# Summer Readiness Communications

CEO Report
June 9, 2021

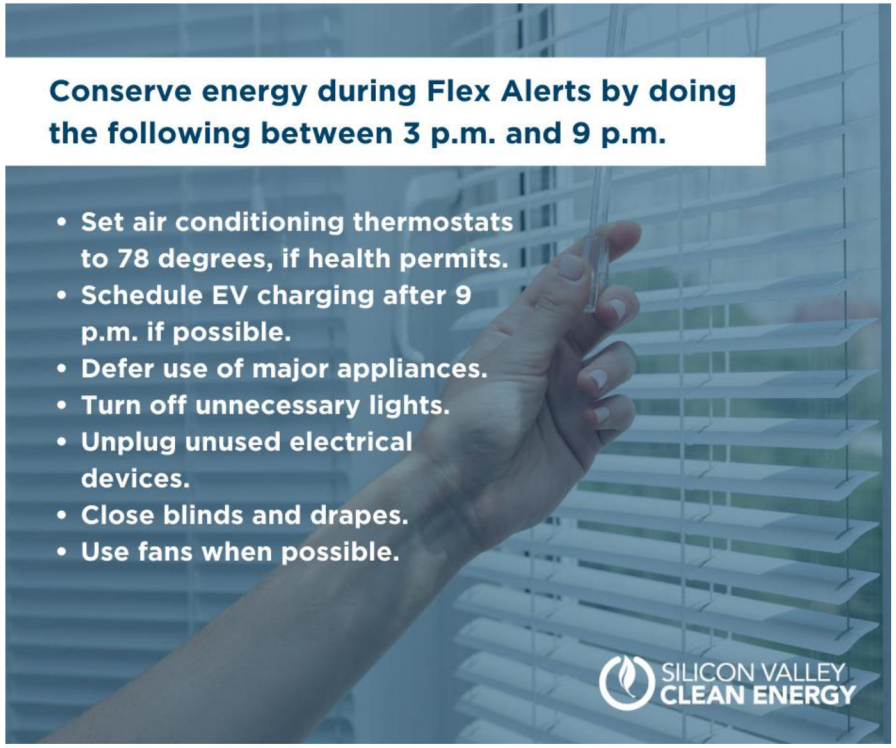
SILICON VALLEY CLEAN ENERGY

# SVCE is leading a variety of communication efforts to address summer readiness

## Flex Alerts, Emergencies and PSPS

- Content
  - Summer readiness fact sheet
  - Digital media toolkit
  - Draft social media posts
  - Program, eHub and resilience promotion

- Event-specific communications
  - MAWG and Board event notices
  - Social media posting
  - Customer emails



# CAISO calls different kinds of power events during the summer

## Alerts, Warnings & Emergencies

- CAISO monitors weather and issues various notifications depending on forecast
- Improvements from last summer
- CAISO and Flex Alert Twitter accounts are most up-to-date
  - twitter.com/California_ISO
  - twitter.com/flexalert

**Flex Alert** – Voluntary call for conservation.

**Stage 1** – Strong need for conservation.

**Stage 2** – Requires ISO intervention in the market, such as ordering power plants online.

**Stage 3** – Power outages likely or in progress.

# Flex Alerts

## 4 p.m. – 9 p.m. Voluntary Call for Conservation

- Actions
  - Message to MAWG & BOD
  - Social media posts – share from Flex Alert account, SVCE messages in multiple languages and Nextdoor (*limited*)
  - Activate SVCE website pop-up
  - Email large energy users and EV drivers with conservation request and energy saving tips
- Same outreach during a Stage 1 emergency

# Stage 2 Emergency

## CAISO to intervene and order power plants online

- Actions
  - Message to MAWG & BOD
  - Social media
  - Nextdoor alert
  - Activate SVCE website pop-up
  - Email to all residential and small-medium business customers about need to conserve

# Stage 3 Emergency

## Rolling blackouts imminent or in progress

- Actions
  - Message to MAWG & BOD
  - Social media
  - Share info from CAISO, PG&E, County OEM w/ cooling center and power outrage resources
  - Activate SVCE website pop-up

# Public Safety Power Shutoff

**PG&E planned outages to prevent wildfires during extreme weather events**

- Actions
  - Communicate info from PG&E to MAWG and Board
  - Social media
  - Share PG&E posts; community resource centers
  - Activate website pop-up
- Promote resilience programs during PSPS season

# Back Up Slides

# Communications Actions Summary

**Flex Alerts & Stage 1**

- Social media, Nextdoor post & digital toolkits
- Activate SVCE website pop-up
- MAWG and BOD email
- Customer email – large users & EV drivers

**Stage 2**

- Social media, Nextdoor alert & digital toolkits
- Activate SVCE website pop-up
- MAWG and BOD email
- Customer email – all residential and small/med businesses

**Stage 3**

- Social media – share resources about power outages, cooling centers
- Activate SVCE website pop-up
- MAWG and BOD email

