Rate Updates
May and August 2019

SVCE Board of Directors
April 10, 2019
Overview

• PG&E interim gen rate increase March 1\textsuperscript{st}, SVCE discount v/v PG&E now 9%

• Final 2019 PG&E gen and PCIA rate changes anticipated effective July 1

• Review SVCE rate change options for 2019
  o gen rate changes and timing, discount %, and reserve contribution

  o Confirm interim SVCE rate adjustment for May 1\textsuperscript{st} (return to 6% discount), and plan for 2019 SVCE rate update on August 1\textsuperscript{st} (move to 1% discount)

• Discuss process for August rate update, given July BOD holiday
Current SVCE Rates: ~9% discount to PG&E

**Figure 1: SVCE Rate Scenario – Current**
- In 2018, SVCE implemented a 6% gen rate discount relative to PG&E
- On March 1st, 2019 PG&E implemented an interim gen rate increase of 3% compared to 2018
- SVCE’s average gen rate discount relative to PG&E is now ~9%

<table>
<thead>
<tr>
<th>Year</th>
<th>SVCE Gen Rate</th>
<th>PG&amp;E Gen Rate</th>
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<tbody>
<tr>
<td>2018</td>
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<td>-</td>
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<tr>
<td>2019</td>
<td>-</td>
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9% savings v/v PG&E in 2018

6% savings v/v PG&E in 2018

2018 SVCE Gen Rate (currently in effect)
Uncertainty and Risk

**RATES**
Still unknown on PCIA and PG&E Rates

**REGULATIONS**
PG&E Restructuring; Central Buyer

**POWER SUPPLY**
Higher market prices for capacity and energy; underlying commodity volatility

**PG&E BANKRUPTCY**
Customer reserves; plan of reorganization

**LEGISLATION**
IOUs exit retail; Central Buyer

**DIRECT ACCESS**
Prepare now for 2020 and potential further expansion

**RESERVES**
## Alternative SVCE Rate Change Policies

<table>
<thead>
<tr>
<th>SVCE Rate Options</th>
<th>Summary</th>
<th>May Rate Change</th>
<th>May Discount</th>
<th>August Rate Change</th>
<th>August Discount</th>
<th>Variance to Budget</th>
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<tbody>
<tr>
<td>Option A</td>
<td>No change in rates until August 1, then 1%</td>
<td>-</td>
<td>9%</td>
<td>+1%</td>
<td>1%</td>
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<td>Option B</td>
<td>Two Rate Changes – 6% May 1 1% August 1</td>
<td>+3%</td>
<td>6%</td>
<td>-2%</td>
<td>1%</td>
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<td>Option C</td>
<td>Two Rate Changes – 3% May 1 3% August 1</td>
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<td>-7%</td>
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<td>Option D</td>
<td>Two rate changes – 6% May 1 3% August 1</td>
<td>+3%</td>
<td>6%</td>
<td>-4%</td>
<td>3%</td>
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Comparing SVCE Rate Change Alternatives . . .

<table>
<thead>
<tr>
<th>SVCE Rate Options</th>
<th>Summary</th>
<th>Rate Stability</th>
<th>Discount Consistency</th>
<th>Incremental Reserves</th>
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<tr>
<td>Option A</td>
<td>No change in rates until August 1, then 1 discount%</td>
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<td><img src="Lower" alt="Blue" /></td>
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<td><img src="High" alt="Green" /></td>
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<td><img src="Medium" alt="Green" /></td>
<td><img src="Low" alt="Green" /></td>
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Recommendation

• Exec Committee and Staff recommend Option B
  o re-set SVCE discount to 6% effective May 1\(^{st}\) (2018 discount level)
  o lower SVCE discount to 1% effective August 1\(^{st}\)

• Option B results in:
  o incremental $3.6M in reserve contribution between May and December
  o strong 2H 2019 reserve contributions despite market volatility, regulatory uncertainty
  o most flexibility to respond to changing conditions
  o maintaining reasonable level of overall rate stability throughout year
Option B Bolsters Reserves, Helps Mitigate Risk
June BOD Meeting – Rate Setting Approach

