energy for several regional events, especially for Lunar New Year celebrations

Date	Time	Description	Location
Feb. 8	11 AM – 2 PM	Cupertino Chamber of Commerce Lunar New Year Luncheon - <i>sponsor</i>	Quinlan Community Center, Cupertino
Feb. 15	8 AM – 1 PM	Joint Venture Silicon Valley State of the Valley – <i>sponsor and tabling</i>	San Jose Convention Center
Feb. 23	11 AM – 4 PM	Santa Row Lunar New Year – <i>sponsor and tabling</i>	Santa Row, San Jose
Mar. 1	7 AM – 5 PM	AIA Architectural Intelligence Conference- <i>exhibitor</i>	San Jose Convention Center
Mar. 1	6 – 8 PM	Milpitas Chamber of Commerce Crab Feed - <i>sponsor</i>	Napredak Hall, San Jose

2. Customer Participation

	Upgrade	Opt Out	Opt Outs by Account Type	Total Opt Out, All Accounts
Residential	1,113	8,785	3.49%	3.43%
Commercial	2,003	850	2.92%	

3. Watts for Lunch

- Hosted our fourth “Watts for Lunch” – a commercial & industrial customer roundtable event
- Agenda focused on EV fast charging, and fleet electrification
- More than 40 guests attended

Silicon Valley Clean Energy WATTS FOR LUNCH January 30, 2019

Thank you to our site host, the Computer History Museum!

AGENDA:

- 11:00 am SVCE Intro and Host Welcome
- 11:10 am Attendee Introductions
- 11:20 am Lead into Level 3 Charging Topic
- 11:30 am “Watt Do You Think?” Interactive polling
- 11:40 am **Sila Kiliccote, CEO and Co-Founder, eIQ Mobility**
 - Simplifying the Transformation to Zero-Emission Mobility
- 12:00 pm Lunch and Networking
- 12:30 pm **Gary Miskell, Chief Information and Technology Officer, Valley Transportation Authority**
Christina Jaworski, St. Environmental Planner, Valley Transportation Authority
 - “Insert Title for VTA Presentation Slides here”
- 12:50 pm **Lars Peters, Director of Business Development, Public Agencies, and Utilities, EVgo**
 - “Insert Title for VTA Presentation Slides here”
- 1:10 pm Panel Discussion and Q&A with Speakers
- 1:30 pm “Watt Do You Think?” Interactive polling
- 1:40 pm **Don Bray, Director of Account Services and Community Relations, SVCE**
 - Currently Available Level 3 Charging Programs
 - SVCE Updates for 2019
- 1:55 pm Wrap Up, Forthcoming Event Announcement
- 2:00 pm Adjournment and Networking



4. Community Engagement Grants

Acterra is hosting a series of “Energy Clinics” to help customers with understanding their bills. Completed and upcoming clinics include:

Date	Time	Location
Jan. 28	11 AM – 1 PM	Mountain View Senior Center
Feb. 6	10 AM – 1 PM	Gilroy Senior Center
Feb. 12	10 AM – 1 PM	Sunnyvale Senior Center
Feb. 21	10 AM – 1 PM	Morgan Hill Senior Center
Mar. 2	10 AM – 1 PM	Milpitas Library
Mar. 7	6:30 – 8 PM	Milpitas Adult Education
Mar. 26	10 AM – 1 PM	Milpitas Senior Center
Apr. 27	11 AM – 3 PM	Columbia Neighborhood Center, Sunnyvale



Patti Sexton of Acterra shares SVCE info at Mountain View senior center

4. Community Engagement Grants (Cont'd)

- Vietnamese Voluntary Foundation (Vivo) will be providing SVCE info during the county's largest Tet Festival
- Sunnyvale Community Services continues to pass out info about SVCE to customers receiving utility bill assistance
- Acterra to partner with Vivo and Sound of Hope Radio for translation and interpretation services during some energy clinics

5. Bike to the Future

- Hosted team orientation on Jan. 15
- 50+ students attended
- 20 registered teams
 - **Cupertino**
 - Homestead (3 teams)
 - **Gilroy**
 - Christopher High School
 - Dr. TJ Owens Gilroy Early College Academy
 - **Milpitas**
 - Calaveras Hills High School
 - Milpitas High School
 - **Morgan Hill**
 - Live Oak High School
 - **Mountain View**
 - Mountain View High School (2 teams)
 - **Saratoga**
 - Saratoga High School (2 teams)
 - **Sunnyvale**
 - Fremont High School (3 teams)
 - **Campbell/Unincorporated County**
 - Leigh High School (3 teams)
 - Branham High School
 - **Multiple school team**
 - Mountain View, Los Altos & Kehillah Jewish High School



6. Member Agency Working Group Update

January's MAWG meeting covered the following:

- Current Events
 - PG&E statement Rate Update – delayed
 - Program update
 - Local Amendment to Energy Code (aka reach code) and EV reach code
 - Local Ambassador
 - Intro to Justin Zagunis – new SVCE staff member
 - Watts for Lunch invite to city transportation staff
- EV Infrastructure Strategy and Plan
- How can cities support SVCE programs? Channels and audiences
- Next SVCE GHG Inventory Update

7. Reach Code Webinar

- On January 15, staff held a kick-off webinar for local government staff from city manager's offices, sustainability, and planning and building department staff.
- 26 attendees participated in person and online
- Background
 - SVCE is partnering with San Mateo County's Office of Sustainability and Peninsula Clean Energy to provide model amendments to the building energy code for jurisdictions to adopt with their building code on January 1, 2020.
 - This effort is designed to assist cities in meeting their GHG emissions goals by encouraging cost-effective, all-electric new construction and electric vehicle infrastructure (approved in SVCE Decarbonization Roadmap, BE1).



8a. Media Clips

- [Silicon Valley Clean Energy takes additional steps in battle to eliminate more carbon emissions](#), *The Mercury News*, 01.18.2019
- [Miller is SVCE vice chair](#), *Saratoga News*, 02.01.2019



8b. Media Mentions

- [San Jose Clean Energy: What you need to know](#), *The Mercury News*, 01.19.2019
- [Here's how local governments are replacing California's biggest utilities](#), *Los Angeles Times*, 01.25.2019
- [Letter: Action, not awareness, needed in global warming](#), *The Mercury News*, 01.28.2019
- [Questions swirl in aftermath of PG&E's bankruptcy filing](#), *Mountain View Voice*, 02.01.2019

	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019
MILESTONES				
ADMINISTRATION, POLICIES, ETC.	<p>Board of Directors, Feb. 13:</p>	<p>Board of Directors, March 13: <u>Consent:</u> Minutes Workshop Minutes January 2019 Treasurer Report Power Contracts Approval</p> <p><u>Regular Calendar</u> SVCE Mid Year Budget</p>	<p>Board of Directors, April 10: <u>Consent:</u> Minutes February 2019 Treasurer Report</p> <p><u>Regular Calendar</u> Strategic Plan Stakeholder Input Group Processes</p>	<p>Board of Directors, May 8: <u>Consent:</u> Minutes February 2019 Treasurer Report</p> <p><u>Regular Calendar</u> IT Audit Results SVCE Rates</p>
	<p>Executive Committee, Feb. 22: CANCELLED</p>	<p>Executive Committee, March 22: Stakeholder Input Group Processes Discussion</p>	<p>Executive Committee, April 26: TBD</p>	<p>Executive Committee, May 24: TBD</p>
	<p>Audit Committee, February 4: Receive Financial Audit</p>		<p>Audit Committee, April 29 (Tentative): Receive IT Audit and AMI Audit Results</p>	
	<p>SVCE Workshop, Feb. 23</p>			



Staff Report – Item 4

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 4: Appoint Board Committee Members

Date: 2/13/2019

RECOMMENDATION

Staff recommends the Board appoint members to the Finance and Administration, Legislative Ad Hoc, and Audit Committees through February 2020.

BACKGROUND

SVCE’s Joint Powers Authority Agreement, Article 4, Section 4.7 *Commissions, Board and Committees*, states, “The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement.” Per SVCE’s Operating Rules and Regulations, the term of office for each committee established by the Board shall be one year. There are no limits on the number of terms that a Director may serve on a committee.

ANALYSIS AND DISCUSSION

Audit Committee

The purpose of the Audit Committee is to oversee the accounting and financial reporting process and the audit of SVCE’s financial statements by the independent auditor. The Audit Committee meets twice a year and as needed, is comprised of up to six Directors or Alternate Directors of the Board, a minimum of three Directors or Alternate Directors, and no more than one eligible committee member shall represent their respective member agency.

Composition	2018 Roster	Members Who Have Expressed Interest for 2019
<ul style="list-style-type: none"> • Minimum of three and no more than six Directors of the Board or appointees by the Board (3-6 total) • Board Members, Alternate Board Members, and member agency staff nominated by a Board Member can serve • No more than one eligible Committee Member shall represent their respective Member Agency • Alternates to appointed committee members is prohibited 	<ul style="list-style-type: none"> • Chair Courtenay Corrigan, Los Altos Hills • Dir. Jeannie Bruins, Los Altos • Dir. Nancy Smith, Sunnyvale (appointed Dec. 12, 2018 to fill vacancy left by Director Grilli’s departure from the City Council of Milpitas and SVCE’s Board) 	<ul style="list-style-type: none"> • Dir. Jeannie Bruins, Los Altos • Dir. Courtenay Corrigan, Los Altos Hills • Dir. Nancy Smith, Sunnyvale

Finance and Administration Committee

The purpose of the Finance and Administration Committee is to provide financial and administrative oversight of SVCE. Tasks include budgeting, financial reporting, monitoring of internal controls, review financial and administrative policies and oversee investment strategies. The Finance and Administration Committee meets quarterly and as needed, is comprised of up to six Directors or Alternate Directors of the Board, a minimum of three Directors or Alternate Directors, and no more than one eligible committee member shall represent their respective member agency.

Composition	2018 Roster	Directors who have Expressed Interest for 2019
<ul style="list-style-type: none"> • Minimum of three and no more than six Directors of the Board or appointees by the Board (3-6 total) • Board Members, Alternate Board Members, and member agency staff nominated by a Board Member can serve • No more than one eligible Committee Member shall represent their respective Member Agency • Alternates to appointed committee members is prohibited 	<ul style="list-style-type: none"> • Dir. Liz Gibbons, Campbell • Dir. Howard Miller, Saratoga • Dir. Rob Rennie, Los Gatos • Alt. Dir. Tony Ndah*, Milpitas (appointed Dec. 12, 2018 to fill the vacancy left by Director Craig’s departure from the City Council of Monte Sereno and SVCE’s Board) <i>No longer on SVCE’s Board</i> 	<ul style="list-style-type: none"> • Vice Chair Howard Miller, Saratoga • Dir. Liz Gibbons, Campbell • Alt. Dir. Rob Rennie, Los Gatos • Dir. Bob Nuñez, Milpitas

Legislative Ad Hoc Committee

The Legislative Ad Hoc Committee was renewed on December 12, 2018 to continue to strengthen SVCE’s legislative advocacy and improve legislative outcomes for 2019. The committee was first formed at the Jan. 10, 2018 Board Meeting to explore legislative approaches during calendar year 2018 that address proposed legislation and regulatory matters pending before the CPUC and other state regulatory bodies that potentially harm CCAs. The committee meets as needed (based on member availability), and is comprised of up to six Directors or Alternate Directors of the Board.