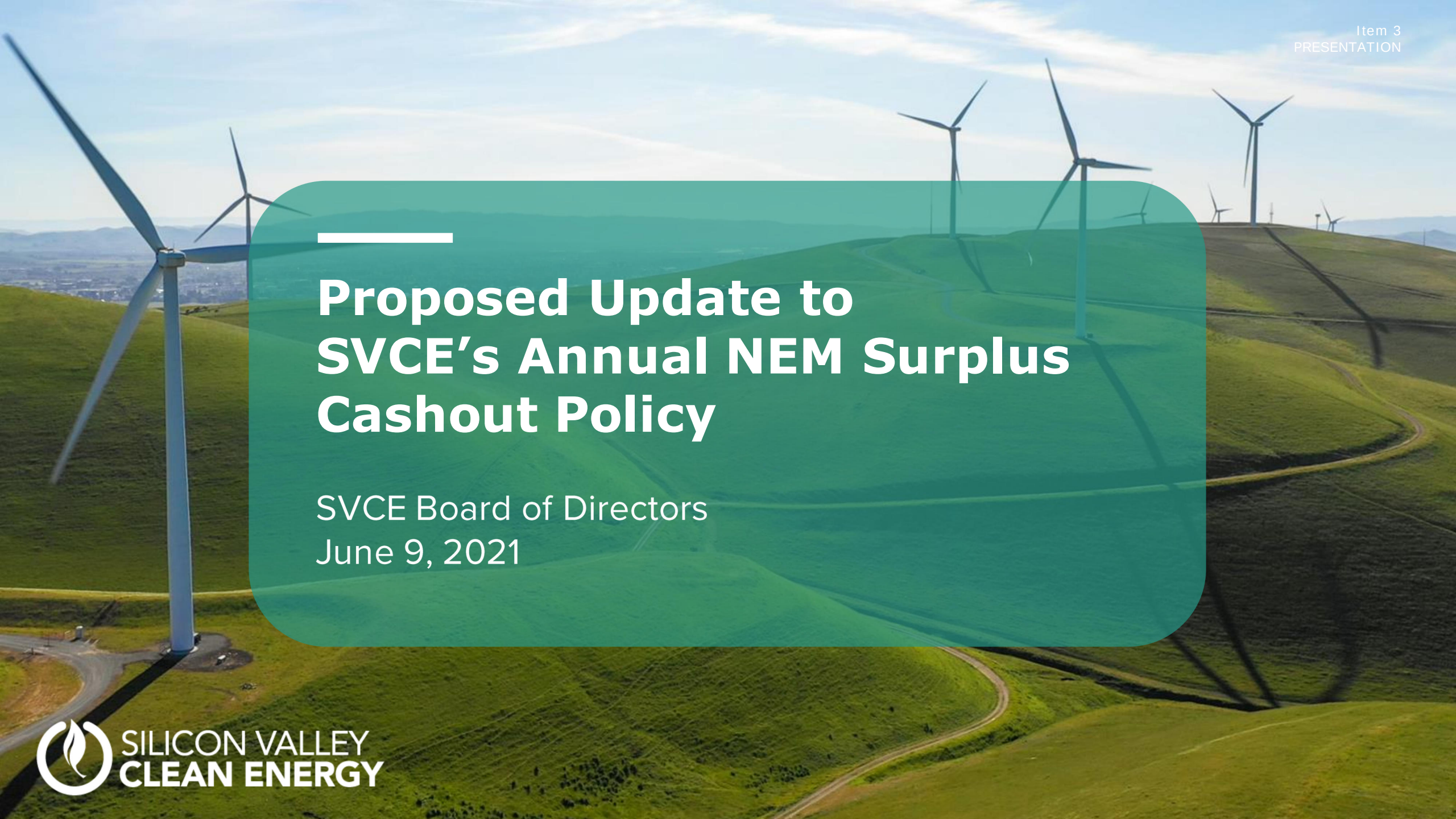
**PSPS**

- Social media – share info and updates from PG&E, customer resource center info
- Activate SVCE website pop-up
- MAWG and BOD email
- Promote SVCE resilience programs

# Emergency Load Reduction Program (ELRP)

## New commercial customer program administered by the state

- Incentive rate: $1/kWh - load reduction capacity not eligible for RA
- Availability: May-Oct, 7 days a week, 4 – 9 pm
- Event duration: 1 – 5 hours (60 hour annual dispatch limit)
- ELRP trigger: CAISO day-ahead alert, PG&E reserves the right to expand to a Day-Of trigger based on CPUC guidance.
- Eligible participants (bundled and unbundled customers)
  - Non-residential, non-DR customers
  - Base Interruptible Program aggregators
  - Rule 21 Exporting DERs
  - Virtual Power Plants



# Proposed Update to SVCE's Annual NEM Surplus Cashout Policy

SVCE Board of Directors
June 9, 2021

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# Staff is seeking BOD direction on a tactical update to SVCE's solar NEM annual cashout policy for surplus generation.

