Update on Hybrid Meeting Requirements

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November 14, 2022

SILICON VALLEY CLEAN ENERGY

Remote Meetings Schedule

AB361 continues to allow remote meetings with relaxed noticing until February 28, 2023

- On October 17, 2022, the Governor announced the end of the COVID State of Emergency, effective Feb. 28, 2023.
- Starting January 1, 2023, meetings may begin utilizing AB2449 meeting requirements
- Starting March 1, 2023, without any action needed, noticing requirements will revert to traditional Brown Act rules

Virtual Attendance (AB 2449)

AB2449 allows for the continuation of relaxed noticing requirements for remote locations, but adds some significant administrative guardrails to limit remote attendance:

- A quorum of Board members must be in person at one location within the service territory
- If the quorum requirement is met:
  - A member not present may request virtual attendance for “just cause” or in “emergency circumstances”
    - The remote member must publicly disclose any individuals present who are age 18 or over
    - The remote member must participate via audio and video
    - The remote member cannot teleconference more than 3 consecutive meetings, or more than 20% of the regular meeting number for the year
    - No location disclosure or public access is required

Virtual Attendance (Brown Act)

Brown Act Requirements apply to members of the legislative body, but not staff or the public, who are able to continue attending remotely as the agency allows.

- Under traditional Brown Act rules:
  - Remote locations must be noticed in advance
  - Remote locations must be open and accessible to the public
- Board members could attend from an existing publicly-accessible location that allows for ADA access and full public participation
  - Cupertino Community Hall (BOD Mtgs)
  - SVCE Offices (Committee Mtgs)
  - Member Agency Facilities
- Or Board Members could notice and make publicly-accessible other locations (home, hotel, etc.)

Recommendation

While AB 2449 could be utilized to enable remote attendance with relaxed noticing requirements, staff believes that the complex requirements would create an administrative burden on both staff and board members, and recommends the following:

- Utilizing Cupertino Community Hall as the primary physical meeting location for Board of Director meetings and the SVCE office as the primary physical location for Brown Act committee meetings; and

- With advance notice, assisting board members in setting up alternative public meeting locations to participate remotely if desired (e.g. City halls, community centers, etc.)

Appendices

Remote Location Assistance

Legislative Comparison Table

Remote Location Assistance

SVCE Staff will work to ensure smooth remote participation by all Board members, in coordination with on-site staff

- SVCE staff will cover fees associated with the use of an off-site location, including working with member agencies to develop reimbursement agreements for member agency staff time needed to open public facilities for remote attendance

- SVCE staff will do their best to provide the technical equipment needed for remote meetings, but will not be able to provide on-site support at remote locations

Legislative Comparison Table

	AB 361 (Rivas)	AB 2449 (Rubio)	Traditional Brown Act Rules for Teleconferencing
When can you use this authority?	During a declared state of emergency for COVID, which will end on February 28, 2023.	Starting January 1, 2023.	Anytime
Number of times you can participate remotely in a calendar year	Unlimited as long as the Board adopts a resolution making required findings.	No more than 3 consecutive months or 20% of meetings in a calendar year. Only 2 times a year for "just cause reasons."	Unlimited
Quorum Requirement	Remote and in-person members both count for establishing quorum.	Legislative body must have a quorum in a single physical location within the agency's jurisdiction. The physical location must be accessible to the public.	Remote and in-person members both count for establishing quorum. Must have a quorum within the agency's jurisdiction but could be from multiple locations.
Disclosures	None required.	Must disclose anyone over the age of 18 in the room and the member of the legislative body's relationship to that person. The member must disclose the reason for teleconferencing.	The location of any remote locations must be identified on the agenda.
Public access to remote locations	Not required.	Not required.	Members of the public must have access to all remote locations and must be able to address the legislative body from the remote location. The agenda must be posted at the remote location.
Reasons to request teleconferencing	None needed.	Must be for "just cause" or "emergency" reasons. Just cause includes 1) childcare/caregiving, 2) contagious illness, and 3) travel on official government business. Emergencies include physical or family medical emergencies that prevents a member from attending in person.	None needed.
When do you have to notice remote participation?	No need to provide notice of remote locations.	Member must notify the legislative body at the earliest possible time, including at the start of the meeting.	Notification needed prior to posting agenda - at minimum 72 hours in advance of the meeting.