Composition	2018 Roster	Directors who have Expressed Interest for 2019
<ul style="list-style-type: none"> • Not more than six Directors of the Board (6 total) 	<ul style="list-style-type: none"> • Dir. Margaret Abe-Koga, Mountain View • Dir. Rob Rennie, Los Gatos • Dir. Rod Sinks, Cupertino (Committee Chair) • Dir. Nancy Smith, Sunnyvale • Dir. Steve Tate, Morgan Hill* <i>no longer a member of the Board for 2019</i> 	<ul style="list-style-type: none"> • Chair Margaret Abe-Koga, Mountain View • Dir. Javed Ellahie, Monte Sereno • Dir. Bob Nuñez, Milpitas • Dir. Marico Sayoc, Los Gatos • Dir. Rod Sinks, Cupertino • Dir. Nancy Smith, Sunnyvale

Agenda Item: 4**Agenda Date: 2/13/2019**

Attached are two documents: 1) the 2019 Committee Matrix Worksheet which summarizes who served on these respective committees in 2018 and who has expressed interest for 2019, and 2) a visual snapshot of the committee assignments for Board of Directors members.

STRATEGIC PLAN

N/A

ALTERNATIVE

There is no alternative to selecting members of SVCE's committees.

FISCAL IMPACT

No fiscal impact as a result of selecting SVCE's committee members.

ATTACHMENTS

1. 2019 Committee Matrix Worksheet
2. 2019 SVCE Board of Directors Assignments and Expressions of Interest

2019 Committee Matrix Worksheet

<u>Committee</u>	<u>2018 Roster</u>	<u>Committee Details</u>	<u>Interested in 2019</u>
<p>Finance & Administration Committee</p> <p>The Finance & Administration Committee consists of no fewer than three members and no greater than six members, and can be Board members, Alternate Board members, or a Board appointed Agency staff member. The Finance and Administration Committee works with SVCE staff on items related to financial and administrative issues that impact the agency.</p>	<ul style="list-style-type: none"> •Liz Gibbons, Campbell •Howard Miller, Saratoga •Rob Rennie, Los Gatos •Tony Ndah, Milpitas* (appointed Dec. 12, 2018 to fill the vacancy left by Director Craig's departure from the City Council of Monte Sereno and SVCE's Board) <i>(no longer a member of the Board for 2019)</i> 	<p>Meeting Frequency: Quarterly & as needed Location: SVCE Office Composition: <ul style="list-style-type: none"> •3-6 Directors of the Board •Board members, Alternate Board members, and member agency staff nominated by a Board member can serve on the committee •No more than one eligible Committee member shall represent their respective Member Agency </p>	<ul style="list-style-type: none"> •Liz Gibbons, Campbell •Howard Miller, Saratoga •Bob Nuñez, Milpitas •Rob Rennie, Los Gatos
<p>2019 Legislative Ad Hoc Committee</p> <p>The Legislative Ad Hoc Committee is a subset of the Board of Directors comprised of no greater than six members. They explore legislative approaches that address proposed legislation and regulatory matters.</p>	<ul style="list-style-type: none"> •Margaret Abe-Koga, Mountain View •Rob Rennie, Los Gatos •Rod Sinks, Cupertino •Nancy Smith, Sunnyvale •Steve Tate, Morgan Hill* <i>(no longer a member of the Board for 2019)</i> 	<p>Meeting Frequency: TBD Location: SVCE Office Composition: <ul style="list-style-type: none"> •Not more than 6 Directors of the Board </p>	<ul style="list-style-type: none"> •Margaret Abe-Koga, Mountain View •Javed Ellahie, Monte Sereno •Bob Nuñez, Milpitas •Rod Sinks, Cupertino •Marico Sayoc, Los Gatos •Nancy Smith, Sunnyvale
<p>Audit Committee</p> <p>The Audit Committee consists of no fewer than three members and no greater than six members, and can be Board members, Alternate Board members, or a Board appointed Agency staff member. The Audit Committee works with SVCE staff on the initiation and receiving of the annual audit.</p>	<ul style="list-style-type: none"> •Jeannie Bruins, Los Altos •Courtenay Corrigan, Los Altos Hills •Nancy Smith, Sunnyvale (appointed Dec. 12, 2018 to fill vacancy left by Director Grilli's departure from the City Council of Milipitas and SVCE's Board) 	<p>Meeting Frequency: Twice yearly & as needed Location: SVCE Office Composition: <ul style="list-style-type: none"> •3-6 Directors of the Board •Board members, Alternate Board members, and member agency staff nominated by a Board member can serve on the committee •No more than one eligible Committee member shall represent their respective Member Agency </p>	<ul style="list-style-type: none"> •Jeannie Bruins, Los Altos •Courtenay Corrigan, Los Altos Hills •Nancy Smith, Sunnyvale

2019 Assignments and Expressions of Interest

Director	Agency	Executive Committee	Finance & Admin Comm. Quarterly & as needed	2019 Legislative Ad Hoc Comm. Based on member availability	Audit Committee Twice yearly and as needed
Margaret Abe-Koga, Chair	Mountain View	●		✓	
Howard Miller, Vice Chair	Saratoga	●	✓		
Liz Gibbons	City of Campbell	●	✓		
Rod Sinks	City of Cupertino	●		✓	
Fred Tovar	City of Gilroy				
Jeannie Bruins	City of Los Altos				✓
Courtenay Corrigan	Town of Los Altos Hills				✓
Marico Sayoc	Town of Los Gatos			✓	
Rob Rennie (Alternate Director)	Town of Los Gatos		✓		
Bob Nuñez	City of Milpitas		✓	✓	
Javed Ellahie	City of Monte Sereno			✓	
Yvonne Martinez Beltran	City of Morgan Hill				
Tony Eulo (Alternate Director)	City of Morgan Hill				
Susan Ellenberg	County of Santa Clara				
Nancy Smith	City of Sunnyvale	●		✓	✓

✓ = Appointment to be ratified at the Feb. 13, 2019 Board of Directors Meeting.

● = Confirmed appointment for 2019.



Staff Report – Item 5

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 5: Electric Vehicle Supply Equipment Incentive Program

Date: 2/13/2019

RECOMMENDATION

Staff recommends the Board adopt Resolution No. 2019-02 to approve the budget request for the Electric Vehicle Supply Equipment Incentive Program (EVSE Incentive Program) totaling \$8M for the four-year period of FY2020-FY2023.

BACKGROUND

The Board approved setting aside of 2% of annual operating revenues for programs, which is approximately \$5-5.5M annually. In December 2018, the Board approved the Decarbonization Strategy & Programs Roadmap (abbrev. "Roadmap") and approximately \$6M to begin implementation. The initial funding commitments targeted approximately 60% of planned program funds for FY2019 and FY2020, as shown in Figure 1. Requests for additional commitments of funds to fill out the programs portfolio would be brought to the Board throughout 2019. This is the first of such request.

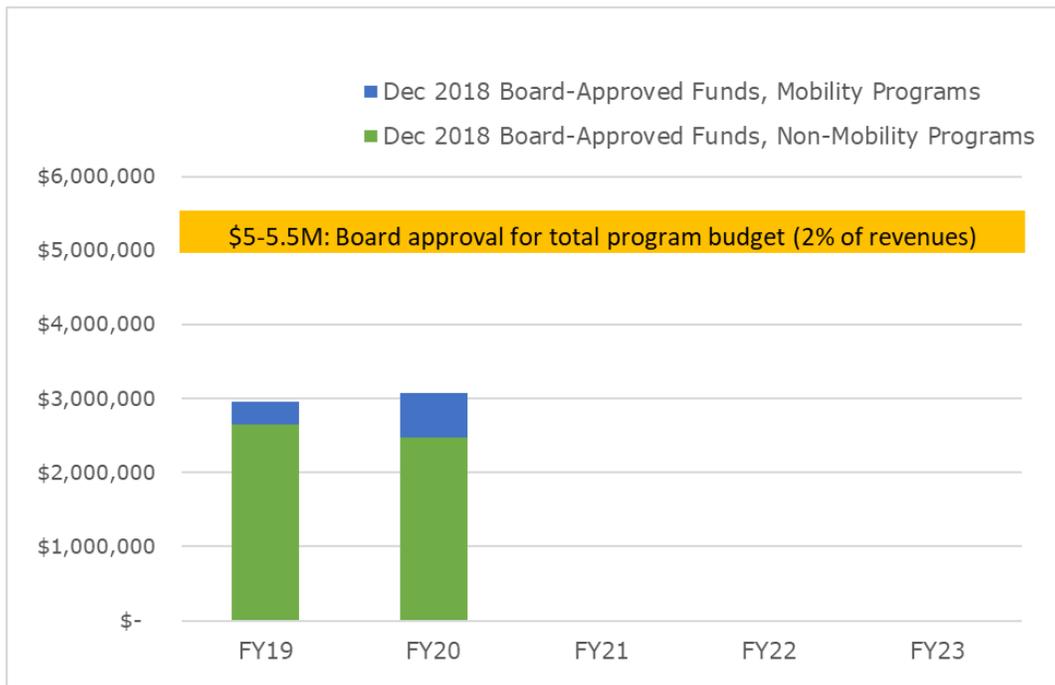


Figure 1: Programs budget by fiscal year

SVCE entered into a broad coalition with Peninsula Clean Energy (PCE), the City of San Jose, the City of Palo Alto and the City of Santa Clara to pursue external funding from the California Energy Commission (CEC)

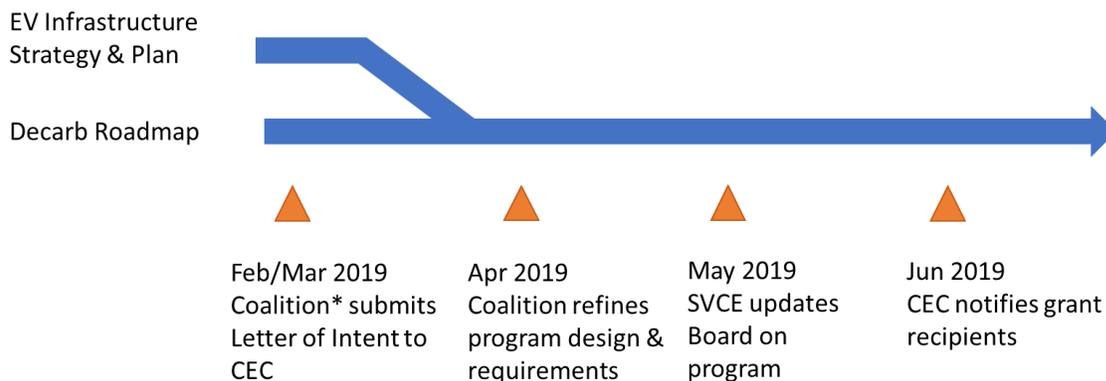
CALeVIP program, which has an estimated \$200M over 5 years to fund regional electric vehicle service equipment (EVSE, aka EV chargers) incentive programs. The CALeVIP program goals are to 1) implement targeted incentive projects throughout California that address a specific region’s EV charging needs, and 2) provide a mechanism that speeds up the installation, reporting and funding processes. Letters of intent (LOI) from applicants seeking funding are due to the CEC in February/March 2019. Board-approved funding commitments from SVCE through the proposed EVSE Incentive Program would serve to greatly strengthen our LOI and application as they would be considered matching funds.

Staff requests funding an EVSE Incentive Program, which would be an umbrella initiative for all EVSE incentives activities that would target priority areas identified in the Roadmap (DC fast charging, low income, MUD, fleets, transportation network companies (TNC)). The proposed program would increase SVCE’s Mobility programs budget to a multi-year, multi-million dollar funding commitment (\$8M over 4 years), which would provide the sustained support needed to encourage smart investments in EVSE planning and deployment across SVCE service territory. The focus of the program is to address market gaps and key market barriers. Key input from our member agencies and stakeholders will be provided through the EV Infrastructure Strategy & Plan initiative being carried out in the coming months. The full incentive program will be defined in collaboration with the coalition members. Staff will return to the Board with an update on the program design for review in late spring, prior to program launch.

