



SILICON VALLEY CLEAN ENERGY STRATEGIC PLAN

December 2018



CEO MESSAGE

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

Girish Balachandran, CEO

MISSION STATEMENT:

Reduce dependence on fossil fuels by providing carbon free, affordable and reliable electricity and innovative programs for the SVCE community.

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WORKPLACE

I.

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

1. Build a high-performing team

Build an environment that encourages creativity and innovation

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

Support employee health and wellness

- Promote healthy habits
- Provide flexible schedules to accommodate family needs

Build an inclusive and fulfilling company culture

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

Provide effective and safe feedback processes

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

Provide opportunities for cross-team interaction and collaboration

- Establish a monthly all-hands meeting

Reward staff to keep them engaged

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





CUSTOMER AND COMMUNITY

II.

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

Partnerships with commercial customers are particularly important to building SVCE's brand in a region known for innovation. Communicating our competitive rates and superior product in clear and accessible ways will strengthen customer loyalty and enhance our financial standing, enabling us to better serve our communities.

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



2. Maintain competitive rates to acquire and retain customers

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

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

3. Benchmark customer awareness in 2019 and establish goals

Update baseline customer awareness measure and build a trusted brand

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

Build awareness and trust through continuous interaction with the SVCE community

- Annually, provide an SVCE update to member agency councils or state of the city events highlighting SVCE and community activity related to electrification and decarbonization
- Annually, place booth/table at six regional events that emphasize energy efficiency, sustainability, and efficient use of natural resources

- Sponsor community and industry events that align with SVCE's sponsorship guidelines
- Create a Speakers Bureau to present to community groups, environmental organizations, trade allies, commercial customers, chambers, and neighborhood associations at their respective meetings

Share SVCE and customer stories to build goodwill and awareness

- Submit quarterly news features to all local papers
- Write and promote customer profiles for related work and recognition already in the community

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

- Organize and conduct monthly meetings of the Member Agency Working Group for SVCE member agency sustainability and communications staff
- Organize quarterly meetings between commercial and industrial customers and various interest groups to promote renewable resources, decarbonization, and advanced technologies for energy storage

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

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

4. Benchmark customer service satisfaction

Establish measurement methodology and baseline

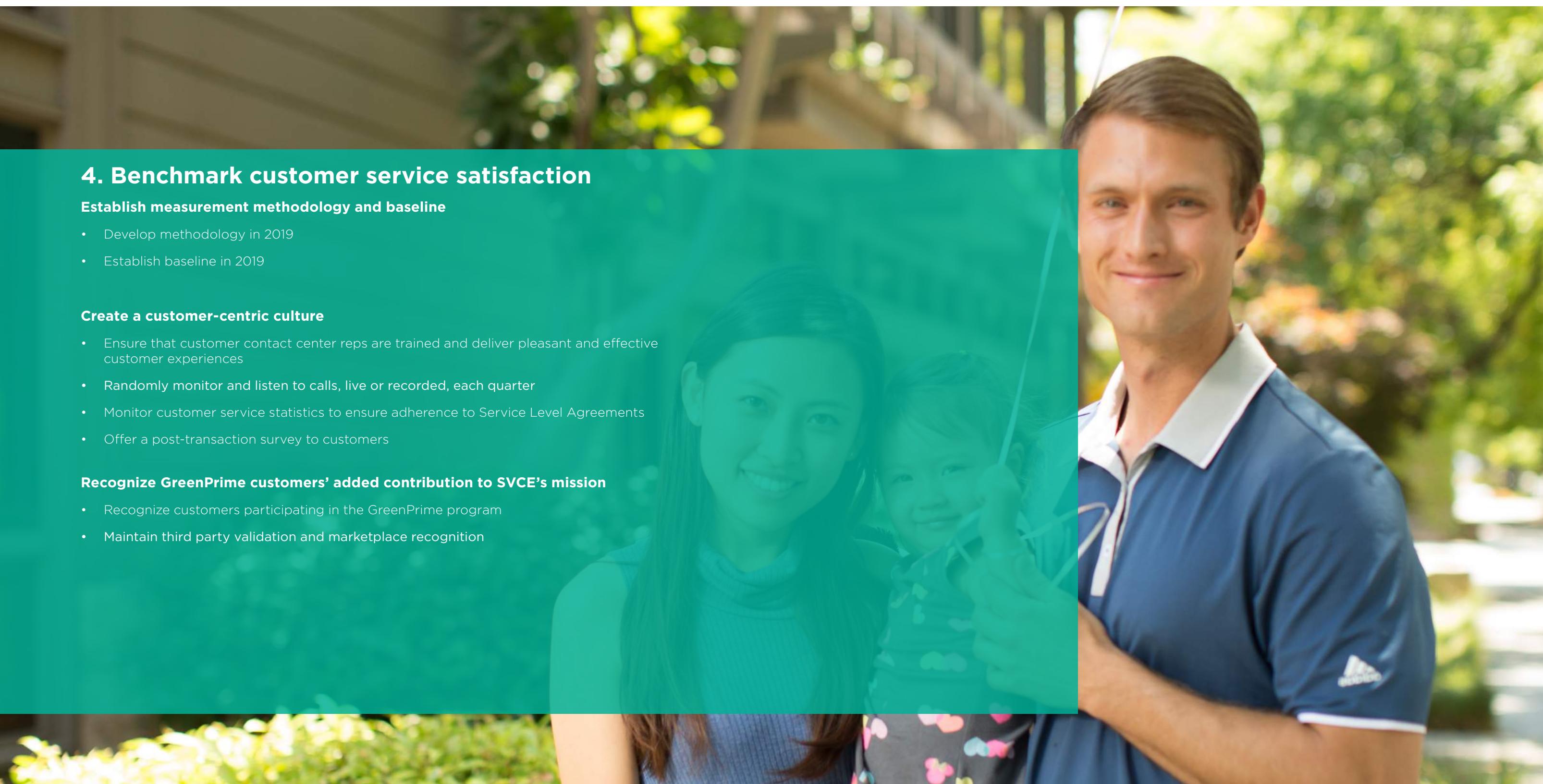
- Develop methodology in 2019
- Establish baseline in 2019