**Situation**

- SVCE pays customers the full retail rate for rooftop solar generation, credited toward utilization over the course of the year
- For **13%** of SVCE NEM customers who generate **more** than they use annually, a significant premium is being paid via the "April cashout"
- **Not related** to broader CPUC discussion of future 'NEM 3.0' policy

**Complications**

- SVCE financial pressure due to PCIA increases
- Equity & incentive-related concerns

**Goals**

- Reduce NEM April cashout expenditures for surplus generation
- Modify NEM cashout policy, but still compare favorably to PG&E
- Introduce equity component

# SVCE currently provides a generous NEM annual surplus payout ("cashout") relative to PG&E.

## SVCE

- Each April, customers with a NEM generation credit balance >$100 are paid the **full retail value** of their credit (~7 cents/kWh or higher), up to $5k
- Customers with a $0-$100 **retail** credit balance have their balance rolled forward into the following year

## PG&E

- Each year on the customer's annual true-up date, any **retail** generation credit balance is **zeroed out and forfeited**
- For these customers, if they've generated more kWh during the year than they have consumed, they are paid a '**net surplus compensation rate' (NSC)** for excess kWh
- The NSC value varies, depending on the average daytime wholesale cost of power (currently 2.7 cents/kWh)

# In April 2020, SVCE made NEM cashout payments to ~13% of NEM customers – those with annual retail credit balances >$100.

**NEM Cashout Customers and Amounts, 2020**

| Class | Number of Customers | Total Cash-out | Class Average |
|---|---|---|---|
| Commercial | 97 | $134,444 | **$1,386** |
| Residential | 2,639 | $656,870 | **$249** |
| Total | 2,736 | $791,314 | |

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# Separately, a general update to California NEM policy is now under discussion in the CPUC's NEM 3.0 proceeding.

## NEM Policy Concerns

- Cost shift from NEM customers to non-NEM customers
- Benefits of on-site solar more accessible to wealthier customers, single-family homeowners
- Changes to NEM must encourage more equitable access to solar and storage
- Changes to NEM must be reasonable and cannot hurt the growth of BTM solar industry – "gradualism" being encouraged

# In 2020, most NEM customers receiving April cashout payments were in higher-income SEVI census tract quartiles.

## Residential Annual NEM Cashouts by SEVI Quartile, 2020

| | SEVI 1 | SEVI 2 | SEVI 3 | SEVI 4 |
|---|---|---|---|---|
| **Residential Customers** | 798 | 888 | 519 | 302 |
| $ Paid<br>% of Customers | $213,439<br>34% | $213,848<br>34% | $128,463<br>21% | $68,473<br>11% |

- SVCE has ~23,000 residential NEM customers
- ~1,000 are CARE/FERA

Note: totals do not include ~5% of customers not identified with a SEVI quartile

# If SVCE switched to an annual cashout method utilizing NSC for excess kWh, the savings would be substantial.

## Moving from Retail to NSC-based Annual Cashout

| | Annual Cost (based on 2020 volumes) | Annual Savings vs 2020 |
|---|---|---|
| SVCE's current retail cashout policy | $791,000 | N/A |
| Net surplus compensation at **1X** PG&E NSC for accounts with surplus balance >$100 | $64,000 | $727,000 |
| Net surplus compensation at **2X** PG&E NSC for accounts with surplus balance >$100 | $209,000 | $582,000 |

# Recently, neighboring CCAs have moved to switch their retail NEM cashout policies to utilize an NSC/kWh payment.

## Updated CCA NEM Cashout Policies

| CCA | NSC Rate | NSC cents/kWh* | Other 'Adders' |
|---|---|---|---|
| 3CE | 2.5X | 6.7 | Currently proposing change to ~4.7 cents for TOU rates |
| MCE | 2X | 5.4 | |
| SJCE | 1.25X | 3.4 | |
| SCP | 2X | 5.4 | Adds 1 cent/kWh to value of retail generation used in NEM |
| EBCE | 1X | 2.7 | CARE/FERA cashed out at full retail, plus 1 cent/kWh |

* Current NSC rate: 2.7 cents/kWh

# In lieu of today's retail NEM balance cashout payment, staff recommends moving to an NSC/kWh-based payment.

## Recommendation

- Establish a new annual cashout policy, effective immediately after the April 2022 cashout:
  - 2X NSC value (e.g. 5.4 cents)
  - 2.5X NSC for CARE/FERA customers (e.g. 6.75 cents)
  - calcs based on excess kWh produced by customers with positive annual retail balance
- April 2022 'cutover' allows for billing system changes, continuation of TOU transition bill protection for affected NEM customers, clear and timely customer communications
- Target August BOD meeting for approval of changes to NEM tariff cashout policy, effective April 2022, so related savings can be included in the FY22 budget

# Questions

# SVCE Strategic Plan FY 22 Update

Girish Balachandran
June 9, 2021
SVCE Board of Directors Meeting

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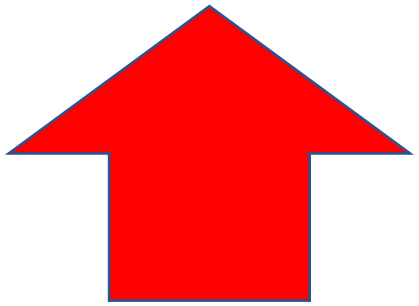
# Strategic Plan Year-Round