As addressed above, multi-year SVCE funding commitments will help position SVCE for co-funding support. In addition to CALeVIP funds, SVCE program funds may be used to leverage/complement other external funding sources include PG&E, Bay Area Air Quality Management District (BAAQMD), Electrify America (VW settlement funds), and the Air Resources Board’s Low Carbon Fuel Standard (LCFS) program. Some programs are already defined, launched and available to our customers (e.g. PG&E’s EV Charge Network and BAAQMD’s Charge! Programs). Meanwhile, other funding sources are in the early stages of allocation and scoping, like CEC’s CALeVIP and Electrify America’s second \$200M investment cycle.

ANALYSIS & DISCUSSION

Foundational work on SVCE’s directional strategies, priorities and near- and long-term actions is being carried out through the EV Infrastructure Strategy & Plan from spring through summer. The effort is being organized to ensure timely input from stakeholders for the development and refinement of the program design through the EVSE Incentive Program. The resultant timeline of program development is depicted in Figure 2. Please note that the CALeVIP program timeline may be altered by the CEC.



**Coalition consists of SVCE, Peninsula Clean Energy, and the Cities of San Jose, Palo Alto, and Santa Clara*

Figure 2: Timeline for the EVSE Incentive Program & CALeVIP funding process

Of the total \$8M budget request over the upcoming four fiscal years for EV Charging Infrastructure Incentives, approximately 10-20% is anticipated to be used for program administration and evaluation, measurement and verification (EM&V) activities. The remainder would be devoted to incentive funds.

STRATEGIC PLAN

The proposal supports SVCE’s Strategic Plan Goal 5, which is to work with the community to achieve energy and transportation GHG emissions reductions of 30% emissions reduction from the 2015 baseline by 2021, 40% by 2025 and 50% by 2030. The resultant program also supports specifically Strategy 5.3 to develop and conduct SVCE programs that promote decarbonization via grid innovation and fuel switching.

FISCAL IMPACT

Figure 3 shows funding commitments for programs including this budget request of \$8M for the EVSE Incentive Program for FY2020 through FY2023. Please note that of the \$8M budget, \$7.4M would be an additional budget commitment, because \$600k was already approved in the December 2018 budget request for the EV Fast Charge Depots program that would now fall within this umbrella program. As shown in the figure, programs expenditures collectively remain well within the anticipated program budget expenditures of 2% of operating revenues (approx. \$5M-5.5M annually) approved through SVCE’s budget process.

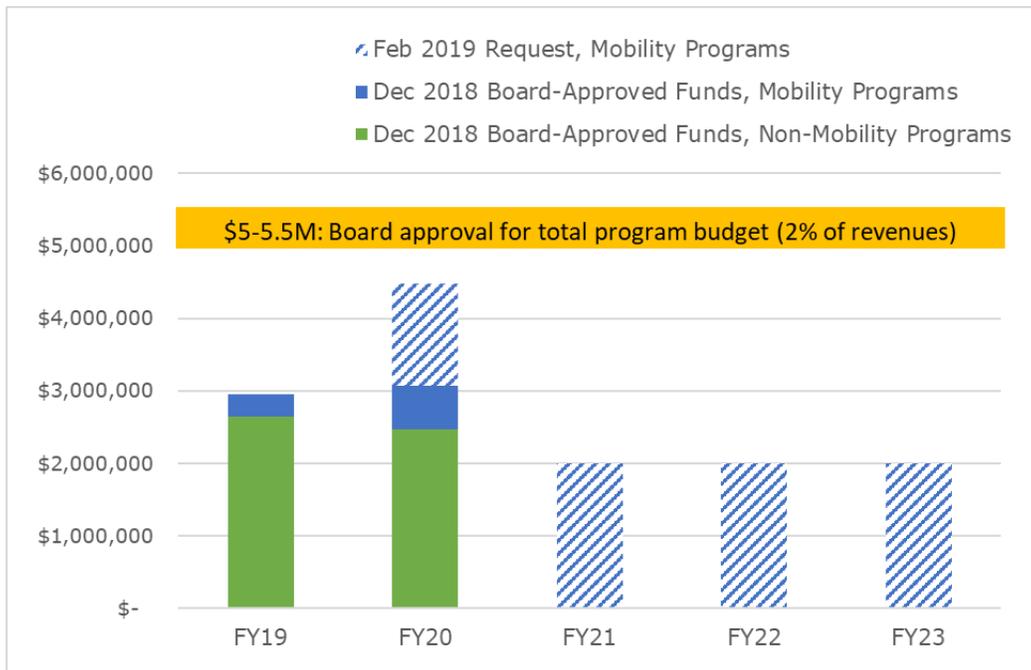


Figure 3: Program budget by fiscal year

ATTACHMENTS

1. Resolution 2019-02 to approve the budget request for EVSE Incentive Program totaling \$8M for the four-year period of FY2020-FY2023

SILICON VALLEY CLEAN ENERGY AUTHORITY
RESOLUTION NO. 2019-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY APPROVING ELECTRIC CHARGING INFRASTRUCTURE INCENTIVE PROGRAMS BUDGET

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, the Board adopted 2021, 2025 and 2030 greenhouse gas emissions reduction targets; and

WHEREAS, transportation emissions currently make-up approximately half of the remaining emissions in SVCE service territory; and

WHEREAS, transitioning from gasoline to electric vehicles is needed to reduce transportation emissions to achieve SVCE’s adopted greenhouse gas emission reduction targets; and

WHEREAS, the Board adopted the Decarbonization Strategy and Programs Roadmap on December 12, 2018; and

WHEREAS, the Board established an initial budget for the implementation of decarbonization programs pursuant to an adopted Decarbonization Strategy and Programs Roadmap; and

WHEREAS, SVCE staff would return to the Board with additional budget requests as decarbonization programs are developed consistent with the SVCE Decarbonization Strategy & Programs Roadmap.

NOW THEREFORE, the Board of Directors of the Silicon Valley Clean Energy Authority does hereby amend the initial budget for the Decarbonization Strategy and Programs Roadmap adopted by Resolution No. 2018-20 by approving the allocation of \$8 million for electric charging incentive programs for activities starting in Fiscal Year 2020 and running through Fiscal Year 2023.

PASSED AND ADOPTED this 13th day of February 2019, by the following vote:

JURISDICTION	NAME	AYE	NO	ABSTAIN	ABSENT
City of Campbell	Director Gibbons				
City of Cupertino	Director Sinks				
City of Gilroy	Director Tovar				
City of Los Altos	Director Bruins				
Town of Los Altos Hills	Director Corrigan				
Town of Los Gatos	Director Sayoc				
City of Milpitas	Director Nuñez				
City of Monte Sereno	Director Ellahie				
City of Morgan Hill	Director Martinez Beltran				
City of Mountain View	Director Abe-Koga				
County of Santa Clara	Director Ellenberg				
City of Saratoga	Director Miller				
City of Sunnyvale	Director Smith				

Chair

ATTEST:

Andrea Pizano, Board Secretary



Staff Report – Item 6

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 6: 2020 Time-of-Use Rate Transition for Residential Customers

Date: 2/13/2019

RECOMMENDATION

Receive staff report on current plans for an October 2020 transition of residential Tiered-Rate customers to Time-of-Use rates.

BACKGROUND

Changing Grid Dynamics

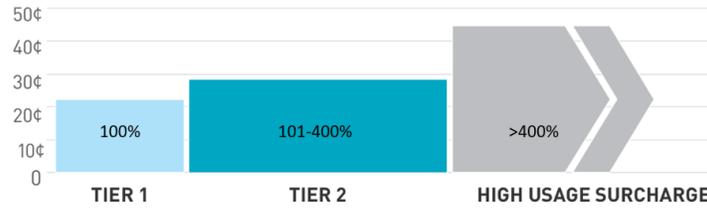
California leads the nation in solar energy generation, with thousands of megawatts of new solar capacity deployed over the last decade. This has transformed the state's wholesale electricity market. Now, during the mid-day peak demand period (e.g. 11am to 3pm) California's grid is flooded with inexpensive solar power, and excess power is sometimes exported to other states at negative prices.

The abundance of solar power has shifted peak demand for conventional generation to later in the day (4pm to 9pm), when residential energy use peaks and solar generation wanes. To meet this requirement, grid operators must call on natural gas-powered generators to rapidly ramp up operations for a few hours in the evening, increasing costs and GHG emissions. Viewed graphically, the steep ramp of natural gas-fired generation to meet demand in the evening hours is referred to as "the Duck Curve". Wholesale electricity prices for power during the evening peak are now typically 50-100% more expensive than at other hours of the day.

Tiered Rates vs. Time-of-Use Rates

To date, tiered rate structures have been standard for residential customers. In PG&E territory, the standard tiered residential rate schedule is designated 'E1.' Customers are charged on a volumetric basis, with increasing rates based on total monthly electricity usage. Customers are allowed a monthly "baseline" quantity of electricity usage at a low rate, determined by climate zone and kilowatt-hours typically required per day. The baseline rate is then increased through two higher-priced rate tiers, depending on customers' usage beyond the baseline quantity. This schedule's pricing is not time-dependent.

Tiered pricing is designed to reward efficiency and reduce power use, but is not ineffective in mitigating the steep ramp in demand for power between the hours of 4pm - 9pm. Tiered pricing can also penalize strategic electrification efforts, by charging higher rates for additional electricity required to charge a new electric vehicle or heat pump water heater.



Time-of-Use (TOU) rates are based on the time of day that customers use power. The highest rates apply to peak-period usage, and lowest prices to off-peak usage. These schedules may also have a volumetric element, such as lower prices across TOU periods for a baseline quantity of power. Customers on TOU schedules are incentivized to reduce their consumption during the grid’s hours of highest demand, and to use power during the hours of greatest solar abundance.

When customers are transitioned from tiered pricing to TOU pricing, it is inevitable that some customers will naturally save money, and some won’t - due to the wide variety in hourly usage profiles. To mitigate customer uncertainty about the potential financial impacts of moving to a TOU rate, PG&E has committed to “bill-protect” customers in their first year of TOU service. They offer to credit customers the annual difference if they spend more on TOU than they would have on an E1 schedule.



CPUC and PG&E Direction

As part of a statewide effort directed by the CPUC, PG&E will begin full-scale transition of residential customers to time-of-use in October of 2020, impacting 250,000-500,000 customers monthly into mid-2021. Customers will pay the highest prices between 4pm - 9pm daily including weekends, and lower prices during all other hours.

PG&E is currently piloting this TOU transition with approximately 150,000 residential E1 customers, approximately 25,000 of which are CCA customers. All pre-selected pilot customers and voluntary enrollees were offered bill protection for their first year on the pilot rate. CCA customers’ protection on the generation side of the bill is being provided by the CCAs, while the non-generation portions of the bill will be protected by PG&E. All customers participating in the pilot rate were sent communications from PG&E including personalized information about their usage and tips on how to be successful on TOU rates.

ANALYSIS & DISCUSSION

SVCE TOU Pilot and Impacts

SVCE, Marin Clean Energy, and Sonoma Clean Power each have customers participating in PG&E’s 2018 pilot roll-out of the new TOU rate (known as TOU-C). This rate was also made available on a voluntary basis to all PG&E customers. The SVCE pilot group was approximately 7,500 customers, consisting entirely of new enrollees brought on in Milpitas in June 2018. Of these customers, about 70% opted to participate in the pilot under the new TOU-C rate. Of the remainder, 15% chose to switch to another TOU rate upon notification, and 15% chose to return to E1 service.

