Implement SVCE Generation Rate Changes Effective January 2021

SVCE Board of Directors Meeting December 9, 2020
Rate Implementation Recommendation

Per the FY2020-21 Operating Budget approved by the BOD on September 9th, approve Resolution directing CEO to reduce SVCE discount to PG&E rates from 4% to 1%, effective January 2021
FY2020-21 Budget Highlights – From September 2020

1. SVCE FINANCIALLY STABLE; BALANCE AVAILABLE FOR RESERVES OF $8.2 MILLION DESPITE CONTINUED PROJECTED LOAD LOSS DUE TO COVID-19

2. ENERGY EXPENSES DECREASED $4.4 MILLION; BUDGET INCLUDES REQUEST FOR NEW POWER ANALYST AND DATA SCIENTIST POSITIONS

3. BUDGET ASSUMES 1% DISCOUNT FROM PG&E RATES DUE TO EXPECTED INCREASE IN PCIA AND CONTINUED LOAD LOSS IN ORDER TO RETAIN MOODY’S CREDIT RATING

From Sept 9, 2020 Presentation to SVCE BOD “Recommended FY 2020-21 Operating Budget”
Changes to PCIA* Rate & Timing

2020-21 Budget assumptions

- PG&E to increase PCIA from 3.2 cents to ~4.8 cents/kWh in October 2020, and back down to ~3.7 cents in January 2021
- Generation rates to remain flat
- To help absorb PCIA increase, SVCE planned to reduce its discount from 4% to 1% in October 2020

PCIA increase delayed until January 2021

- 2021 PCIA projected to increase by at least ~33%, from 3.2 to 4.56 cents/kWh for 2021
- ~2.5% decrease in PG&E generation rates in Jan, followed by 3.5% increase in March
- SVCE will need to reduce its generation rates and discount in January, to ‘absorb’ PCIA increase and maintain a competitive price with PG&E
- Higher PCIA increase (annualized) will reduce FY2020-21 contribution to reserves by approximately $5M ($8.2M to $3.2M); full impact analysis in mid-year budget update

* Power Charge Indifference Adjustment (PCIA) is an “exit fee” based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.
Rate Change Approach

SVCE establishes a % discount to PG&E for generation service, then sets its rates to achieve discount after factoring in PG&E’s PCIA and Franchise Fee.

4% total generation rate savings vs PG&E in 2020

1% total generation rate savings vs PG&E in 2020
Next Steps

• Two week turn-around from receipt of PG&E rates in late December
• Another rate change likely in March 2021, due to an anticipated increase in PG&E generation rates
Recommendation

Per the FY2020-21 Operating Budget approved by the BOD on September 9th, approve Resolution directing CEO to reduce SVCE discount to PG&E rates from 4% to 1%, effective January 2021
2021 Policy Platform and Legislative/Regulatory Ad Hoc Committee

December 9, 2020
Board of Directors Meeting
SVCE 2021 Policy Platform

Purpose:

• Articulate SVCE’s legislative and regulatory priorities for the 2021 legislative session and beyond

• Allow SVCE staff to take positions on bills for SVCE without explicit Board approval as long as they are consistent with this platform

• Guide optimal use of SVCE advocacy time and resources at both the legislative and regulatory level

Policy Areas:

I. SVCE Customer Welfare and the CCA Model
II. Climate Mitigation and Clean Energy Technologies
III. CA Energy Regulatory and Market Structures
I. SVCE Customer Welfare and the CCA Model

1. CCA Procurement Autonomy
2. Right to Set Retail Generation Rates
3. Cost Shifts and Customer Indifference
4. Non-Bypassable Charges
5. Affordability and Equity

What’s changed from 2020:

- Right to form a CCA has been removed
- Affordability and Equity has been added

SILICON VALLEY CLEAN ENERGY
II. Climate Mitigation and Clean Energy Technologies

1. Grid Resilience

2. Ability to Invest in Grid-Edge Resources

3. Fuel-Switching and Electrification

What’s changed from 2020:

- DERs (2020 priority) has been included in the Ability to Invest in Grid-Edge Resources
- GHG Accounting has been removed
III. California’s Energy Regulatory and Market Structures

1. Creation/development towards an Open Access Distribution Platform to unlock demand response and DER potential

2. CCAs as Providers of Last Resort and Sole Providers

3. Restructuring of Investor-Owned Utilities

4. Residual Central Procurement Where It Improves System Function

What’s changed from 2020:

- Open Access Platform has been added
- Direct Access has been removed and included in Customer Indifference policy priority
- GHG Accounting has been removed
Legislative and Regulatory Ad Hoc

**Purpose:** Address responses to industry transition.

**2021 Focus Areas:**
- Expansion of Direct Access
- Reliability Planning and Procurement
- Transparency and Accountability in Ratemaking
- Public Safety Power Shutoffs & Wildfire Prevention and Cost Recovery

**What’s changed from 2020:**
- PG&E Restructuring and Reform removed
- Centralization of Resource Procurement removed
- Reliability Planning and Procurement added
Questions?
Approve California Community Power Agency Joint Powers Agreement and Authorize the CEO to Execute the Agreement

SVCE Board
December 9, 2020
9 CCA’s participating
Business Need for CC Power – Enhances SVCE’s Options

• Economies of Scale
• Enhanced Negotiating Power
• Shared Risk – execution, development and performance
• Potential for Shared Financing
• Strategic value demonstrating CCA self-procurement & reliability contributions
• Legislators and regulators favor large scale procurement

1st CC Power Project

Long Duration Energy Storage (LDES)