• No Board Meeting in July

• Current plan is to set SVCE discount rate at 1% effective August 1

• At June Board Meeting, SVCE staff will present updated reserve contribution impact for new SVCE rates set at 1% discount effective Aug 1, factoring:
  o in the event July PG&E rate reductions are less than anticipated, and significant favorable impacts to reserve contributions are projected, staff will present alternative discount policies for August 1
Resolution

- Direct CEO and Staff to implement 6% discount to current PG&E generation rates effective May 1st

- Direct CEO and staff to implement 1% discount effective August 1st, subject to reserve contribution impact and guidelines to be approved at June board meeting
Decarb Strategy & Programs Roadmap Update
April 10, 2019
Outline

1. Q1 2019 Update
2. Workforce Training & Development Initiatives
Outline

1. Q1 2019 Update
2. Workforce Training & Development Initiatives
Q1 2019 Update

- Programs Roadmap development proceeding on schedule and on budget
- Q1 2019 Update provides highlights, summary table, and revised program briefs
- “PR” version of quarterly update provided to assist BOD and staff in engaging customers, constituents, elected officials, state agencies, etc.
Timeline

- **PS1**: C&I Clean Power Offerings
- **BE1**: Reach Codes
- **BE2**: FutureFit HPWH
- **BE3**: All-Electric Showcase Grants
- **MO1**: EV Infrastructure Strategy and Plan
- **MO2**: EVSE Incentives
- **GI1**: Virtual Power Plant
- **EO1**: Customer Resource Center
- **EO2**: Community Engagement Grants
- **IN1**: Innovation Partners
- **IN2**: Innovation Onramp

Legend:
- In development
- Quarter in focus

[Diagram showing the timeline with different projects and their corresponding months and quarters.]
## Power Supply

### PS1: C&I Clean Power Offerings

- Program plan developed, consulting contracts in place, initial assessment completed
- Conducting interviews with targeted C&I customers and defining/refining offers in Q2
- On track for launching pilot offerings by Q4

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**Innovation Partners**

- IN1
- IN2

**Innovation Onramp**

- EO1
- EO2

**Community Engagement Grants**

- GI1

**EV Infrastructure Strategy and Plans**

- MO1

**EV Incentives**

- MO2

**Virtual Power Plant**

- Q1

**Customer Resource Center**

- Q2

**Community Engagement Grants**

- IN1

**Innovation Partners**

- IN2
**Built Environment**

**BE1: Reach Codes**

- Partnered with PCE & contracted for technical consulting support for building and EV charging codes
- Conducted initial member agency meetings and kick-off stakeholder workshops on reach codes
- Draft codes to be released April 11, then extensive stakeholder education and engagement planned through summer and fall
- On track to support member agencies bringing reach codes to their councils in Q3
BE2: FutureFit HPWH

- Finalized program design & go-to-market strategy
- Collaborating with City of San Jose, other regional peers on program design and implementation
- Issuing RFP for program admin support in April
- On track for launch by end of Q2

BE3: All-Electric Showcase Grants

- Finalized program design & go-to-market strategy
- Issuing RFP for program admin support in April
- On track for launch by early Q2
MO1: EV Infra. Strategy and Plan

- Contracted with E-Mobility Group to lead development of strategy and action plan for delivery by end of Q2
- Formed two-county coalition of regional peers & EV working group of member agencies and other public/private stakeholders to provide input, guide EVSE incentive program design (CAleVIP)
- Board presentation planned for August

MO2: EVSE Incentives

- Program design integrated into MO1
- RFP issuance expected in Q3 for program launch in Q4
GI1: Virtual Power Plant

- Contracted with Gridworks to draft discussion paper and carry out stakeholder engagement
- Releasing discussion paper in April for stakeholder review and input
- Revised discussion paper and recommended SVCE program approach completed by end of Q3
- RFP issuance expected in Q3
EO1: Customer Resource Center
- Refined objectives and continued research
- Issuing RFI, then planned RFP in Q4