Under the marketing, education and outreach (ME&O) requirements set forth by the CPUC, PG&E communicated directly with pilot customers in four separate direct mailings prior to the transition. In the case of CCA customers, co-branded letters were sent at 90, 60, and 30 days prior, followed by a welcome letter during the month of the transition. The 60-day-prior communication included a customized rate comparison based on that customer’s interval meter data. It displayed what the customer would pay on an E1 schedule versus TOU-C and another TOU option. This helped ensure that an individual customer’s choice of rate was based on the best-available information.

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Early analysis of data from the TOU pilot is showing that the transition from E1 to a TOU rate to be effective at reducing load during peak times. Loads were assessed for the Summer time period (June through September) using standard Demand Response protocol models across all day types (week day, weekend/holiday), climate zones (hot, moderate, cool) and customer segments (CARE, non-CARE). Load reductions were observed across all different segments and day types during peak hours with non-CARE customers reducing more (up to 5%) than CARE customers (around 0.5%). Hotter climate zones were also found to shed the most load during peak times. Off peak reductions were also observed across all day types and customer segments, suggesting an absolute reduction of usage rather than shifting of loads to less expensive periods. These results are preliminary and will require further analysis by both PG&E and SVCE.

The utility-wide transition in 2020 is meant to be revenue neutral for the utility and participating CCAs, as well as cost neutral to the overall customer base - though individual results may vary. Most customers are expected to see a small increase or decrease in their annual energy costs, if there is no change to the way they currently use energy.

Early indication suggests that slightly more than half of the participating customers will be entitled to some amount of bill protection at the end of the pilot period. The majority of these customers will fall into the \$.01-\$10.00 range and the fewest number of customers falling into the >\$100.00 range for a 12-month period. SVCE intends to review the results of the initial TOU-C participants in July 2019 to further understand this impact.

Key Considerations

Approximately 87% of SVCE's residential customers (208,000) are currently subscribed to the E1 tiered rate schedule - representing nearly 30% of SVCE's electric load. These customers are currently scheduled for transition in October of 2020. San Jose Clean Energy customers are also scheduled for October 2020 - so that the transition applies uniformly across PG&E customers in Santa Clara County. This aids public education and communications efforts. And given Santa Clara County's climate and energy use profile, October is a good month for transition - it is typically a low to average month usage-wise. This will be PG&E's first full-scale TOU rollout.

SVCE staff and directors should anticipate focused E1 and TOU rate analysis and rate setting for 2020 and 2021. In addition, the impacts of offering bill protection will need to be modeled, and accommodated in the rate structure. Special attention will need to be paid to ensure that financial impacts of the transition are revenue neutral to SVCE.

In summer of 2019, based on a full year of results for SVCE's TOU pilot customers, staff will have additional data with which to evaluate on the full financial impacts of the TOU-C rate, and associated bill protection costs.

SVCE must also establish a plan for engaging with and potentially supplementing PG&E's market education and outreach efforts. These efforts will be informative as well as present an opportunity to connect with customers as an agency that is deeply involved in the community.

Next Steps

In the summer 2019 timeframe, confirm participation with PG&E for CPUC filings

- confirm SVCE TOU transition and timing
- confirm SVCE general rate structure and bill protection plans for first year of TOU operation

In late-2019/early-2020, perform financial modeling and rate analysis for E1 to TOU

- setting of 2020 E1 and E-TOU rates

STRATEGIC PLAN

Time of use pricing for residential customers is directly supported by 5.3 and 5.3.3 of the Strategic Plan:

Agenda Item: 6**Agenda Date: 2/13/2019**

5.3: Develop and conduct SVCE programs that promote decarbonization via grid innovation and fuel switching to clean electricity and increased energy efficiency.

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.

FISCAL IMPACT

With effective residential rate-setting in late 2019/early 2020, the fiscal impact of the TOU transition will be neutral. To support rate setting efforts, SVCE will evaluate data collected during the 2018 pilot enrollment of SVCE customers in TOU-C. This analysis will include revenues from sales over a 12-month period as well as bill protection payments to customers for the same period.



Staff Report – Item 7

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 7: Executive Committee Report

Date: 2/13/2019

The Executive Committee met on January 29th, 2019 and this item will be addressed as an oral report 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: 2/13/2019

The Finance and Administration Committee met on January 25th, 2019 and this item will be addressed as an oral report 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: 2/13/2019

No report as the 2019 committee has not yet met.



Staff Report – Item 10

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Item 10: Audit Committee Report

Date: 2/13/2019

The Audit Committee met February 4, 2019 and this item will be addressed as an oral report to the Board.



Silicon Valley Clean Energy Board of Directors Meeting

February 13, 2019

Appendix A

Power Resource Contracts Executed by CEO

1913E 029

CONFIRMATION

Reference:
Master Power Purchase and Sale Agreement
Between Morgan Stanley Capital Group Inc. ("Seller")
And
Silicon Valley Clean Energy Authority, a California joint powers authority ("Buyer")

dated: November 23, 2016

Transaction Date: January 8, 2019 (the "Effective Date")

RECITALS:

WHEREAS, pursuant to California Public Utilities Code Sections 366.1, et. seq., Buyer has been registered as a Community Choice Aggregator (the "CCA");

WHEREAS, Buyer is a California joint powers authority, which has established Silicon Valley Clean Energy Authority for purposes of delivering CCA service to certain customers located within the County of Santa Clara;

WHEREAS, pursuant to California Public Utilities Code Section 366.2, Buyer submitted Buyer's CCA Implementation Plan and Statement of Intent ("Implementation Plan") to the CPUC;

WHEREAS, the CPUC certified the Implementation Plan on September 27, 2016;

WHEREAS, Seller and Buyer desire to set forth the terms and conditions pursuant to which Seller shall supply the Product to Buyer, and Buyer shall take and pay for such supply of Product subject to satisfaction of the conditions herein; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements in this Confirmation and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

- 1. **DEFINITIONS**. Any capitalized terms used in this Confirmation but not otherwise defined below shall have the meaning ascribed to such term in the Master Agreement:

"ACS" means "asset-controlling supplier" as that term is defined in the Cap and Trade Regulations.

"Applicable Law" means any statute, law, treaty, rule, tariff, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, or any binding interpretation of the foregoing, as any of them is amended or supplemented from time to time, that apply to either or both of the Parties, the Project(s), or the terms of the Agreement.

“CAISO” means the California Independent System Operator Corporation or the successor organization to the functions thereof.

“CAISO Tariff” means the California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and Operating Procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

“California RPS” or “California Renewables Portfolio Standard” means the California renewables portfolio standard, as set forth in Cal. Pub. Util. Code §§ 399.11 et seq. and Cal. Pub. Res. Code §§ 25740-25751, and as administered by the CEC as set forth in the CEC RPS Eligibility Guidebook (9th Ed.), as may be subsequently modified by the CEC, and the California Public Utilities Commission (“CPUC”) as set forth in CPUC Decision (“D”) 08-08-028, D.08-04-009, D.11-01-025, D.11-12-020, D.11-12-052, D.12-06-038 and D.14-12-023, and as may be modified by subsequent decision of the CPUC or by subsequent legislation, and regulations promulgated with respect thereto.

“Cap and Trade Regulations” means the Mandatory Greenhouse Gas Emissions Reporting and California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms regulations (California Code of Regulations Title 17, Subchapter 10, Articles 2 and 5 respectively) promulgated by the California Air Resources Board of the California Environmental Protection Agency pursuant to the California Global Warming Solutions Act of 2006.

“Carbon Free Energy” means Energy generated by Carbon Free Sources.

“Carbon Free Source” means any energy source, except for nuclear-powered generation assets, that is located within the WECC and that is considered by the State of California to have zero Greenhouse Gas emissions in accordance with the Cap and Trade Regulations. Carbon Free Source does not include any Category 3 Renewables, ACS resources or any energy source with an e-tag with a source point associated with a nuclear or coal-fired generating facility.

“Category 1 Renewable” means Renewable Energy that satisfies the requirements of Section 399.16(b)(1) of the California Public Utilities Code, as applicable to the REC Vintage transferred hereunder.

“Category 2 Renewable” means Renewable Energy that satisfies the requirements of Section 399.16(b)(2) of the California Public Utilities Code, as applicable to the REC Vintage transferred hereunder.

“Category 3 Renewable” means the Renewable Energy Credits that satisfy the requirements of Section 399.16(b)(3) of the California Public Utilities Code, as applicable to the REC Vintage transferred hereunder.

“CEC” means the California Energy Commission.

“Change in Law” has the meaning set forth in Section 2.2 hereof.

“Commercially Reasonable Efforts” for the purposes of this Confirmation, “commercially reasonable efforts” or acting in a “commercially reasonable manner” shall not require a Party to undertake extraordinary or unreasonable measures.

“Compliance Obligation” has the meaning set forth by the Cap and Trade Regulations.

“CPUC” means the California Public Utilities Commission.

“Customers” means the residential, commercial, industrial, and all other retail end use customers that have not opted out of the Silicon Valley Clean Energy Program, as designated from time to time by Buyer as being served by Buyer within the jurisdictional boundaries of the County of Santa Clara.

“Delivery Period” shall be the period beginning on the Start Date and ending on the End Date, as set forth in Section 3 below.

“Delivery Point” has the meaning set forth in Section 4 hereof.

“Effective Date” has the meaning set forth in the Reference Section at the beginning of this Confirmation.

“Eligible Renewable Energy Resource” or “ERR” means an Eligible Renewable Energy Resource as such term is defined in Public Utilities Code Section 399.12 or Section 399.16.

“Energy” means electrical energy, measured in MWh.

“Energy Contract Price” means the price (\$/MWh) to be paid by Buyer to Seller for the Energy Contract Quantity delivered hereunder, as set forth on Exhibit A.

“Energy Contract Quantity” means the quantity of Energy set forth in Exhibit A, which will be delivered to the CAISO by Seller and scheduled with Buyer as an IST.

“Exhibits” shall be those certain Exhibits, which are attached hereto and made a part hereof.

“FERC” means the Federal Energy Regulatory Commission.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States.

“Governmental Authority” means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, or the CAISO or any other transmission authority, having or asserting jurisdiction over a Party or the Agreement.

“Implementation Plan” has the meaning set forth in the Recitals hereof.

“Inter-SC Trade” or “IST” has the meaning set forth in the Tariff.

“Mandatory Reporting Rule” means the regulations entitled Mandatory Greenhouse Gas Emissions Reporting set forth in Article 2 of Subchapter 10 of Title 17 of the California Code of Regulations.

“MW” means megawatt.

“MWh” means megawatt-hour.

“PG&E” means the Pacific Gas and Electric Company, its successors and assigns.

“Product” has the meaning set forth in Section 2.1 hereof.

“Project” shall mean the Eligible Renewable Energy Resource(s) used to provide Renewable Energy hereunder.

“Prudent Industry Practices” means any of the practices, methods, techniques and standards (including those that would be implemented and followed by a prudent operator of generating facilities similar to the Project(s) in the United States during the relevant time period) that, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result, giving due regard to manufacturers’ warranties and recommendations, contractual obligations, the requirements or guidance of Governmental Authority, including CAISO, Applicable Law(s), the requirements of insurers, good business practices, economy, efficiency, reliability, and safety. Prudent Industry Practices shall not be limited to the optimum practice, method, technique or standard to the exclusion of all others, but rather shall be a range of possible practices, methods, techniques or standards.

“REC Vintage” means the date of Energy generation found on a WREGIS Certificate.

“Renewable Energy” means Energy and associated Renewable Energy Credits generated by an Eligible Renewable Energy Resource where the source of power is wind, solar or hydroelectric.

“Renewable Energy Contract Price” shall mean the price (\$/REC) to be paid by Buyer to Seller for Renewable Energy delivered hereunder, as set forth on Exhibit B.