CEO Evaluation, SVCE Work Plan, Budget and Strategic Plan are linked

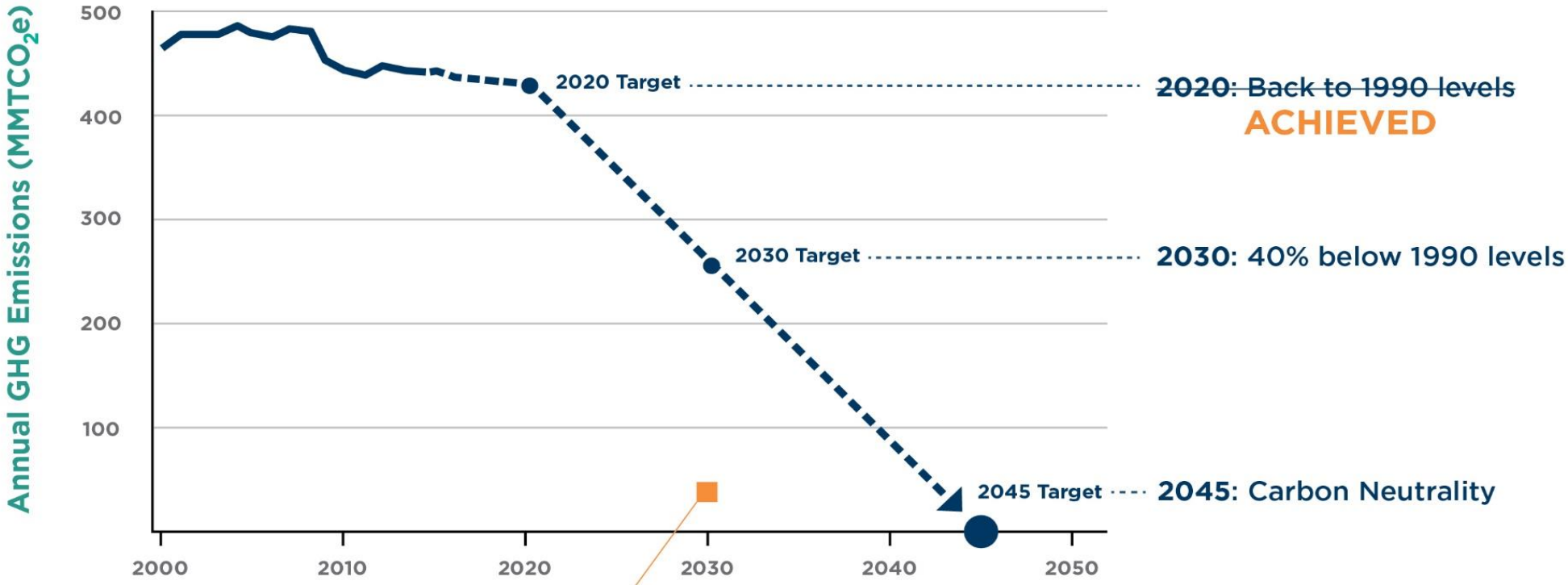
| May | May-Aug | Sep | Sep-Oct | Oct-May |
|---|---|---|---|---|
| Board starts CEO evaluation | Strategic Plan Input & Updates | Approve Budget, Strategic Plan & Focus Areas | Complete CEO evaluation, set CEO Priorities | Implementation |



# Aggressive State Goals are Now Supported by Changes at the Federal Level

## Statewide GHG Emissions

(including electricity, natural gas, transportation, agriculture and industrial sectors)