1. California Climate Goals
2. CPUC IRP requirements
3. Previous and upcoming legislative pressure
4. Rolling blackouts
Previous Discussions

- 6/26/20 – Executive Committee: CEO Report
- 8/28/20 – Executive Committee: CEO Report
- 10/14/20 – Board Meeting: Long-Duration Storage and Super JPA Formation Update
- 11/30/20 Finance Committee: CC Power Update
- 11/10/20 – Board Meeting: CC Power Update
- 10/23/20 – Executive Committee: Super JPA Formation
# Timeline for CCA’s considering CC Power

<table>
<thead>
<tr>
<th>CCA</th>
<th>FORECAST APPROVAL</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CleanPower SF</td>
<td>Commission - 12/22/20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Board - 1/x/21</td>
<td></td>
</tr>
<tr>
<td>MCE</td>
<td>Board - 11/19/20</td>
<td>APPROVED</td>
</tr>
<tr>
<td>PCE</td>
<td>Board - 12/17/20</td>
<td></td>
</tr>
<tr>
<td>RCEA</td>
<td>Board - 12/17/20</td>
<td></td>
</tr>
<tr>
<td>SJCE</td>
<td>Council - 1/5/21</td>
<td></td>
</tr>
<tr>
<td>SVCE</td>
<td>Board - 12/9/20</td>
<td></td>
</tr>
<tr>
<td>SCP</td>
<td>Board - 1/7/21</td>
<td></td>
</tr>
<tr>
<td>3CE</td>
<td>Board - 1/13/21</td>
<td></td>
</tr>
</tbody>
</table>
Recommendation

Staff recommends that the Board of Directors approve Resolution No. 2020-43 approving the California Community Power Agency Joint Powers Agreement and authorizing the CEO to execute this Agreement with any minor, non-substantive modifications also approved by the General Counsel.
Approve Chair and Vice Chair Vacancy Policy

Board of Directors Meeting
December 9, 2020
Purpose

Discuss method for selection of Interim Chair in the event of Chair and Vice Chair vacancy or absence
Chair/Vice Chair Vacancy

• Chair and Vice Chair will not be present for January Board meeting
• Executive Committee discussion, 11/23
• Need identified: Development of a policy
GAP6: Chair and Vice Chair Vacancy Policy

“At any meeting where the Chair and Vice Chair are not present, the previous Chair of that body will serve as Interim Chair. If that person is not present, the longest serving member of that body will serve as Interim Chair. If it is a new committee, members will draw lots to determine who will serve as Interim Chair.”
Policy Addresses...

✔ Chair and Vice Chair absences/vacancies
✔ Method to identify an Interim Chair
Recommendation

Approve GAP6: Chair and Vice Chair Vacancy Policy
Questions?
SVCE Information Update on 2021
SVCE Board Elections

Board of Directors
December 9, 2020
Purpose

Review the selection process and timeline for SVCE appointments of Chair, Vice Chair, and committees.
Proposed Process

• Email with call for letters of interest for Chair/Vice Chair sent Friday, December 11th
• Chair, Vice Chair, and Executive Committee members selected at annual meeting on January 13th
• Email with proposed committee matrix worksheet distributed to Board members January 15th
• Committee assignments made at the February 10th Board of Directors meeting
Proposed Timeline

**December**
- Dec. 9: SVCE Board Meeting information item
- Dec. 11: Written Instruction

**January**
- Jan. 4: Chair/Vice Chair Interest Letters & Executive Committee Interest due
- Jan. 13: Chair/Vice Chair and Executive Committee selections made at BOD meeting
- Jan. 15: Written instruction for committee interests distributed

**February**
- Feb. 1: Committee Matrix worksheets due
- Feb. 10: SVCE Committee Assignments made
# 2021 Committee Matrix Worksheet

<table>
<thead>
<tr>
<th>Committee</th>
<th>Description</th>
<th>Meeting Details</th>
<th>Current Roster</th>
<th>Interest in serving for 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Committee</strong></td>
<td>The Executive Committee is a subset of the Board of Directors. They provide input and support to SVCE on operational and policy matters. The Executive Committee is made up of five Directors of the Board.</td>
<td><strong>Time:</strong> 8:30am-10:30am</td>
<td>• Howard Miller (Chair) - Outgoing</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Frequency:</strong> Monthly, 4th Friday</td>
<td>• Nancy Smith (Vice Chair) - Outgoing</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Location:</strong> Virtual</td>
<td>• Margaret Abe-Koga</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Liz Gibbons</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Rod Smks - Outgoing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><em>Not on committee, but interested for 2021</em></td>
<td></td>
</tr>
<tr>
<td><strong>Finance &amp; Administration Committee</strong></td>
<td>The Finance &amp; 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.</td>
<td><strong>Time:</strong> TBD</td>
<td>• Rob Rennie (Chair)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Frequency:</strong> Quarterly &amp; as needed</td>
<td>• Javed Ellahie (Vice Chair)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Location:</strong> Virtual</td>
<td>• Howard Miller - Outgoing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Liz Gibbons</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Maria Oberg</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><em>Not on committee, but interested for 2021</em></td>
<td></td>
</tr>
<tr>
<td><strong>Audit Committee</strong></td>
<td>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.</td>
<td><strong>Time:</strong> TBD</td>
<td>• Nancy Smith (Chair) - Outgoing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Frequency:</strong> Twice yearly &amp; as needed</td>
<td>• Elaine Marshall (Vice Chair)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Location:</strong> Virtual</td>
<td>• George Tyson</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><em>Not on committee, but interested for 2021</em></td>
<td></td>
</tr>
</tbody>
</table>
Questions?