“Renewable Energy Contract Quantity” shall mean the quantity of RECs to be delivered by Seller to Buyer hereunder, as set forth on Exhibit B.

“Renewable Energy Credits” or “REC” has the meaning set forth in California Public Utilities Code Section 399.12(h) and CPUC Decision D.08-08-028, as applicable to the specific REC Vintage(s) transferred hereunder.

“RPS Adjustment” means the reduction in the Compliance Obligation of an electricity importer authorized by and calculated in accordance with section 95852 (b)(4) of the Cap and Trade Regulations and section 95111(b)(5) of the Mandatory Reporting Rule.

“Security Documents” has the meaning set forth in the Master Agreement.

“Silicon Valley Clean Energy Program” means the community choice aggregation program operated by Buyer.

“Specified Sources of Power” means electricity that is traceable to a specific generation source by any auditable contract trail or equivalent, including a tradable commodity system, that provides commercial verification of the power source.

“Tariff” means the tariff and protocol provisions, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” as amended, supplemented or replaced by CAISO from time to time.

“Unspecified Sources of Power” means electricity that is not traceable to a specific generation source by any auditable contract trail or equivalent, including a tradable commodity system, that provides commercial verification that the electricity has been sold once and only once.

“WREGIS” means the Western Renewable Energy Generation Information System or any successor renewable energy tracking program.

“WREGIS Certificate” means “Certificate” as defined by WREGIS in the WREGIS Operating Rules.

“WREGIS Operating Rules” means the operating rules and requirements adopted by WREGIS.

2. PRODUCT.

2.1 Seller Delivery Obligation. Throughout the Delivery Period, Seller shall sell and deliver or make available, or cause to be sold and delivered or made available to Buyer, the “Product,” which is comprised of one or more of the following:

- (a) the quantity of Energy specified in Section 7.1;
- (b) the quantity of Renewable Energy (Category 1 Renewable) specified in Section 7.2; and
- (c) the quantity of Carbon Free Energy specified in Section 7.3.

2.2 Change in Law.

If due to any action by the CPUC or any Governmental Authority, or any change in Applicable Law (a “Change in Law”) occurring after the Effective Date that results in material changes to Buyer’s or Seller’s obligations with regard to the Products sold hereunder and that has the effect of changing the transfer and sale procedure set forth in this Confirmation so that the implementation of this Confirmation becomes impossible or impracticable, or otherwise modifies the California RPS or language required to conform to the California RPS, the Parties shall work in good faith to try and revise this Confirmation so that the Parties can perform their obligations regarding the purchase and sale of Products sold hereunder or Buyer’s

compliance with California RPS obligations in order to maintain the original intent of the Parties under this Confirmation. In the event the Parties cannot reach agreement on any such amendments to this Confirmation within sixty (60) days following the Change in Law, to the extent practicable and lawful, Seller shall perform its obligations hereunder with regard to any Product hereunder or compliance with California RPS obligations in accordance with the Applicable Law immediately prior to the Change in Law; provided, however, that notwithstanding the foregoing or anything to the contrary herein, Seller shall not be obligated to perform any obligation hereunder to the extent that doing so would cause Seller to be materially adversely affected. These Change in Law provisions are independent of those set forth in the RPS Standard Terms and Conditions below.

2.3 RPS Standard Terms and Conditions.

STC 6: Eligibility

Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Period of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

STC REC-1: Transfer of Renewable Energy Credits

Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Period of this Agreement the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

STC REC-2: Tracking of RECs in WREGIS

Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under this contract.

STC 17: Applicable Law

This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of law. To the extent enforceable at such time, each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement.

- 2.4 Resources. For Renewable Energy and Carbon Free Energy delivered under this Confirmation, Seller shall use Specified Sources of Power, as further detailed in Exhibit B & C respectively; provided however, Seller may designate additional Specified Sources of Power upon 5 (five) days written notice to Buyer thereof; provided further any such additional Specified Sources of Power shall meet the requirement of Renewable Energy and Carbon Free Source as defined herein. For other Energy deliveries hereunder, if any, Seller may use Unspecified Sources of Power; provided that any Energy delivered under this Confirmation (including incremental energy associated with Category 2 Renewable products) shall not be procured from unit-specific sources that are nuclear or coal-fired resources. The Energy supplied in connection with any Renewable Energy shall comply with applicable California RPS requirements for such Product.
- 2.5 Delivery of WREGIS Certificates. Throughout the Delivery Period, following generation of the Renewable Energy by the Project(s), Seller shall, at its sole expense, take all actions and execute all documents or instruments necessary to ensure that all WREGIS Certificates associated with the Renewable Energy Contract Quantity are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard for Buyer.

Seller shall comply with all Applicable Law, including, without limitation, the WREGIS Operating Rules, regarding the certification and transfer of such WREGIS Certificates to Buyer and Buyer shall be given sole title to all such WREGIS Certificates. The Parties acknowledge and agree that, as of the Effective Date, the WREGIS Certificates associated with the Renewable Energy Contract Quantity for a month are not available for transfer to Buyer until approximately ninety (90) days after the end of such month. Seller shall transfer such WREGIS Certificates in a timely manner after such WREGIS Certificates are available for transfer to Buyer for Buyer's sole benefit.

Upon receiving written or electronic confirmation from WREGIS that a transfer order has been initiated by Seller, Buyer shall confirm such transfer order in WREGIS within fourteen (14) days to the extent that the WREGIS Certificates included in such transfer conform to the specifications reflected in this Confirmation. In the event that certain WREGIS Certificates fail to conform to the applicable California RPS requirements or WREGIS specifications reflected in this Confirmation, Buyer shall be entitled to reject the transfer of any non-conforming WREGIS Certificates and Seller shall replace the non-conforming WREGIS

Certificates with an equivalent amount of WREGIS Certificates of the same REC Vintage and that meet the applicable California RPS requirements or WREGIS specifications reflected in this Confirmation;

Upon either Party's receipt of notice from WREGIS that a transfer of WREGIS Certificates was not recognized, that Party will immediately notify the other Party, providing a copy of such notice, and both Parties will cooperate in taking such actions as are necessary and commercially reasonable to cause such transfer to be recognized and completed. Each Party agrees to provide copies of its applicable reports to the extent reasonably necessary for WREGIS to verify the accuracy of any fact, statement, charge or computation made pursuant hereto if requested by the other Party.

2.6 Retirement of RECs. To facilitate compliance with obligations of suppliers of Renewable Energy as first deliverers of electricity, as defined in Title 17, California Code of Regulations ("CCR") Section 95802, Buyer agrees to retire the RECs purchased from Seller hereunder no later than four months after the year in which such RECs are produced in accordance with Title 17 CCR Section 95852(b)(3)(D) and to provide Seller with the WREGIS retirement report.

2.7. Additional Terms and Conditions

(1) Seller Representations and Warranties: Seller represents and warrants:

- (a) Seller has not sold the Product or any Program Attributes of the Product to be transferred to Buyer to any other person or entity;
- (b) For the sale of Renewable Energy and Carbon Free Energy, Seller receives compensation directly from the CAISO for energy imported or scheduled to the CAISO in real-time on Buyer's behalf; and
- (c) If and to the extent that the Renewable Energy sold by Seller is a resale of part or all of a contract between Seller and one or more third parties, Seller represents, warrants and covenants that the resale complies with the following conditions in (i) through (iv) below as of the Effective Date and throughout the Delivery Period:
 - i. The original upstream third party contract(s) meets the criteria of California Public Utilities Code Section 399.16(b)(1)(A);
 - ii. This Agreement transfers only Renewable Energy that has not yet been generated prior to the later of the Effective Date or the Delivery Period;
 - iii. The Energy transferred hereunder is transferred to Buyer in real time; and

- iv. If the Project has an agreement to dynamically transfer electricity to a California balancing authority, the transactions implemented under this Agreement are not contrary to any condition imposed by a balancing authority participating in the dynamic transfer arrangement.

- 3. **DELIVERY PERIOD.** This Confirmation shall be in full force and effect as of the Effective Date. The terms set forth herein shall apply from the Start Date through the End Date, which entire period will comprise the Delivery Period. This Confirmation shall terminate on the date on which both Parties have completed the performance of their obligations hereunder, unless earlier terminated pursuant to the terms hereof.

Start Date:	End Date:
January 8, 2019	December 31, 2020

- 4. **DELIVERY POINT.**

Product	Delivery Point
Energy	TH_NP15_GEN-APND
Renewable Energy	CAISO
Carbon Free Energy	CAISO

- 5. **SCHEDULING.** Seller will perform all scheduling requirements applicable to the transaction(s) contemplated under this Confirmation. All scheduling shall be performed consistent with all applicable CAISO and WECC prevailing protocols. The Energy will be scheduled to Buyer on a Day-Ahead basis using an Inter-SC Trade (IST). Unless otherwise mutually agreed between the Parties, Carbon Free Energy and Renewable Energy will be scheduled to the applicable delivery point without (an) IST.

- 6. **PRICING.**

- 6.1 **Energy Contract Price and Payment.** For each month during the Delivery Period, Buyer will pay Seller an amount equal to the Energy Contract Quantity delivered and scheduled in accordance with this Confirmation multiplied by the Energy Contract Price specified in Exhibit A.
- 6.2 **Renewable Energy Contract Price and Payment.** For each month during the Delivery Period, Buyer will pay Seller an amount equal to: a) the applicable Renewable Energy Contract Price as specified in Exhibit B multiplied by the portion of the Renewable Energy Contract Quantity delivered by Seller as

evidenced by the quantity of WREGIS Certificates in Seller's WREGIS account that are available for transfer to Buyer. Seller shall transfer RECs associated with the applicable Renewable Energy Contract Quantity to Buyer through WREGIS within five (5) days of receipt of payment from Buyer.

- 6.3 Carbon Free Energy Price and Payment. For each month during the Delivery Period, Buyer will pay Seller an amount equal to the Carbon Free Energy Contract Quantity delivered in such month multiplied by the Carbon Free Energy Price specified in Exhibit C.

7. **CONTRACT QUANTITIES.**

- 7.1 Energy. Energy Contract Quantities and the Energy Contract Prices pursuant to this Confirmation relate to the quantities set forth in Exhibit A.
- 7.2 Renewable Energy. Renewable Energy Contract Quantities and Renewable Energy Contract Prices pursuant to this Confirmation relate to the quantities set forth in Exhibit B. The Renewable Energy sold by Seller to Buyer shall also include any and all Renewable Energy Credits associated with such Renewable Energy.
- 7.3 Carbon Free Energy. Carbon Free Energy Contract Quantities and Carbon Free Energy Prices pursuant to this Confirmation relate to the quantities set forth in Exhibit C.

8. **MONTHLY BILLING SETTLEMENT.**

- 8.1 Monthly Invoice Timeline. Seller agrees to use commercially reasonable efforts to deliver each monthly invoice to Buyer no later than the fifteenth (15th) day of each month for the previous calendar month. The Parties hereby agree that all invoices under this Confirmation shall be due and payable on the twenty-fifth (25th) day of the month following the month in which Seller delivered such invoice, provided that if such day is not a Business Day, then such invoice will be due and payable on the next Business Day that occurs after the twenty-fifth (25th) day of the month.

9. **COMPLIANCE REPORTING.** Buyer shall be responsible for submitting compliance reports to the CPUC and/or other Governmental Authorities on its own behalf and will require resource information, electronic tagging information, and other documentation to be provided by Seller. Seller shall provide all reasonable information to Buyer necessary for Buyer to timely comply with periodic compliance reporting requirements and as otherwise required by Applicable Law with respect to any Product.

10. **NO RESTRICTION.** Nothing in this Confirmation shall limit Buyer's ability to develop its own generation facilities or prevent Buyer from purchasing Energy from other parties or prevent Seller from selling Energy to other parties; provided, however, that Buyer shall remain responsible to pay Seller for the Contract Quantities represented in Exhibits A, B and C.