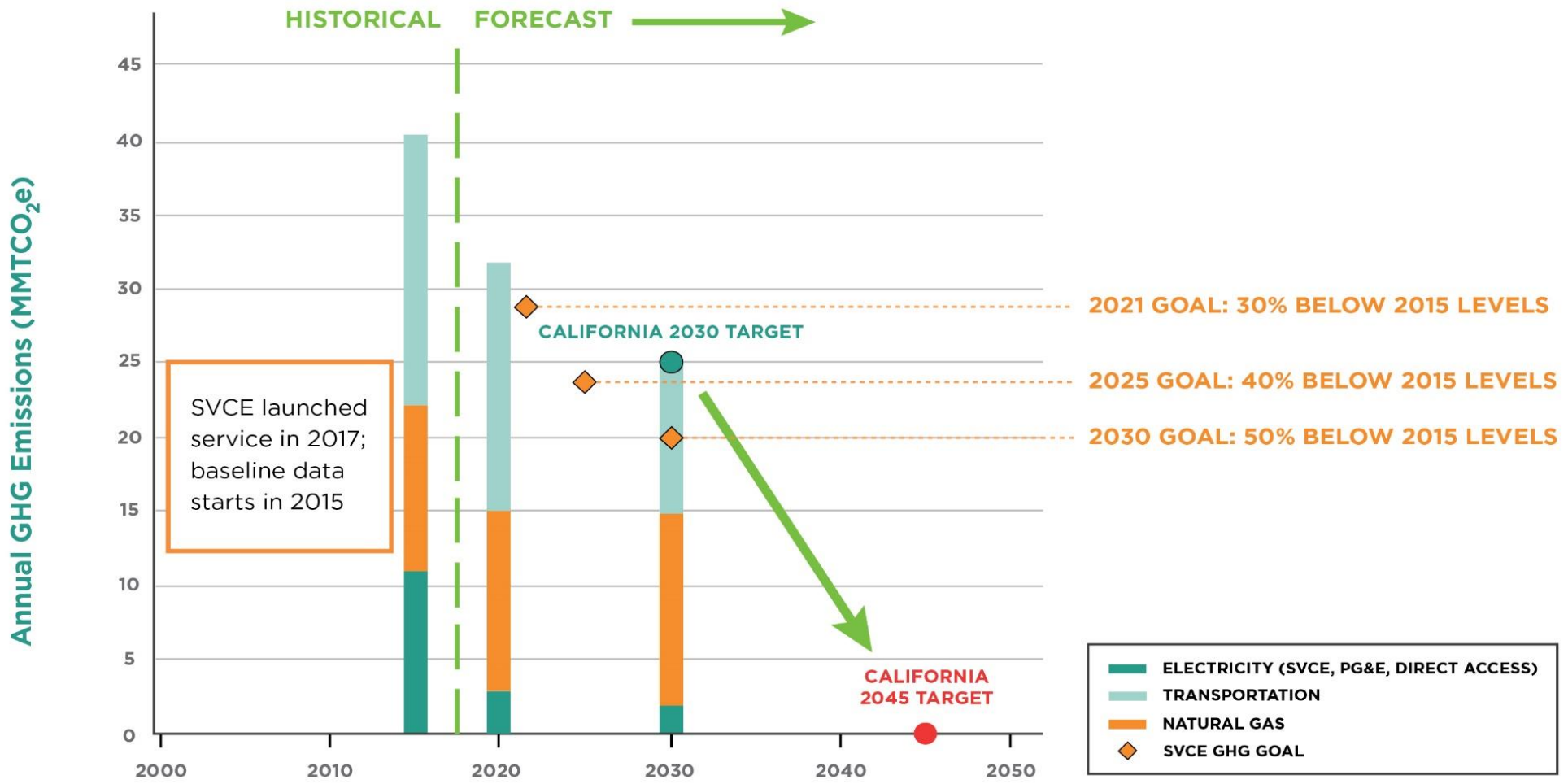



Electricity makes up only **18%** of allowable statewide emissions in **2030**.

Graph based on data from the California Climate Change Scoping Plan: https://ww3.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf

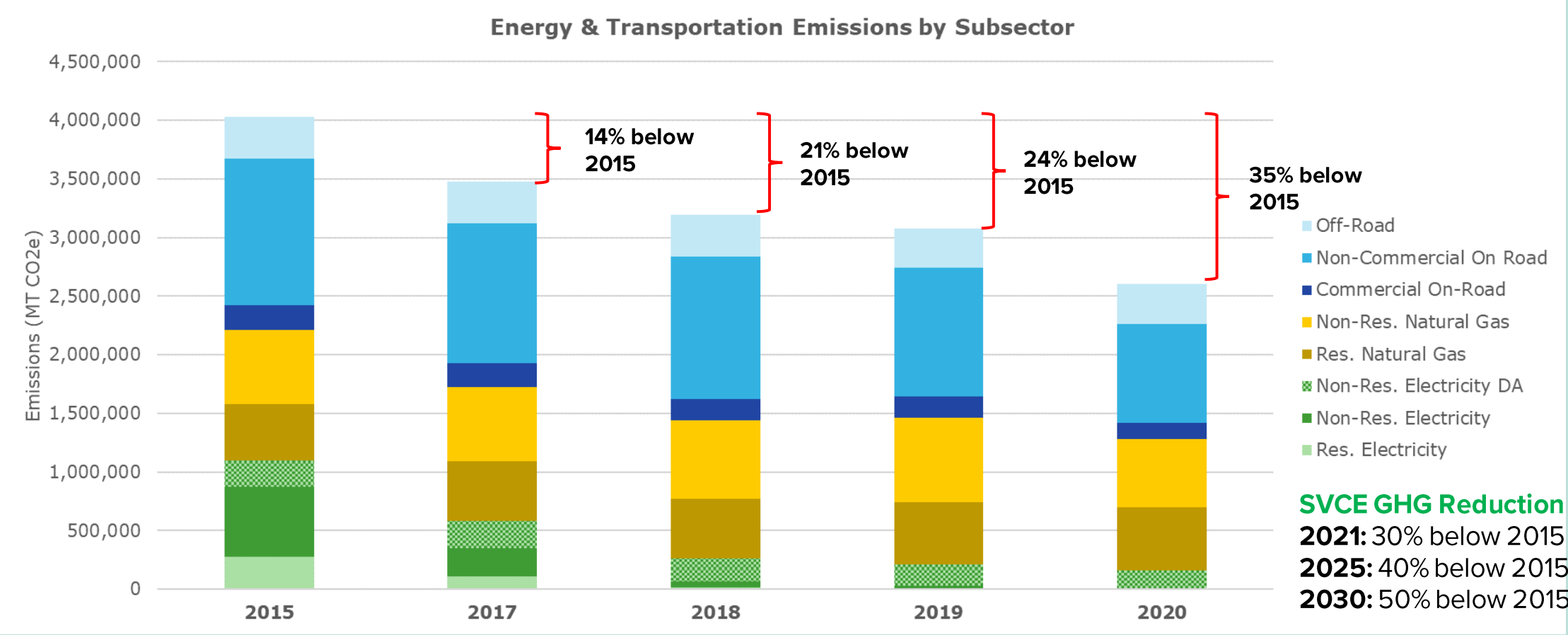
# SVCE has set aggressive carbon reduction goals

