FY 2020-21 OPERATING BUDGET

BOARD OF DIRECTORS

September 9, 2020
Budget Preview
June 25th – Exec. Committee

Strategic Plan
adopted Sept/Oct

01

02

03

04

05

06

Mid-Year Budget Review
Feb/March 2021

Recommended Budget
presented for adoption
at Sept. Board meeting

Proposed Budget
presented to
Board at August
meeting

August 5th – Review
with Finance
Committee
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
To maintain balance between ratepayer value and agency sustainability – lower the discount to PG&E to 1%

SVCE will plan for a significant spike to near 5 cents in October then backing down to near 4 cents in 2021

SVCE will plan on an extended, double-dip recovery that continues to impact energy sales

Big threat would be PG&E rate decrease. Minimal chance. Budget assumes static PG&E rates through 2021.

SVCE has one of the lowest bad debt rates of CCA's. Should plan on 3x-4x historical performance to ~1%
FINANCIAL SUMMARY

Energy Revenues
- Load reduction continues due to Covid-19
- PCIA increase
- Move from 4% to 1% discount

Energy Costs
- $4.4 million reduction reflects lower load to serve
- 88% hedged in FY2020-21

Operating Margin
- Margin to fund operations, reserves, programs, and capital

Other revenue, expenses and transfers
- $17 million for other operations
- $1.1 net non-operations
- $5.7 million for programs & capex

Reserves
- End the FY at Reserve Target Range of 219 Days

$264.4 MM  $234.7 MM  $29.7 MM  $21.5 MM  $8.2 MM
PROJECTED RESERVES

- **219 Days of Cash on Hand**
- **270 days**
- **180 days**
- **90 days**

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserves</th>
<th>Target</th>
<th>Max</th>
<th>Min</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY20B</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY21E</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY22E</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY23E</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Green: Reserves
- Blue: Target
- Yellow: Max
- Red: Min

*Item 4 PRESENTATION REVISED*
# BUDGET DELTAS (Aug – Sept)

$ in Thousands

<table>
<thead>
<tr>
<th>Item</th>
<th>Proposed Budget</th>
<th>Recommended Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Revenues</td>
<td>264,415</td>
<td>264,415</td>
<td>0</td>
</tr>
<tr>
<td>Power Supply</td>
<td>234,662</td>
<td>234,662</td>
<td>0</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td><strong>$29,753</strong></td>
<td><strong>$29,753</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>16,753</td>
<td>16,950</td>
<td>197</td>
</tr>
<tr>
<td>Non-Operating Income/(Expense)</td>
<td>1,108</td>
<td>1,108</td>
<td>0</td>
</tr>
<tr>
<td>Transfers, Debt Service and Other Expenses</td>
<td>5,670</td>
<td>5,670</td>
<td>0</td>
</tr>
<tr>
<td><strong>Balance Available For Reserves</strong></td>
<td><strong>$8,439</strong></td>
<td><strong>$8,242</strong></td>
<td><strong>$197</strong></td>
</tr>
</tbody>
</table>
BUDGET DELTAS (cont)

• Increase To Regulatory Consulting budget (+$40k)
  • Rolling blackout follow-up / intervention

• Organizational Review funding (+$50k)
  • Improve internal policies / procedures

• Power Prepay up-front costs (+$75k)
  • To be repaid later through financing process

• Continued WFH Employee Support (+$32k)
PERSONNEL REVIEW

• Recommended Budget Funds 31 FTE’s + 5 Temporary
  • New Data Scientist (Decarb & Grid Innovation)
  • New Analyst (Power Resources)

• Anticipate Additional Staffing Requests in late 2020
  • Policy - Senior Government Relations
  • Power – additional Power Resources Analyst
FORWARD-LOOKING CHANGES

• Continued intervention in regulatory arena
  • Added regulatory work at CAISO and CPUC
  • Added coordination through CalCCA

• Continued volatility will impact power supply budget; effects to be realized at mid-year

• Equity program to be defined / expanded following decarbonization hiring
Supplemental
Uncertainty, Risk, and COVID-19

**SUPPLY**
Project delays and financing issues; new IRP/RA rules; Ops issues with PPAs online next summer

**PCIA**
PCIA uncapped later in 2020, 10+M reserve call in 2021

**LOAD LOSS**
~8% load loss; return to “normal” in 2022

**PAYMENTS**
Customer defaults, payment issues due to COVID-19

**L&R ISSUES**
Central buyer, PCIA, Transparency, PSPS, Long-duration storage

**DIRECT ACCESS**
Potential for additional DA market expansion

**RESERVES**
Mid-Case represents the “W” recovery curve

• C&I load drops a second time due to resurgence in COVID-19 in the winter.