11. **STANDARD OF CARE AND GOOD FAITH.** When performing its obligations hereunder, Seller shall act in good faith and shall perform all work in a manner consistent with Prudent Industry Practices.

12. **SECURITY PROVISIONS.**

12.1 **Buyer Reporting Requirements.** During the entire period this Confirmation remains in effect, Buyer shall provide Seller with the report(s) required below and shall also provide Seller with any clarifications requested regarding such report(s) and such other information that Seller reasonably requests regarding Buyer's financial performance, Buyer's performance of its obligations under this Confirmation or the ongoing viability of the CCA.

- (a) Annual Reports. The following report shall be provided by Buyer to Seller not later than 180 days following the end of Buyer's fiscal year, shall be with regard to such previous fiscal year and shall be as follows: Buyer's financial reports consisting of, at a minimum, statement of revenues, expenses and changes in fund net assets, statement of net assets, and statement of cash flows on a consolidating basis (as applicable), each as prepared in accordance with generally accepted accounting principles and audited by an independent certified public accountant.

This Confirmation is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement dated November 23, 2016 (the "Master Agreement") between Buyer and Seller, and constitutes part of and is subject to the terms and provisions of such Master Agreement. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement. This Confirmation and the Master Agreement, including any appendices, exhibits or amendments thereto, shall collectively be referred to as the "Agreement."

This Confirmation is subject to the Exhibits identified below and that are attached hereto:

**Exhibit A – Energy Contract Quantity and Price Schedule
Exhibit B – Renewable Energy Contract Quantity and Price Schedule
Exhibit C – Carbon Free Energy Contract Quantity and Price Schedule**

**MORGAN STANLEY CAPITAL GROUP
INC.**

Sign: *Parker Corbin*
Print: **Parker Corbin**
Title: **Vice President**

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

Sign: *Girish Balachandran*
Print: **GIRISH Balachandran**
Title: **CEO**

Exhibit A

Energy Contract Quantity and Price Schedule

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Exhibit B

Renewable Energy Contract Quantity and Price Schedule and Specified Sources

Category 1 Renewable

Vintage Year	Minimum Renewable Energy Quantity (MWh)	Maximum Renewable Energy Quantity (MWh)	Renewable Energy Price (\$/MWh)
2019			
2020			

Unit Name:	Sagebrush Power Partners, LLC
RPS ID:	60939A
CAISO Resource ID	N/A
WREGIS ID	W1876
Facility Location: County	Cle Elum
Facility Location: State	Washington
Facility Location: Country	United States
Facility Location: Longitude	120°42'56.7"W
Facility Location: Latitude	47°08'25.9"N
Facility(ies) Directly Interconnected to a CBA	No
Balancing Authority of Interconnection	BPA
Facility Fuel Type	Wind
Competitive Renewable Energy Zones (CREZ)	N/A

Unit Name:	Klondike Wind Power III
RPS ID:	60602A
CAISO Resource ID	N/A
WREGIS ID	W237
Facility Location: County	Sherman
Facility Location: State	Oregon
Facility Location: Country	United States
Facility Location: Longitude	120°36'36"W
Facility Location: Latitude	45°34'48"N
Facility(ies) Directly Interconnected to a CBA	No
Balancing Authority of Interconnection	BPA
Facility Fuel Type	Wind
Competitive Renewable Energy Zones (CREZ)	N/A

Unit Name:	Harvest Wind Project
RPS ID:	60857A
CAISO Resource ID	N/A
WREGIS ID	W1306
Facility Location: County	Klickitat
Facility Location: State	Washington
Facility Location: Country	United States
Facility Location: Longitude	120°20'50.4"W
Facility Location: Latitude	45°48'51.4"N
Facility(ies) Directly Interconnected to a CBA	No
Balancing Authority of Interconnection	BPA
Facility Fuel Type	Wind
Competitive Renewable Energy Zones (CREZ)	N/A

Exhibit C

Carbon Free Energy Contract Quantity and Price Schedule and Specified Sources

Left intentionally blank



Shell Energy North America (US), L.P.

Silicon Valley Clean Energy Authority	Shell Energy North America (US), L.P.
Contract ID:	Contract ID:
Deal Maker:	Deal Maker: Robert Pierce
Phone:	Phone:
Fax:	Fax:

TRANSACTION CONFIRMATION
Resource Contingent Bundled Renewable Energy (“PCC1”) Resale

This Transaction Confirmation (this “Confirmation”) is entered into this 21 day of December, 2018 (“Effective Date”), by and between **Silicon Valley Clean Energy Authority, a California Joint Powers Authority** (“Buyer” or “SVCEA”) and **Shell Energy North America (US), L.P.** (“Shell Energy”), each referred to herein individually as a “Party” and collectively as the “Parties”, regarding the purchase and sale of the Product (as defined below) under the terms and conditions herein. Capitalized terms used in this Confirmation and not defined herein have the meaning assigned thereto in the Master Agreement or Schedule R (each as defined below). The Master Agreement and this Confirmation shall be collectively referred to herein as the “Agreement.”

Seller: Shell Energy

Buyer: SVCEA (WREGIS Account Holder Name: Silicon Valley Clean Energy Authority)

Master Agreement: This Confirmation shall be governed by the terms and conditions of the Master Power Purchase and Sale Agreement between the Parties dated effective November 28, 2016. This Confirmation incorporates Schedule R of the WSPP Agreement promulgated by WSPP, Inc. as amended from time to time, (“Schedule R”). The Master Agreement, including Schedule R, shall govern this REC Transaction, except as modified in this Confirmation. References herein to sections in Schedule R shall appear, for example, as “Section R-2.3.4”. References in Schedule R to “Renewable Energy Facility” shall be interpreted as references to a Project (as defined below in this Confirmation).

Product: As used herein, “Product” shall mean **Portfolio Content Category 1 (“PCC 1”)-Resource Contingent Bundled RECs** consisting of Energy produced hourly by the Projects that is simultaneously bundled with the RECs generated therefrom under the Applicable Program that together qualify as a Resource Contingent Bundled REC as described in Section R-2.3.4 of Schedule R.

Environmental Attributes: The only Environmental Attributes conveyed under this Confirmation as part of the Product are Program Attributes under the Applicable Program, which for purposes of this Confirmation is the California Renewables Portfolio Standard (as defined in the Definitions section hereof).

Project: As used herein “Project” shall mean any facility qualifying as an ERR (as defined in Special Provision (A)(1) below).

Contract Quantity: [REDACTED] MWhs of Product.

Contract Price: The price for each MWh of Product delivered to Buyer (the "Contract Price") is [REDACTED] per MWh (i.e., per REC) of Product conveyed to Buyer or Buyer's Designee, as applicable, in accordance with the terms of this Confirmation.

Delivery Period: Commencing January 1, 2019, through December 31, 2019 (also referred to as the "Delivery Term" in Sections A(1) and A(3) of the Special Provisions below), and continuing through the completion of the transfer of all RECs to Buyer through WREGIS and the payment of amounts due pursuant to this Confirmation.

Delivery Point: California ISO

Scheduling: Seller will perform all scheduling and tagging requirements as may be applicable to the transaction contemplated hereunder. These services will be performed consistent with all applicable California ISO and WECC Scheduling Protocols. If applicable, Seller shall be the electricity importer for purposes of California Global Warming Solutions Act, California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms, also referred to as Cap and Trade Regulations.

REC Transfer: Via WREGIS

Settlements and Payment: Seller shall deliver the Product by (a) delivering Energy to the California ISO on behalf of Buyer at the Delivery Point in accordance with the California ISO requirements and procedures and (b) transferring the RECs, with associated NERC e-Tags (if any) through WREGIS, to Buyer's (or Buyer's Designee's) designated WREGIS account(s). California ISO shall pay Seller directly for the Energy portion of the Product in accordance with the California ISO requirements and procedures and Buyer shall not be required to pay any additional amount to Seller in respect of such Energy. Buyer shall pay the Contract Price to Seller on or before the later of (i) the twenty-fifth (25th) day of the month or (ii) ten (10) days following receipt of Seller's invoice, subsequent to the transfer of the RECs.

Supporting Data: In the event that the Product being transferred from Seller to Buyer originates from a Project(s) from outside of the state of California, Seller shall provide Buyer a reconciliation consisting of hourly meter data, tag data and associated calculations, lesser of each by hour, for each vintage month of RECs delivered to Buyer under this Confirmation.

Change in Law Provisions: The REC Transaction under this Confirmation is Regulatorily Continuing as defined in Section R-5.2.2(b) of Schedule R, requiring that Seller make commercially reasonable efforts to obtain compliance with Changes in Law in the designated Applicable Program, provided that the costs for which shall not be greater than \$10,000.00 during the Delivery Period.

Compliance With RPS: Seller represents and warrants to Buyer that the purchase and sale of Product pursuant to this Confirmation is a resale and meets the following additional requirements:

- i. The original upstream third party contract(s) meets the criteria of California Public Utilities Code Section 399.16(b)(1)(A);
- ii. this Confirmation transfers only Energy and RECs that have not yet been generated prior to the effective date of this Confirmation;
- iii. in connection with the transfer of the Energy and associated RECs that comprise the Product purchased and sold under this Confirmation the Energy transferred by this Confirmation is transferred to Buyer in real-time via sale by Seller to, and purchase by Buyer from, the California ISO; and

- iv. if applicable, the California Renewables Portfolio Standard-eligible energy is scheduled from one or more eligible renewable energy resource that are not interconnected to a California balancing authority into a California balancing authority without substituting electricity from another source, and the original hourly or subhourly schedule is maintained.

SPECIAL PROVISIONS:

A. Non-Modifiable Standard Terms and Conditions

(1) **Eligibility:** Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project’s output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC 6, **Non-Modifiable.** (Source: D.07-11-025, Attachment A.) D.08-04-009]

(2) **Applicable Law:** Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of law. To the extent enforceable at such time, each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement. [STC 17, **Non-Modifiable.** (Source: D.07-11-025, Attachment A) D.08-04-009]

(3) **Transfer of Renewable Energy Credits:** Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC REC-1, **Non-modifiable.** D.11-01-025]

(4) **Tracking of RECs in WREGIS:** Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. [STC REC-2, **Non-modifiable.** D.11-01-025]

B. Additional Terms and Conditions

(1) **Seller Representations and Warranties:** Seller represents and warrants:

- (a) Seller has not sold the Product to be transferred to Buyer to a third party; and
- (b) the Energy component of the Product produced by a Project and purchased by Seller for resale to Buyer hereunder is not being sold by Seller back to the Project or Project owner.

(2) **Buyer Representations and Warranties.** Buyer represents and warrants that Buyer has taken all necessary steps to establish a WREGIS account to receive the RECs to be transferred from Seller to Buyer prior to the first delivery under this Confirmation.

(3) **Review.** To monitor compliance with this Confirmation, each Party reserves the right to review during normal business hours and at its own expense, for up to two (2) years following delivery of the Product, and with reasonable advance notice to the other Party and to the extent that such other Party is in possession of such information reasonably required to verify that the Product sold under this Confirmation was not otherwise sold by Seller to a third party. Any claim that Product sold under this Confirmation was sold by Seller to a third party is waived if not brought within such two (2) year period referred to in the preceding sentence.

(4) **Mutual Representations and Warranties.** The Parties agree this Confirmation constitutes a sale of a nonfinancial commodity for deferred shipment or delivery that the parties intend to be physically settled and is excluded from the term “swap” as defined in the Commodity Exchange Act under 7 U.S.C. § 1a(47) and related rules. During the Delivery Period, each Party represents and warrants to the other that: (i) it is an “eligible commercial entity” and an “eligible contract participant” within the meaning of United States Commodity Exchange Act §§ 1a(17) and 1a(18), respectively, and this Transaction has been subject to individual negotiation by the Parties.