SVCE Information Update on 2023 SVCE Board Elections

Executive Committee Meeting
November 14, 2022

SILICON VALLEY CLEAN ENERGY

Purpose

Review the selection process and timeline for 2023 SVCE appointments of Chair, Vice Chair, and committees.

Selection Process

<u>January BOD Meeting</u>
Chair/Vice Chair Appointments

Executive Committee Appointments

December 15th:

- Letters of Interest requested for Chair/Vice Chair
- Notification of Executive Committee interest requested

Selections made at annual meeting on January 11, 2023

Selection Process (Cont.)

February

All other Committee Appointments

January 13th:

Past process – Committee matrix worksheet distributed to Board members with request for forms to be filled out and returned

Selections made at February 8, 2023 Board of Directors Meeting.

Timeline Snapshot

Dec

14th: SVCE BOD Meeting Info item
15th: Requests for Chair/Vice Chair letters and Executive Committee interest emailed

Jan

3rd: Chair/Vice Chair Interest Letters & Executive Committee notification of interest due
11th: Selections made at BOD meeting
13th: Written instruction for committee interests distributed
27th: Interests due

Feb

8th: Remaining committee assignments made at BOD meeting

Supporting Slides

2022 Committee Matrix Worksheet

NAME:
DATE:

Committee	Description	Meeting Details	Current Roster	Interest in serving for 2022	
				Yes	No
Executive Committee	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.	**Time:** 2:45 PM - 5 PM **Frequency:** Monthly, 4th Friday **Location:** Virtual	•Liz Gibbons (Chair) •George Tyson (Vice Chair) •Margaret Abe-Koga •Neysa Fligor •Javad Ellahie	☐ ☐	☐ ☐
			Not on committee, but interested for 2022	☐	☐
				Yes	No
Finance & Administration Committee	The Finance & 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.	**Time:** TBD **Frequency:** Quarterly & as needed **Location:** Virtual	•Rob Rennie (Chair) •Bryan Mekechuk (Vice Chair) •Yvonne Martinez Beltran •Liz Gibbons • (formerly Trevin Barber)	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
			Not on committee, but interested for 2021	☐	☐
				Yes	No
Audit Committee	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.	**Time:** TBD **Frequency:** Twice yearly & as needed	•Hung Wei •Evelyn Chua •Bryan Mekechuk •Yvonne Martinez Beltran	☐ ☐ ☐	☐ ☐ ☐
			Not on committee, but interested for 2021	☐	☐

Alternative to form

Distribute info as usual; request notification of interest

SVCE Committee Recap

1. **Finance & Administration Committee**

Description:
Works with SVCE staff on items related to financial and administrative issues that impact the agency.

Membership:
No fewer than three members and no greater than six members;
Can be Board members, Alternate Board members, or a Board appointed member agency staff member.
No alternate directors may attend a committee meeting on behalf of an absent primary appointed director. No more than one Committee member shall represent a particular member agency.

Meeting Frequency:
Quarterly and as-needed

2022 Finance and Administration Committee Roster	Member Agency	Notes
Rob Rennie	Los Gatos	Chair of 2022
Hung Wei	Cupertino	Vice Chair of 2022
Bryan Mekechuk	Monte Sereno	
Margaret Abe-Koga	Mountain View	
Larry Klein	Sunnyvale	
Liz Gibbons	*Campbell*	Not returning in 2023

2. **Audit Committee**

Description:
Works with SVCE staff on the initiation and receiving of the annual audit

Membership:
No fewer than three members and no greater than six members;
Can be Board members, Alternate Board members, or a Board appointed member agency staff member.
No alternate directors may attend a committee meeting on behalf of an absent primary appointed director. No more than one Committee member shall represent a particular member agency.