Create a customer-centric culture

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

Recognize GreenPrime customers' added contribution to SVCE's mission

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



5. Work with the community to achieve energy and transportation GHG reductions of 30% from the 2015 baseline, by 2021, 40% by 2025, and 50% by 2030

Utilize local GHG data and key ‘clean electric’ operating measures to guide SVCE program activities

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

Establish an SVCE decarbonization program roadmap and related processes

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

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

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

Establish SVCE customer resource center

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

Establish SVCE customer interval data analytics platform

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





FINANCE AND FISCAL RESPONSIBILITY

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

III.

6. Achieve an investment grade credit rating by 2021

Develop and maintain comprehensive policies for the governance of SVCE financials

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

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

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

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

Ensure ongoing price competitiveness

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



REGULATORY AND LEGISLATIVE

IV.

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



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

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

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

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

- Identify opportunities for CalCCA to grow or improve its operations, and help develop CalCCA's institutional goals and vision
- Support CalCCA staff in facilitating and hosting CalCCA conference calls and meetings
- Contribute to the development of protocols and procedures governing CalCCA's activities
- Contribute to orientation, mentoring, and knowledge transfer for new CalCCA members

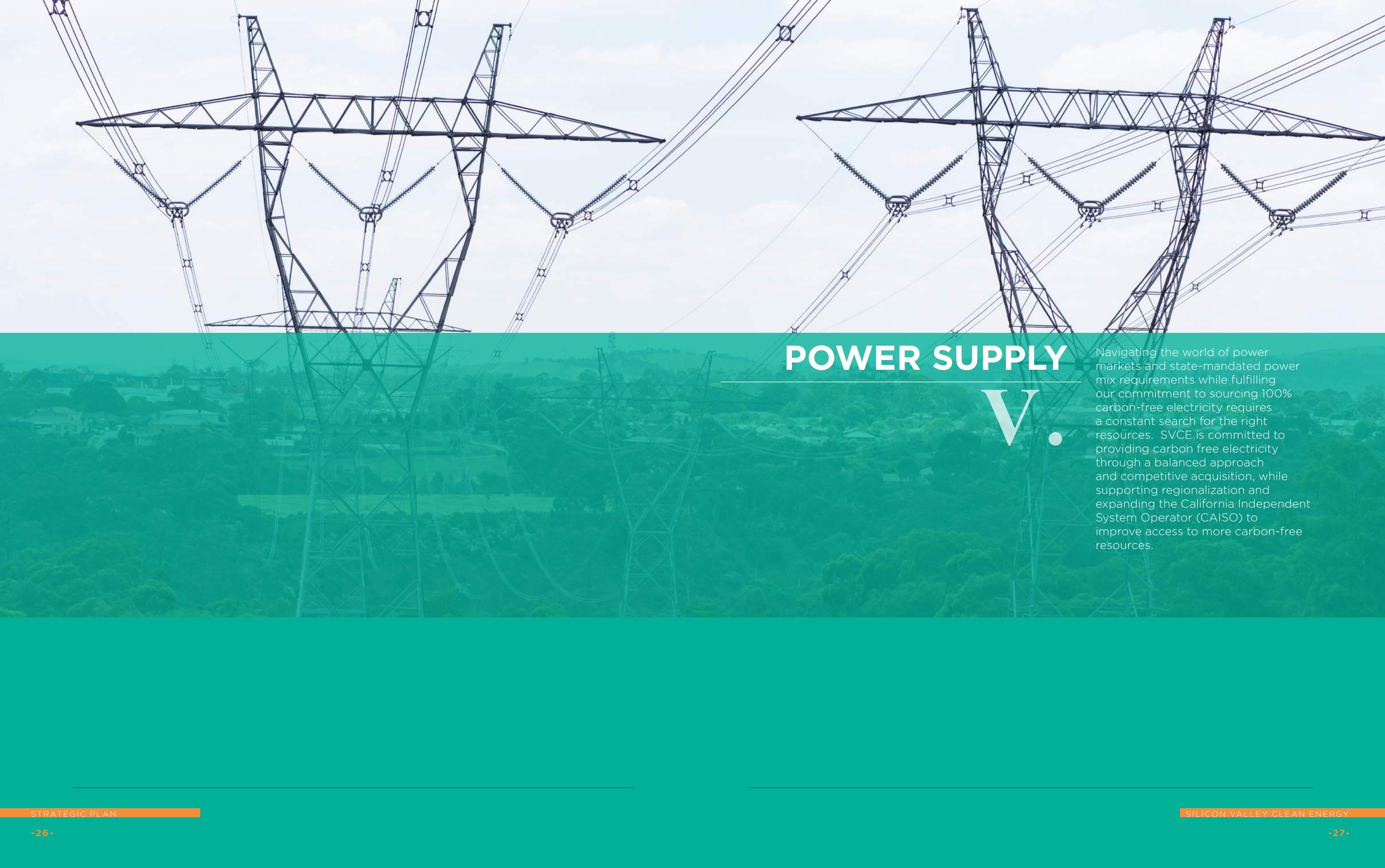
- Author comments, testimony, articles for the media, and other documents under the CalCCA name as needed until CalCCA staff can take over this function
- Facilitate SVCE Board participation in CalCCA advocacy activities in order to maximize advocacy efficiency and effectiveness

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

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

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

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



POWER SUPPLY



Navigating the world of power markets and state-mandated power mix requirements while fulfilling our commitment to sourcing 100% carbon-free electricity requires a constant search for the right resources. SVCE is committed to providing carbon free electricity through a balanced approach and competitive acquisition, while supporting regionalization and expanding the California Independent System Operator (CAISO) to improve access to more carbon-free resources.



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

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

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

Diversify the use of technologies to meet RPS needs

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

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

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

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

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



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

- Support the CAISO's effort to establish a western-wide balancing authority and promote the development of renewable resources throughout the western interconnected grid
- Conduct a study to compare the value of investing in-state versus out-of-state for renewable resources by March 2018

11. Manage power supply resources and risks to financial and rate objectives

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

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

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

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



INFORMATION TECHNOLOGY

VI.

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



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

Deliver advanced capabilities to foster collaboration, knowledge management, and analytics

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

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

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

Advance business management practices to transform service delivery

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

Improve mandates & IT audit compliance

- Develop a strategy that includes a disaster recovery solution that provides business continuity for critical applications and vital records
- SVCE will conduct an annual audit with an independent third party to determine the security of the system and correct any findings and consider implementing recommendations

Improve asset management

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

Reduce redundancy and promote consolidation

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

Enhance cybersecurity compliance and operations

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



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