(5) **Data Privacy.** The Parties may provide each other with information related to an identified or identifiable individual (“Personal Data”), the processing and transfer of which will be done in accordance with applicable data protection law.

DEFINITIONS/INTERPRETATIONS:

For purposes of this Confirmation, the following definitions and rules of interpretations shall apply:

“**California Renewables Portfolio Standard**” means the renewable energy program and policies, codified in California Public Utilities Code Sections 399.11 through 399.32 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time.

“**CEC**” means the California Energy Commission or its regulatory successor.

“**CPUC**” means the California Public Utilities Commission or its regulatory successor.

“**FERC**” means the Federal Energy Regulatory Commission or its regulatory successor.

“**STC**” stands for Standard Terms and Conditions of the CPUC relating to purchase and sales of the Product.

“**WECC**” means the Western Electricity Coordinating Council or its successor organizations.

“**WREGIS**” means the Western Renewable Energy Generation Information System or its successor systems.

Notwithstanding anything contained in the Master Agreement to the contrary, this Confirmation shall only be effective when executed by both Parties. Please sign and return by facsimile to Shell Energy at (713) 767-5414.

IN WITNESS WHEREOF, the Parties have signed this Confirmation effective as of the Transaction Date.

Silicon Valley Clean Energy Authority	Shell Energy North America (US), L.P.
DocuSigned by: <i>Girish Balachandran</i>	DocuSigned by: <i>Brian Johansen</i>
By: <i>Girish Balachandran</i>	By: <i>Brian Johansen</i>
Name: <i>Girish Balachandran</i>	Name: <i>Brian Johansen</i>
Title: CEO	Title: Vice President

8119528

CONFIRMATION

Reference:

Master Power Purchase and Sale Agreement
Between Direct Energy Business Marketing, LLC ("Seller") ✓

And

Silicon Valley Clean Energy Authority, a California joint powers authority ("Buyer") ✓
dated November 28, 2016

Transaction Date: January 17, 2019 (the "Effective Date")

RECITALS:

WHEREAS, pursuant to California Public Utilities Code Sections 366.1, et. seq., Buyer has been registered as a Community Choice Aggregator (the "CCA");

WHEREAS, Buyer is a California joint powers authority, which has established Silicon Valley Clean Energy for purposes of delivering CCA service to certain customers located within the County of Santa Clara;

WHEREAS, pursuant to California Public Utilities Code Section 366.2, Buyer submitted Buyer's CCA Implementation Plan and Statement of Intent ("Implementation Plan") to the CPUC;

WHEREAS, the CPUC certified the Implementation Plan on September 27, 2016;

WHEREAS, Seller and Buyer desire to set forth the terms and conditions pursuant to which Seller shall supply the Product to Buyer, and Buyer shall take and pay for such supply of Product subject to satisfaction of the conditions herein; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements in this Confirmation and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

- 1. **DEFINITIONS**. Any capitalized terms used in this Confirmation but not otherwise defined below shall have the meaning ascribed to such term in the Master Agreement:

"ACS" means "asset-controlling supplier" as that term is defined in the Cap and Trade Regulations.

"Applicable Law" means any statute, law, treaty, rule, tariff, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, or any binding interpretation of the foregoing, as any of them is amended or supplemented from time to time, that apply to either or both of the Parties, the Project(s), or the terms of the Agreement.

"Buyer Facilities" has the meaning set forth in Section 10 hereof.

“CAISO” means the California Independent System Operator Corporation or the successor organization to the functions thereof.

“CAISO Tariff” means the California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and Operating Procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

“California RPS” or “California Renewables Portfolio Standard” means the California renewables portfolio standard, as set forth in Cal. Pub. Util. Code §§ 399.11 et seq. and Cal. Pub. Res. Code §§ 25740-25751, and as administered by the CEC as set forth in the CEC RPS Eligibility Guidebook (8th Ed.), as may be subsequently modified by the CEC, and the California Public Utilities Commission (“CPUC”) as set forth in CPUC Decision (“D”) 08-08-028, D.08-04-009, D.11-01-025, D.11-12-020, D.11-12-052, D.12-06-038 and D.14-12-023, and as may be modified by subsequent decision of the CPUC or by subsequent legislation, and regulations promulgated with respect thereto.

“Cap and Trade Regulations” means the Mandatory Greenhouse Gas Emissions Reporting and California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms regulations (California Code of Regulations Title 17, Subchapter 10, Articles 2 and 5 respectively) promulgated by the California Air Resources Board of the California Environmental Protection Agency pursuant to the California Global Warming Solutions Act of 2006.

“Carbon Free Energy” means Energy deliveries from Carbon Free Sources.

“Carbon Free Source” means any energy source, except for nuclear-powered generation assets, that is located within the WECC and that is considered by the State of California to have zero Greenhouse Gas emissions in accordance with the Cap and Trade Regulations. Carbon Free Source does not include any Category 3 Renewables, ACS resources or any energy source with an e-tag with a source point associated with a nuclear or coal-fired generating facility.

“Category 1 Renewable” means Renewable Energy that satisfies the requirements of Section 399.16(b)(1) of the California Public Utilities Code, as applicable to the REC Vintage transferred hereunder.

“Category 2 Renewable” means Renewable Energy that satisfies the requirements of Section 399.16(b)(2) of the California Public Utilities Code, as applicable to the REC Vintage transferred hereunder.

“Category 3 Renewable” means the Renewable Energy Credits that satisfy the requirements of Section 399.16(b)(3) of the California Public Utilities Code, as applicable to the REC Vintage transferred hereunder.

“CEC” means the California Energy Commission.

“Change in Law” has the meaning set forth in Section 2.2 hereof.

“Commercially Reasonable Efforts” for the purposes of this Confirmation, “commercially reasonable efforts” or acting in a “commercially reasonable manner” shall not require a Party to undertake extraordinary or unreasonable measures.

“Compliance Obligation” has the meaning set forth by the Cap and Trade Regulations.

“CPUC” means the California Public Utilities Commission.

“Customers” means the residential, commercial, industrial, and all other retail end use customers that have not opted out of the Silicon Valley Clean Energy Program, as designated from time to time by Buyer as being served by Buyer within the jurisdictional boundaries of the County of San Mateo.

“Delivery Period” shall be the period beginning on the Start Date and ending on the End Date, as set forth in Section 3 below.

“Delivery Point” has the meaning set forth in Section 4 hereof.

“Effective Date” has the meaning set forth in the Reference Section at the beginning of this Confirmation.

“Eligible Renewable Energy Resource” or “ERR” means an Eligible Renewable Energy Resource as such term is defined in Public Utilities Code Section 399.12 or Section 399.16.

“Energy” means electrical energy, measured in MWh.

“Energy Contract Price” means the price (\$/MWh) to be paid by Buyer to Seller for the Energy Contract Quantity delivered hereunder, as set forth on Exhibit A.

“Energy Contract Quantity” means the quantity of Energy set forth in Exhibit A, which will be delivered to the CAISO by Seller and scheduled with Buyer as an IST.

“Exhibits” shall be those certain Exhibits, which are attached hereto and made a part hereof.

“FERC” means the Federal Energy Regulatory Commission.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States.

“Governmental Authority” means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, or the CAISO or any other transmission authority, having or asserting jurisdiction over a Party or the Agreement.

“Implementation Plan” has the meaning set forth in the Recitals hereof.

“Inter-SC Trade” or “IST” has the meaning set forth in CAISO Tariff.

“Mandatory Reporting Rule” means the regulations entitled Mandatory Greenhouse Gas Emissions Reporting set forth in Article 2 of Subchapter 10 of Title 17 of the California Code of Regulations.

“MW” means megawatt.

“MWh” means megawatt-hour.

“PG&E” means the Pacific Gas and Electric Company, its successors and assigns.

“Product” shall have the meaning set forth in Section 2.1 below.

“Project” shall mean the Eligible Renewable Energy Resource(s) used to provide Renewable Energy hereunder.

“Prudent Industry Practices” means any of the practices, methods, techniques and standards (including those that would be implemented and followed by a prudent operator of generating facilities similar to the Project(s) in the United States during the relevant time period) that, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result, giving due regard to manufacturers’ warranties and recommendations, contractual obligations, the requirements or guidance of Governmental Authority, including CAISO, Applicable Law, the requirements of insurers, good business practices, economy, efficiency, reliability, and safety. Prudent Industry Practice shall not be limited to the optimum practice, method, technique or standard to the exclusion of all others, but rather shall be a range of possible practices, methods, techniques or standards.

“REC Vintage” means the date of Energy generation found on a WREGIS Certificate.

“Renewable Energy” means Energy and associated Renewable Energy Credits generated by an Eligible Renewable Energy Resource.

“Renewable Energy Contract Price” shall mean the price (\$/REC) to be paid by Buyer to Seller for Renewable Energy delivered hereunder, as set forth on Exhibit B.

“Renewable Energy Contract Quantity” shall mean the quantity of RECs to be delivered by Seller to Buyer hereunder, as set forth on Exhibit B.

“Renewable Energy Credits” or “REC” has the meaning set forth in California Public Utilities Code Section 399.12(h) and CPUC Decision D.08-08-028, as applicable to the specific REC Vintage(s) transferred hereunder.

“RPS Adjustment” means the reduction in the Compliance Obligation of an electricity importer authorized by and calculated in accordance with section 95852 (b)(4) of the Cap and Trade Regulations and section 95111(b)(5) of the Mandatory Reporting Rule.

“Security Documents” has the meaning set forth in the Master Agreement.

“Silicon Valley Clean Energy Program” means the community choice aggregation program operated by Buyer.

“Specified Sources of Power” means electricity that is traceable to a specific generation source by any auditable contract trail or equivalent, including a tradable commodity system, that provides commercial verification that the electricity has been sold once and only once.

“Tariff” means the tariff and protocol provisions, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” as amended, supplemented or replaced by CAISO from time to time.

“Unspecified Sources of Power” means electricity that is not traceable to a specific generation source by any auditable contract trail or equivalent, including a tradable commodity system, that provides commercial verification that the electricity has been sold once and only once.

“WREGIS” means the Western Renewable Energy Generation Information System or any successor renewable energy tracking program.

“WREGIS Certificate” means “Certificate” as defined by WREGIS in the WREGIS Operating Rules.

“WREGIS Operating Rules” means the operating rules and requirements adopted by WREGIS.

2. PRODUCT.

2.1 Seller Delivery Obligation. Throughout the Delivery Period, Seller shall sell and deliver or make available, or cause to be sold and delivered or made available to Buyer, the “Product,” which is comprised of one or more of the following:

- (a) the quantity of Energy specified in Section 7.1;
- (b) the quantity of Renewable Energy specified in Section 7.2; and
- (c) the quantity of Carbon Free Energy specified in Section 7.3.

2.2 Change in Law.

If due to any action by the CPUC or any Governmental Authority, or any change in Applicable Law (a “Change in Law”) occurring after the Effective Date that results in material changes to Buyer’s or Seller’s obligations with regard to the Products sold hereunder and that has the effect of changing the transfer and sale procedure set forth in this Confirmation so that the implementation of this Confirmation becomes impossible or impracticable, or otherwise modifies the California RPS or language required to conform to the California RPS, the Parties shall work in good faith to try and revise this Confirmation so that the Parties can perform their obligations regarding the purchase and sale of Products sold hereunder or Buyer’s compliance with California RPS obligations in order to maintain the original intent

of the Parties under this Confirmation. In the event the Parties cannot reach agreement on any such amendments to this Confirmation within 60 days following the Change in Law, to the extent practicable and lawful, Seller shall perform its obligations hereunder with regard to any Product hereunder or compliance with California RPS obligations in accordance with the Applicable Law immediately prior to the Change in Law; provided, however, that notwithstanding the foregoing or anything to the contrary herein, Seller shall not be obligated to perform any obligation hereunder to the extent that doing so would cause Seller to be materially adversely affected. These Change in Law provisions are independent of those set forth in the RPS Standard Terms and Conditions below and in Section 2.8.