## SVCE Emissions Reduction Goals



# Over the last 4 years SVCE has reduced emissions tremendously

2020 emissions were 35% below 2015 due to COVID, exceeding 2021 target of 30%




**SVCE GHG Reduction Targets**
**2021:** 30% below 2015
**2025:** 40% below 2015
**2030:** 50% below 2015

**2020 emissions:** 2.6 million MT CO2e

# Recent External Shifts & Opportunities

2020-21 has brought tremendous changes at the national and local level; this leads to some new risks and new opportunities

| USA | California | CPUC, CEC, CAISO | CCAs |
|---|---|---|---|
| • Vaccines<br>• Stimulus<br>• Equity<br>• Clean energy | • COVID recovery<br>• Budget surplus<br>• Drought<br>• Wildfires<br>• Blackouts | • Reliability<br>• 11,500 MW<br>• PCIA<br>• PG&E Gen Rate<br>• Direct Access<br>• Demand flexibility<br>• Customer debt | • CalCCA leverage<br>• CC Power<br>• WCE bankruptcy |

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# No Changes to Mission

No changes to Mission and goals for 2025 and 2030

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

*MEASURE: SVCE, working with SVCE member agencies, aspires to achieve energy and transportation GHG reductions of 30% from the 2015 baseline by 2021, 40% by 2025, and 50% by 2030*

# Executive Committee Input – May 28

- Cyber-risk to be elevated along with physical risk as a specific Focus Area for FY 22
- Enhance work plan focus on Transportation opportunities including funding and regional collaboration
- Resilience to be added to Goal & not to Mission

# Update 5 Focus Areas to Adapt to Industry Changes

**Needed for:**
- **Board Direction**
- **CEO Goals**
- **Budget Priorities**

**Staff Work Plan encompasses more than these areas**

- **Additional Staffing to Maintain Capacity**
- **Operations Mode with PPA's coming online**
- **Procurement, Clean Energy Mix & Integration**
- **Financial Stability & Trade-Offs**
- **Internal Operations & Cyber Risk Management**