• Second recovery period followed by permanent reductions to a majority of small & medium C&I customers.
ACCOUNTS & SALES

Customer Accounts
• 267,000 Accounts

Energy Sales (MWh’s)
• 3.76 million MWh’s
TOTAL REVENUES

- Continued exposure to COVID load loss and volatile PCIA
- Long-term revenue vulnerability from Direct Access
POWER SUPPLY

- $234.7 million Energy Supply Cost
- Well hedged (88%) for FY 2020-21
- Resource Adequacy increases each year
TOTAL EXPENSES

- Low Overhead keeps SVCE nimble to respond to changing business
NEW POSITIONS

CURRENT STATE

Long-Term Procurement Negotiations

Developing customized contracts for high load customers

React to regulatory rules changes

Data systems and processes currently being centralized, streamlined and automated

Rudimentary modeling approaches used for consequential business functions

FUTURE STATE

New Power Analyst provides analytical support and management of resources obtained through the PPA negotiations

Evaluates new resources and products

Energy portfolio optimization and risk management

New Data Scientist Generates agency-wide data-driven insights to support mission

Leads high-impact analyses to enhance operational performance and mitigate risk (e.g. load analysis, customer segmentation, program operations, etc.)
DEPT HIGHLIGHTS

• Executive Administration
  • Strategic Plan Implementation
  • Cross-CCA Collaboration

• Finance & Administration
  • Cybersecurity
  • Power Prepay
  • Workforce Productivity and Wellness

• Power Resources
  • Operational Management of long-term power contracts
  • Portfolio Optimization
DEPT HIGHLIGHTS

• Account Services & Community Relations
  • Digital Engagement and Outreach
  • Customer Program Implementation
  • C&I Offerings – GreenPrime Direct; EcoInvestment

• Decarbonization & Grid Innovation Programs
  • Resiliency and Building Electrification
  • Electric Vehicle Charging Infrastructure Support
  • Innovative Pilot Programs
  • Data Analysis and Governance

• Regulatory and Legislative Policy
  • PCIA Reform
  • Industry Restructuring
Budget Preview
June 25th – Exec.
Committee

Strategic Plan
adopted Sept/Oct

Mid-Year Budget Review
Feb/March 2021

Recommended Budget
presented for adoption
at Sept. Board meeting

Proposed Budget
presented to
Board at August
meeting

August 5th – Review
with Finance
Committee

NEXT STEPS
Changes in FY 2020-21
Projected Budget Surplus since Mid-year
(June 25 update)

Surplus increase
$3.2 million

Energy Revenues
Unfavorable
$1.2 million

Power Supply
Favorable
$6.6 million

Operating Exp
Unfavorable
$1.7 million

Non-oper Rev/Exp
Unfavorable
$0.2 million

Cap/Transfers
Unfavorable
$0.3 million

Energy sales assumptions the same; Using Ascend Analytics model

Removed 3% contingency

Personnel costs increased $1.1 million

Reduced interest income estimate due to lower rates

Increase due to carry over of Capex budget from 2019-20
# SILICON VALLEY CLEAN ENERGY