2.3 RPS Standard Terms and Conditions.

STC 6: Eligibility

Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Period of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project’s output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

STC REC-1: Transfer of Renewable Energy Credits

Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Period of this Agreement the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

STC REC-2: Tracking of RECs in WREGIS

Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under this contract.

- 2.4 No New Construction Without Environmental Review. To the extent that Seller constructs any new facilities to meet its supply obligation hereunder, Seller covenants and agrees that the construction and operation of such facility(ies) will be in accordance with any and all Applicable Law.
- 2.5 Resources. For Renewable Energy and Carbon Free Energy delivered under this Confirmation, Seller shall use Specified Sources of Power. For other Energy deliveries, if any, Seller may use Unspecified Sources of Power to provide the required Energy hereunder; provided that any Energy delivered under this Confirmation (including incremental energy associated with Category 2 Renewable products) shall not be procured from unit-specific sources that are nuclear or coal-fired resources. The Energy supplied in connection with any Renewable Energy shall comply with applicable California RPS requirements for such Product.
- 2.6 Delivery of WREGIS Certificates. Throughout the Delivery Period, following generation of the Renewable Energy by the Project(s), Seller shall, at its sole expense, take all actions and execute all documents or instruments necessary to ensure that all WREGIS Certificates associated with the Renewable Energy Contract Quantity are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard for Buyer. Prior to the start of each calendar quarter, Seller shall provide Buyer with an indicative, non-binding forecast of the amount of RECs it expects to deliver during such calendar quarter. Such indicative, non-binding forecast shall also identify, if known to Seller, the Eligible Renewable Energy Resource(s) that Seller expects to generate the RECs.

Seller shall comply with all Applicable Law, including, without limitation, the WREGIS Operating Rules, regarding the certification and transfer of such WREGIS Certificates to Buyer and Buyer shall be given sole title to all such WREGIS Certificates. The Parties acknowledge and agree that, as of the Effective Date, the WREGIS Certificates associated with the Renewable Energy Contract Quantity for a month are not available for transfer to Buyer until approximately ninety (90) days after the end of such month. Seller shall transfer such WREGIS Certificates in a timely manner after such WREGIS Certificates are available for transfer to Buyer for Buyer's sole benefit.

Upon receiving written or electronic confirmation from WREGIS that a transfer order has been initiated by Seller, Buyer shall confirm such transfer order in WREGIS within fourteen (14) days to the extent that the WREGIS Certificates included in such transfer conform to the specifications reflected in this Confirmation. In the event that certain WREGIS Certificates fail to conform to the specifications reflected in this Confirmation, Buyer shall be entitled to reject the transfer of any non-conforming WREGIS Certificates and Seller shall promptly replace the non-conforming WREGIS Certificates with an equivalent amount of WREGIS Certificates of the same REC Vintage and that meet the specifications reflected in this Confirmation; provided, however, that if replacement WREGIS Certificates are not immediately available, Seller may provide replacements once available, but in any event shall provide replacement WREGIS Certificates to

Buyer within ninety (90) days after Seller’s rejection of such non-conforming WREGIS Certificates.

Upon either Party’s receipt of notice from WREGIS that a transfer of WREGIS Certificates was not recognized, that Party will immediately notify the other Party, providing a copy of such notice, and both Parties will cooperate in taking such actions as are necessary and commercially reasonable to cause such transfer to be recognized and completed. Each Party agrees to provide copies of its records to the extent reasonably necessary for WREGIS to verify the accuracy of any fact, statement, charge or computation made pursuant hereto if requested by the other Party.

2.7 **Retirement of RECs.** To facilitate compliance with obligations of suppliers of Renewable Energy as first deliverers of electricity, as defined in Title 17, California Code of Regulations (“CCR”) Section 95802, to comply with mandatory greenhouse gas reporting requirements in Title 17 CCR Section 95101 with respect to such Renewable Energy, Buyer agrees to retire the RECs purchased from Seller hereunder for each renewable generation period in accordance with Title 17 CCR Section 95852(b)(3)(D).

2.8 **RPS Adjustment.** The Parties acknowledge that the RPS Adjustment is currently applicable to the Category 2 Renewable Product. In the event that the regulatory requirements for application of the RPS Adjustment change after the Effective Date and such change causes an increase in the greenhouse gas emissions intensity associated with the Category 2 Renewable Product, the Parties agree to discuss in good faith amendments to this Transaction to mitigate the increase in the greenhouse gas emissions intensity. In the event that the Parties are unsuccessful in revising or amending this Transaction or unable to agree upon a mutually acceptable resolution within thirty (30) days after the request of either Party to amend the Transaction pursuant to this Section 2.8 by either Party, either Party may, by written notice to the other, immediately terminate the undelivered portion of Renewable Energy Contract Quantities of Category 2 Renewable Product without penalty, termination payment or liability of either Party.

3. **DELIVERY PERIOD.** This Confirmation shall be in full force and effect as of the Effective Date. The terms set forth herein shall apply from the Start Date through the End Date, which entire period will comprise the Delivery Period. This Confirmation shall terminate on the date on which both Parties have completed the performance of their obligations hereunder, unless earlier terminated pursuant to the terms hereof.

Start Date:	End Date:
03/01/2019	9/30/2019

4. **DELIVERY POINT.**

Product	Delivery Point
Energy	TH_NP15_GEN- APND ✓
Renewable Energy	Not Applicable
Carbon Free Energy	Not Applicable

5. **SCHEDULING.** The Product will be scheduled to Buyer on a Day-Ahead basis using an Inter-SC Trade.

6. **PRICING.**

6.1 **Energy Contract Price and Payment.** For each month during the Delivery Period, Buyer will pay Seller an amount equal to the Energy Contract Quantity delivered and scheduled in accordance with this Confirmation multiplied by the Energy Contract Price specified in Exhibit A.

6.2 **Renewable Energy Contract Price and Payment.** For each month during the Delivery Period, Buyer will pay Seller an amount equal to: a) the applicable Renewable Energy Contract Price as specified in Exhibit B multiplied by the portion of the Renewable Energy Contract Quantity transferred from Seller to Buyer through WREGIS during such month plus b) the Day-Ahead LMP at the Delivery Point for each MWh of the Renewable Energy Contract Quantity delivered and scheduled in accordance with this Confirmation in such month.

6.3 **Carbon Free Energy Price and Payment.** For each month during the Delivery Period, Buyer will pay Seller an amount equal to the Carbon Free Energy Contract Quantity delivered in such month multiplied by the Carbon Free Energy Price specified in Exhibit C plus b) the Day-Ahead LMP at the Delivery Point for each MWh of the Carbon Free Energy Contract Quantity delivered and scheduled in accordance with this Confirmation in such month.

7. **CONTRACT QUANTITIES.**

7.1 **Energy.** Energy Contract Quantities and the Energy Contract Prices pursuant to this Confirmation relate to the quantities set forth in Exhibit A.

7.2 **Renewable Energy.** Renewable Energy Contract Quantities and Renewable Energy Contract Prices pursuant to this Confirmation relate to the quantities set forth in Exhibit B. The Renewable Energy sold by Seller to Buyer shall also include any and all Renewable Energy Credits associated with such Renewable Energy.

7.3 **Carbon Free Energy.** Carbon Free Energy Contract Quantities and Carbon Free Energy Prices pursuant to this Confirmation relate to the quantities set forth in Exhibit C.

8. MONTHLY BILLING SETTLEMENT.

8.1 **Collection of Customer Payments.** In accordance with the Security Documents, Buyer shall direct PG&E to deposit into a lockbox account, all of the proceeds of all of the Customer account receipts (net of the amounts to be paid to PG&E) received from the sale of the Product to the Customers. Seller shall receive, in accordance with the Security Documents, payments for its invoices due and payable, and after Seller's invoice is paid and agreed to reserves have been funded, the amounts remaining in such lockbox shall be immediately released to Buyer or its designee in accordance with the Security Documents. The Parties agree that the lockbox account shall be in the name of Buyer, and any interest earned thereon shall accrue to Buyer, as more fully set forth in the Security Documents.

8.2 **Monthly Invoice Timeline.** The Parties hereby agree that all invoices under this Confirmation shall be due and payable in accordance with each Party's invoice instructions on or before the later of the twenty-fifth (25th) day of the month, or tenth (10th) day after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day.

9. **COMPLIANCE REPORTING.** Buyer shall be responsible for submitting compliance reports to the CPUC and/or other Governmental Authorities on behalf of Silicon Valley Clean Energy and will require resource information, electronic tagging information, and other documentation to be provided by Seller. Seller shall provide all reasonable information to Buyer necessary for Buyer to timely comply with periodic compliance reporting requirements and as otherwise required by Applicable Law with respect to any Product.

10. **NO RESTRICTION.** Nothing in this Confirmation shall limit Buyer's ability to develop its own generation facilities ("Buyer Facilities") or prevent Buyer from purchasing energy from other parties or Seller from selling energy to other parties.

11. **STANDARD OF CARE AND GOOD FAITH.** When performing its obligations hereunder, Seller shall act in good faith and shall perform all work in a manner consistent with Prudent Utility Practices.

12. SECURITY PROVISIONS.

12.1 **Compliance with Security Documents.** During the entire period that this Confirmation remains in effect, Buyer shall comply with the Security Documents. Upon the occurrence of an Event of Default (after giving effect to any applicable cure periods) by Buyer under any Security Document or a termination of any Security Document by Seller due to Buyer's failure to perform in accordance with the terms thereof, such event shall constitute an Event of Default of Buyer in accordance with Article Five of the Master Agreement and Buyer shall therefore be the 'Defaulting Party' with regard to such failure to perform.

(a) **Annual Reports.** The following report shall be provided by Buyer to Seller not later than 180 days following the end of Buyer's fiscal year, shall be

with regard to such previous fiscal year and shall be as follows: Buyer's financial reports consisting of, at a minimum, statement of revenues, expenses and changes in fund net assets, statement of net assets, and statement of cash flows on a consolidating basis (as applicable), each as prepared in accordance with generally accepted accounting principles and audited by an independent certified public accountant.

This Confirmation is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement dated November 28, 2016 (the "Master Agreement") between Buyer and Seller, and constitutes part of and is subject to the terms and provisions of such Master Agreement. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement. This Confirmation and the Master Agreement, including any appendices, exhibits or amendments thereto, shall collectively be referred to as the "Agreement."

This Confirmation is subject to the Exhibits identified below and that are attached hereto:
Exhibit A – Energy Contract Quantity and Price Schedule
Exhibit B – Renewable Energy Contract Quantity and Price Schedule
Exhibit C – Carbon Free Energy Contract Quantity and Price Schedule

**DIRECT ENERGY BUSINESS
MARKETING, LLC**

km

Sign: _____
 Print: _____
 Title: _____

**Darron Giron
Senior Director, Product Control**

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

DocuSigned by:
Girish Balachandran

Sign: _____
 Print: 5CA64B9AC4C24C3
 GIRISH Balachandran
 Title: CEO

Exhibit B

Renewable Energy Contract Quantity and Price Schedule

The Renewable Energy Contract Quantity is 0 MWs.

Exhibit C

Carbon Free Energy Contract Quantity and Price Schedule

The Carbon Free Energy Contract Quantity is 0 MWhs.