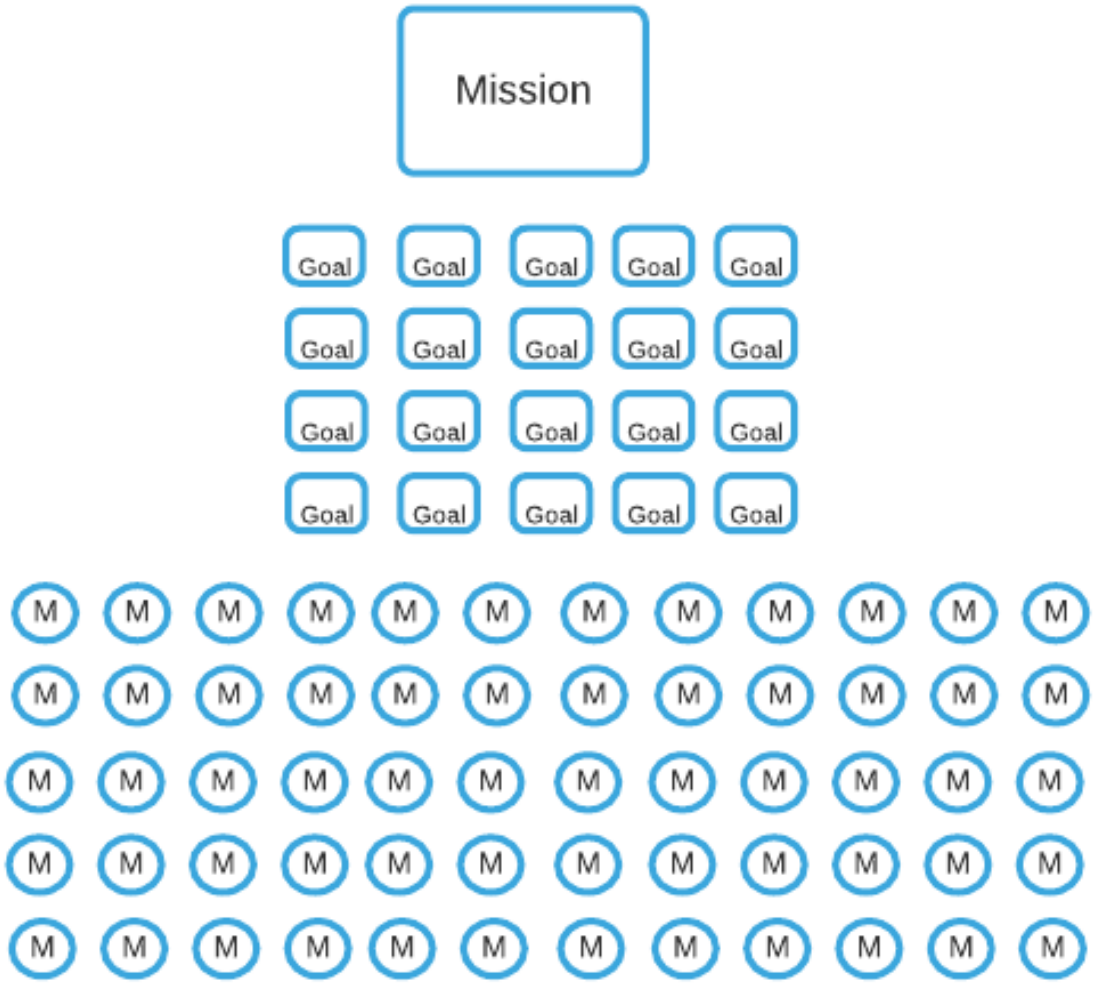
# Discussion & Next Steps

## Board
## Input & Decision
**June 9, Aug 11, Sep 8**

## Staff
**Detailed work plan aligned with Board priorities**

- Background Slides

# Distilling Strategic Plan to Focus Areas for Upcoming Fiscal Year



Focus Area

Focus Area

Focus Area

Focus Area

Focus Area

# Last Year Focus Areas

- Additional Resources & Efficiencies
- Enterprise-wide systems, metrics & tools
- Focus on Equity
- Digital Pivot - Customer & Community engagement
- Community outreach and leverage

# 2021 Focus Areas – Highlights (1/3)

## Additional Resources & Efficiencies

- Conducted Successful recruitments for CFO, Director of Policy, Programs Analyst, Manager of Energy Services and Senior Government Affairs Manager positions
- Two summer interns for the Power Resources team starting in early June
- Recruitments in progress for Principal Policy Analyst, Senior Financial Analyst, and a part-time Decarb & Grid Innovation Programs intern
- Coming soon: Recruitments for a Data Scientist, Power Contracts and Settlements Manager, and two members of the Energy Services team

## Enterprise-wide systems, metrics & tools

- Started a comprehensive assessment of SVCE's business process as we mature from a startup phase -- Business Process Optimization (BPO). This BPO project will leverage technology to create optimal business processes for SVCE
- Hired contractor in May to develop detailed business requirements