EO2: Community Engagement Grants
- Ongoing outreach activities by grantees
- Gathering information through surveys to inform future program design
Innovation

IN1: Innovation Partners

• Sponsoring Stanford Cleantech Challenge (April 12-14) & the Powerhouse SunCode Hackathon (May 17-18)
• Planning SVCE-led “prize” event with regional peers for Fall 2019

IN2: Innovation Onramp

• Launched program on website - first application deadline April 30
• Issuing RFP for program admin support in April
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<th>Q1 Feb</th>
<th>Q1 Mar</th>
<th>Q2 Apr</th>
<th>Q2 May</th>
<th>Q2 Jun</th>
<th>Q2 Jul</th>
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Outline

1. Q1 2019 Update
2. Workforce Training & Development Initiatives
Decarbonization Goals Create Workforce Need and Opportunity

• Much of GHG mitigation boils down to accelerating transitions from traditional technologies to lower-carbon alternatives.

• Deployment of low-carbon technologies depends as much on the presence of a skilled professional community that can supply, install, maintain, and repair them as it does on consumer adoption decisions.

• Implementation of the Programs Roadmap provides an opportunity for professionals in SVCE communities to develop new expertise ahead of their industry curves that will be valuable for decades to come.
Workforce Development is the Crucial Link

A well-trained workforce accelerates decarbonization

Workforce Development

Decarbonization creates local workforce opportunities accessible through training
SVCE Workforce Development Efforts Should Be:

• **Grounded in listening to workforce needs.** As with the development of the Roadmap itself, SVCE’s efforts should begin with seeking stakeholder input on where and how we can participate most effectively.

• **Additive, not duplicative.** SVCE efforts should leverage and synergize with existing workforce training and development organizations in SVCE’s communities.

• **Inclusive.** SVCE efforts should consider how the opportunities in decarbonization can be made available to all segments of the relevant workforce.
SVCE staff request that the Board approve dedicating $200,000 from the program budget over FY 19 and FY 20 to Workforce Development and Training Programs.

- **Phase 1:** Stakeholder outreach & background research (Spring/Summer 2019)
- **Phase 2:** Finalize program design, update to Exec. Committee/BOD & program implementation (Estimated: Summer/Fall 2019)
A Parting Vision

• The Programs Roadmap is designed to **push the pace** and frontier of decarbonization in SVCE communities well ahead of state policy requirements and organic industry evolution.

• By investing in workforce development, we can help make SVCE’s communities a hub of **advanced decarbonization expertise** that provides unique, valuable employment opportunities right here in Silicon Valley.

• **Expertise is contagious.** By fostering industry expertise in our own service territory, SVCE can contribute to the development of new knowledge and best practices that spread and drive decarbonization far beyond our borders.
Programs Budget

$5-5.5M: Board approval for total program budget (2% of revenues)

- Power Supply
- Built Environment
- Mobility
- Energy Efficiency & Grid Integration
- Education & Outreach
- Innovation

FY19
FY20
FY21
FY22
FY23
Programs Budget – Proposed

$5-5.5M: Board approval for total program budget (2% of revenues)

- Power Supply
- Built Environment
- Apr 2019 Request - Workforce Programs
- Mobility
- Energy Efficiency & Grid Integration
- Education & Outreach
- Innovation

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<tr>
<th>Year</th>
<th>Power Supply</th>
<th>Built Environment</th>
<th>Apr 2019 Request - Workforce Programs</th>
<th>Mobility</th>
<th>Energy Efficiency &amp; Grid Integration</th>
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Staff Proposal

Staff recommends the Board accept the Q1 2019 Update of the Decarbonization Strategy & Programs Roadmap with revised program briefs (Attachments 1 and 2) and adopt Resolution No. 2019- (Attachment 3) to approve the budget request and associated program brief (Attachment 4) for Workforce Development & Training programs totaling $200,000 for FY2019 and FY2020.