## FY 2020-21 RECOMMENDED OPERATING BUDGET

($ in thousands)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FY 2019-20 BUDGET AS ADOPTED MIDYEAR</th>
<th>FY 2020-21 RECOMMENDED BUDGET</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENERGY REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Sales</td>
<td>285,540</td>
<td>263,524</td>
<td>(22,016) -7.7%</td>
</tr>
<tr>
<td>Green Prime Premium</td>
<td>1,100</td>
<td>891</td>
<td>(209) -19.0%</td>
</tr>
<tr>
<td><strong>TOTAL ENERGY REVENUES</strong></td>
<td><strong>286,640</strong></td>
<td><strong>264,415</strong></td>
<td><strong>(22,225)</strong> -7.8%</td>
</tr>
<tr>
<td><strong>ENERGY EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Supply</td>
<td>239,070</td>
<td>234,662</td>
<td>(4,408) -1.8%</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Management</td>
<td>3,160</td>
<td>3,020</td>
<td>(140) -4.4%</td>
</tr>
<tr>
<td>PG&amp;E Fees</td>
<td>1,260</td>
<td>1,350</td>
<td>90 7.1%</td>
</tr>
<tr>
<td>Employment Expenses</td>
<td>5,120</td>
<td>6,240</td>
<td>1,120 21.9%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>3,420</td>
<td>3,800</td>
<td>380 11.1%</td>
</tr>
<tr>
<td>Marketing &amp; Promotions</td>
<td>740</td>
<td>870</td>
<td>130 17.6%</td>
</tr>
<tr>
<td>Notifications</td>
<td>160</td>
<td>100</td>
<td>(60) -37.5%</td>
</tr>
<tr>
<td>Lease</td>
<td>500</td>
<td>500</td>
<td>0 0.0%</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>960</td>
<td>1,070</td>
<td>110 11.5%</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>15,320</strong></td>
<td><strong>16,950</strong></td>
<td><strong>1,630</strong> 10.6%</td>
</tr>
<tr>
<td><strong>OPERATING INCOME (LOSS)</strong></td>
<td><strong>32,250</strong></td>
<td><strong>12,803</strong></td>
<td><strong>(19,447)</strong> -60.3%</td>
</tr>
</tbody>
</table>
## SILICON VALLEY CLEAN ENERGY
### FY 2020-21 RECOMMENDED OPERATING BUDGET
($ in thousands)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FY 2019-20 BUDGET AS ADOPTED MIDYEAR</th>
<th>FY 2020-21 RECOMMENDED BUDGET</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON-OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>0</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>2,000</td>
<td>1,155</td>
<td>(845)</td>
</tr>
<tr>
<td>Grant Income</td>
<td>160</td>
<td>68</td>
<td>(92)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING REVENUES</strong></td>
<td>2,160</td>
<td>1,273</td>
<td>(887)</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td>290</td>
<td>165</td>
<td>(125)</td>
</tr>
<tr>
<td>Interest</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING EXPENSES</strong></td>
<td>290</td>
<td>165</td>
<td>(125)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING INCOME (EXPENSES)</strong></td>
<td>1,870</td>
<td>1,108</td>
<td>(762)</td>
</tr>
<tr>
<td><strong>CHANGE IN NET POSITION</strong></td>
<td>34,120</td>
<td>13,911</td>
<td>(20,209)</td>
</tr>
<tr>
<td><strong>CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>400</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>50</td>
<td>0</td>
<td>(50)</td>
</tr>
<tr>
<td>Transfer to CRCR Fund</td>
<td>8,500</td>
<td>0</td>
<td>(8,500)</td>
</tr>
<tr>
<td>Transfer to Programs Fund</td>
<td>5,050</td>
<td>5,270</td>
<td>220</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</strong></td>
<td>$14,000</td>
<td>$5,670</td>
<td>(8,330)</td>
</tr>
<tr>
<td><strong>BALANCE AVAILABLE FOR RESERVES</strong></td>
<td>$20,120</td>
<td>$8,241</td>
<td>($11,879)</td>
</tr>
</tbody>
</table>
# CCA Base Rate Comparison

<table>
<thead>
<tr>
<th>CCA</th>
<th>Base Rate</th>
<th>Base Rate Renewable</th>
<th>Base Rate Discount to PGE Gen</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCE</td>
<td>ECOplus</td>
<td>50%</td>
<td>-5%</td>
</tr>
<tr>
<td>SVCE</td>
<td>GreenStart</td>
<td>50%</td>
<td>-4%</td>
</tr>
<tr>
<td>MBCP</td>
<td>MBChoice</td>
<td>34%</td>
<td>-2%</td>
</tr>
<tr>
<td>CleanPower SF</td>
<td>CPSF Green</td>
<td>48%</td>
<td>-1%</td>
</tr>
<tr>
<td>SJCE</td>
<td>GreenSource</td>
<td>45%</td>
<td>-1%</td>
</tr>
<tr>
<td>EBCE</td>
<td>Bright Choice</td>
<td>41%</td>
<td>-1%</td>
</tr>
<tr>
<td>MCE</td>
<td>Light Green</td>
<td>61%</td>
<td>3%</td>
</tr>
<tr>
<td>Sonoma Clean Power</td>
<td>CleanStart</td>
<td>49%</td>
<td>6%</td>
</tr>
</tbody>
</table>

![Logo](https://example.com/logo.png)
FTE COMPARE

FTE's

<table>
<thead>
<tr>
<th>Item</th>
<th>CPA</th>
<th>EBCE</th>
<th>SVCE</th>
<th>PCE</th>
<th>MBCP</th>
<th>SCP</th>
<th>MCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>299</td>
<td>165</td>
<td>134</td>
<td>103</td>
<td>100</td>
<td>89</td>
<td>81</td>
</tr>
</tbody>
</table>