# 2021 Focus Areas – Highlights (2/3)

## Focus on Equity

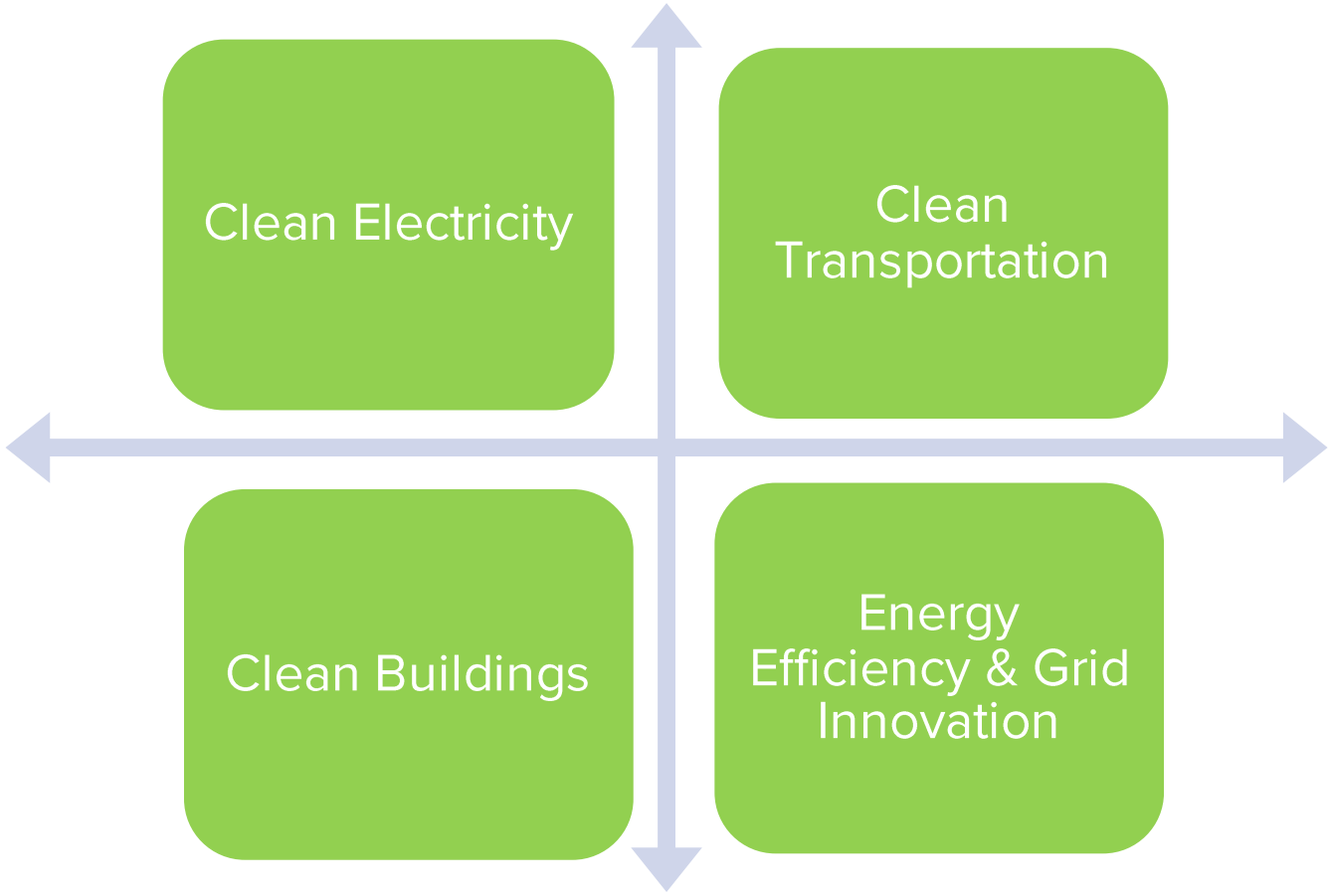
- First Supplier Diversity Report submitted to the CPUC in February
- In Q1 2021, SVCE staff began to develop its equity framework to guide how to further integrate equity considerations into SVCE's programs portfolio activities
- Developing a comprehensive Diversity Equity and Inclusion (DEI) plan for increasing equity program offerings, increasing spending on diverse suppliers and facilitating a diverse workforce

## Digital Pivot - Customer & Community engagement

- Delivered 1,178,795 emails to customers with an average open rate of 31% through 11 email campaigns
- SVCE eHub and associated resources have received more than 38,000 unique engagements
- From Jan – Apr. 2021, SVCE website visits have increased by 112% during the same period in 2020

# Existing Decarbonization Vectors

No changes



# 2021 Focus Areas – Highlights (3/3)

## Community outreach and leverage

- With the hiring Senior Government Affairs Manager, effectively able to engage our local elected officials, member agencies and community organizations
- The programs team regularly engages a group of local community advocates to share informational updates and solicit input on a variety of timely programs topics

# 5 Focus Areas responsive to internal & external risks & opportunities



## Additional Staffing to Maintain Capacity

- New positions to manage operational risk and support maturation
- Organization review

## Operations Mode with PPA's coming online

- $1.6 billion in 13 PPA investments over last 3 years
- First PPA online December 2021
- Operations, optimization, settlement

## Procurement, Clean Energy Mix & Integration

- Long-term RPS% Policy & Procurement
- Mandated procurement, emerging technologies, demand flexibility
- CAISO involvement, Grid Integration

## Financial Stability & Trade-Offs

- FY21 – SVCE in the red
- Power Prepay
- Energy Risk Management
- Trade-off's (RPS % policy, Clean Energy, Discount, etc.)

## Internal Operations

- Business Process Optimization
- Cyber & Physical Risk
- Post-COVID hybrid work for staff and Board

# Executive Committee Input – May 28

EC engaged & supportive

Resilience did not click at the level of Mission, but added to Goal

Cyber-risk to be elevated along with physical risk

Add specific tasks to Transportation

- Not sure about Resilience added to mission
  - How is it defined?
    - "Renewables", as we utilize it, has a confusing definition. Will Resilience add to confusion or clarify?
- More context of RPS and CFE in the Financial Stability focus area
- Enterprise cyber-risk be its own focus area
  - Also, cyber-risk management should be expanded to our suppliers and grid
  - Also add Physical Risk
- Transportation vector – opportunities for SVCE to assist:
  - Regional organizations like BAAQMD
  - Funding opportunities and how cities can access this funding with SVCE help
  - VTA looking at "right placing" charging infrastructure; looking at hydrogen alternatives; should public transit a new area of focus for SVCE
- Overall agreement with post-COVID-19 hybrid work transition; financial stability; diversifying resources and contracts; Employee mental health around COVID