Ratio Comparison

- CPA
- EBCE
- SVCE
- PCE
- MBCP
- SCP
- MCE

GWh/FTE

GWH

Item 4
PRESENTATION
REVISED
Scenario: Mid Case

Below are average changes to load based on a pre-covid forecast

<table>
<thead>
<tr>
<th></th>
<th>Small/Medium C&amp;I</th>
<th>Large C&amp;I</th>
<th>Residential</th>
<th>Total Load (Weighted avg by rate class)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shelter-in-Place #1</strong></td>
<td>-23%</td>
<td>-13%</td>
<td>11%</td>
<td>-8%</td>
</tr>
<tr>
<td>Mar 17 - May 30, 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recovery Period #1</strong></td>
<td>-12%</td>
<td>-8%</td>
<td>3%</td>
<td>-5%</td>
</tr>
<tr>
<td>Jun 1 - Nov 30, 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shelter-in-Place #2</strong></td>
<td>-16%</td>
<td>-7%</td>
<td>9%</td>
<td>-3%</td>
</tr>
<tr>
<td>Dec 1, 2020 - April 30, 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recovery Period #2</strong></td>
<td>-9%</td>
<td>-6%</td>
<td>3%</td>
<td>-4%</td>
</tr>
<tr>
<td>May 1 – Jun 31, 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Normal Phase 1</strong></td>
<td>-9%</td>
<td>-4%</td>
<td>1%</td>
<td>-3%</td>
</tr>
<tr>
<td>July 1 – Dec 31, 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Normal Phase 2</strong></td>
<td>-4%</td>
<td>-2%</td>
<td>0%</td>
<td>-2%</td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
REVENUES INPUTS

• No changes to rates since May 2020
  • 1% discount to PG&E rates for FY20-21
    • Resume 4% discount in FY21-22
  • Forecasting stable rates through Spring 2021
• Double-dip Recovery through late 2020
• PCIA trigger and fallback anticipated, but timing uncertain
• No change to customer participation rate
• Direct Access Expansion, pending CPUC report release
Executive Administration

**Strategic Plan**
- Less task-orientated document
- Implementation of Strategic Plan

**Collaboration**
- Continued collaboration with other Bay Area CCAs
- Long-duration Storage
- Power Prepay

**Board**
- General Counsel
- Board/Committee meetings support
Cybersecurity
Continued funding to support cybersecurity initiatives
Focus on security and reliability

Facility Improvements
Increased rent budget to support larger new office space
Continued capital budget to support delayed construction improvements in new upstairs space

HR/Payroll Improvements
Maintain competitive compensation and benefits package
Support remote workforce productivity and wellness

Risk Management
Support for risk management of agency (insurance, etc.)
Support for risk management of energy supply and compliance

Power Pre-Pay
Support for analysis and possible execution of a power prepay agreement that would lower power supply cost

Finance & Administration
**Power Resources**

**PPAs & Contracts**
- Consultants and Legal support for new PPA negotiations
- Monitoring and action for ongoing PPAs
- Coordinated Operations Agreement with MBCP
- Master Agreements (EEI) management

**Portfolio Optimization**
- Monitoring & management of Power Supply Costs
- Assist with Direct Access strategies and response
- Hybrid Resource valuation & optimization
- Compliance
- Leg/Reg support

**Operations**
- Scheduling Coordination
- Clean energy procurement
- Resource Adequacy & joint procurement
- Risk management, load forecasting, and software tools/solutions to support more integrated trade and settlements system

**Integrated Resource Plan (IRP)**
- Preparation and filing in 2020
- Implementation of 2021-30 IRP
- Assessment of SVCE’s clean goals
- Joint Long Duration Storage RFP
- Stand-alone storage procurement
**Data Management**
- Continued coordination with Calpine
- Long-Term data management strategies

**Outreach**
- Continued shift in focus to digital outreach and engagement due to COVID
- Outbound email Marketing and Promotions to drive eHub utilization

**Awareness**
- Expanded print / digital advertising campaign around electrification
- Collateral development and marketing to support new programs (EV Charging, HPWH, Workforce Training)

**Programs Support**
- Collaboration with the Decarbonization and Grid Innovations Teams to roll out programs
- C&I Offerings / Long-Term contracts including:
  - GreenPrime Direct
  - EcoInvestment

**Required Notifications**
- Funding for various mailers that are required by the CPUC, such as the annual joint rate mailer, with coordination of PG&E
- Transition to electronic distribution when feasible
Decarbonization & Grid Innovation Programs

Programs Funding
- Continue with the 2% of energy revenues formula for annual funding of programs
- Carry over unused $ from this fiscal year by creating programs fund

Programs Roadmap
- Continued rollout of various programs identified in the roadmap
  - Building Decarbonization Joint Action Plan
  - Community Resilience Planning & Capital Support
  - Community Equity

Innovation
- Launch multiple pilots through Innovation Onramp
  - Telematics Smart Charging
  - Smart Electrical Panel Demonstrations

Tools
- Develop DAISY 2.0 – a comprehensive data analytics platform to provide cross-functional support
- Build on DER and VPP valuation assessments to improve avoided cost model and GHG forecasting
Regulatory & Legislative

Pro-Active with Legislature
- Funding for Lobbyist presence
- Funding for continued communications with key stakeholders

CalCCA
- Membership Dues
- Support of various committees and initiatives

Regulatory / Rate-Setting
- PCIA Reform
- Direct Access Expansion
- Industry Restructuring
- Keyes & Fox M. Cubed MRW