Meeting Frequency:
Twice yearly and as needed

2022 Audit Committee Roster	Member Agency	Notes
Bryan Mekechuk	Campbell	Chair of 2022
Margaret Abe-Koga	Mountain View	Vice Chair of 2022
Sergio Lopez	Campbell	

2023 Rate Setting and Electrification Discount Discussion

Nov 14th, 2022

SILICON VALLEY CLEAN ENERGY

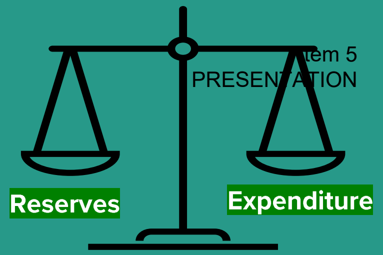
Budget Update

Discount assumptions in the 2023 Budget are to be reviewed and finalized in late 2022.

Discount assumptions in 2023 Budget, as approved in Sept 2022

- 2% discount for all customers in Jan 2023
  - up from 1% in 2022
- Additional ~10% discount for CARE/FERA customers
  - Provides 35-40% net customer discount
  - In lieu of additional 1% discount to all customers
- Overall discount to be revisited in Nov/Dec, and possibly increased, based on latest PG&E rate projections for 2023, and SVCE outlook

Based on the latest rate and financial projections, another $30m is available for expenditure.



Net Contribution to Reserve Projections

- Budgeted: **$115 million**
- Updated: **<u>$139 million</u>**
  - latest PG&E Gen Rate and PCIA rates will result in higher revenues, which more than offset higher Power Supply costs for energy and resource adequacy (RA)

Available for Add'l Expenditure

- Using stress test methodology discussed at budget time . . .
  - ensure if stress test scenario 2* were to occur, over a two-year period, reserves do not fall below 120 days of cash on hand
- Analysis shows the additional amount available for spending of approximately **$30 million****

** Price collapse results in high PCIA/low PG&E generation rates requiring a significant draw on reserves for SVCE to maintain a 1 percent customer discount*

*** Two summer months of power supply costs are accounted for in reserves for the potential new Provider of Last Resort (POLR) posting requirements (~$95 million).*

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Timeline for Setting 2023 Rates and Discounts

In December, the BOD will vote on adding the 'Electric Home' rate and setting the overall 2023 discount.

SVCE Actions

11/14/22:
EC Meeting Initial Review

12/15/22:
Board votes on:

- immediately adding new Electric Home rate at current 1% discount
- setting new overall discount effective January 2023
  - including allocation of funds for increased 'electrification rate' discount and related investment in future years

By 1/15/2023:
Updated SVCE 2023 rates become effective in billing system

PG&E Actions

12/1/2022:
New 'Electric Home' rate becomes available for enrollment from PG&E

by 12/30/22:
New PG&E rates published effective Jan 1

2022

2023

Discussion of 2023 Discount Options

Should SVCE consider a discounting approach that further promotes electrification?

Strategic focus areas for 2023 include ‘doubling down’ on the electrification value proposition and leveraging SVCE’s balance sheet to provide financing solutions to customers.

How can $30M best be returned to customers in way that’s mission-aligned?

- as in the past years, we can modify (increase) our **uniform discount** to all customers for the coming year

  or . . .

- we could take a **hybrid approach:**
  1) some increase in our overall discount
  2a) provide funding for a strategic ‘electrification discount’
  2b) expand our Multifamily Direct-Install program for low-income renters

Why an electrification discount?

For existing homes, electrifying gas appliances often leads to modest increases on monthly energy bills.

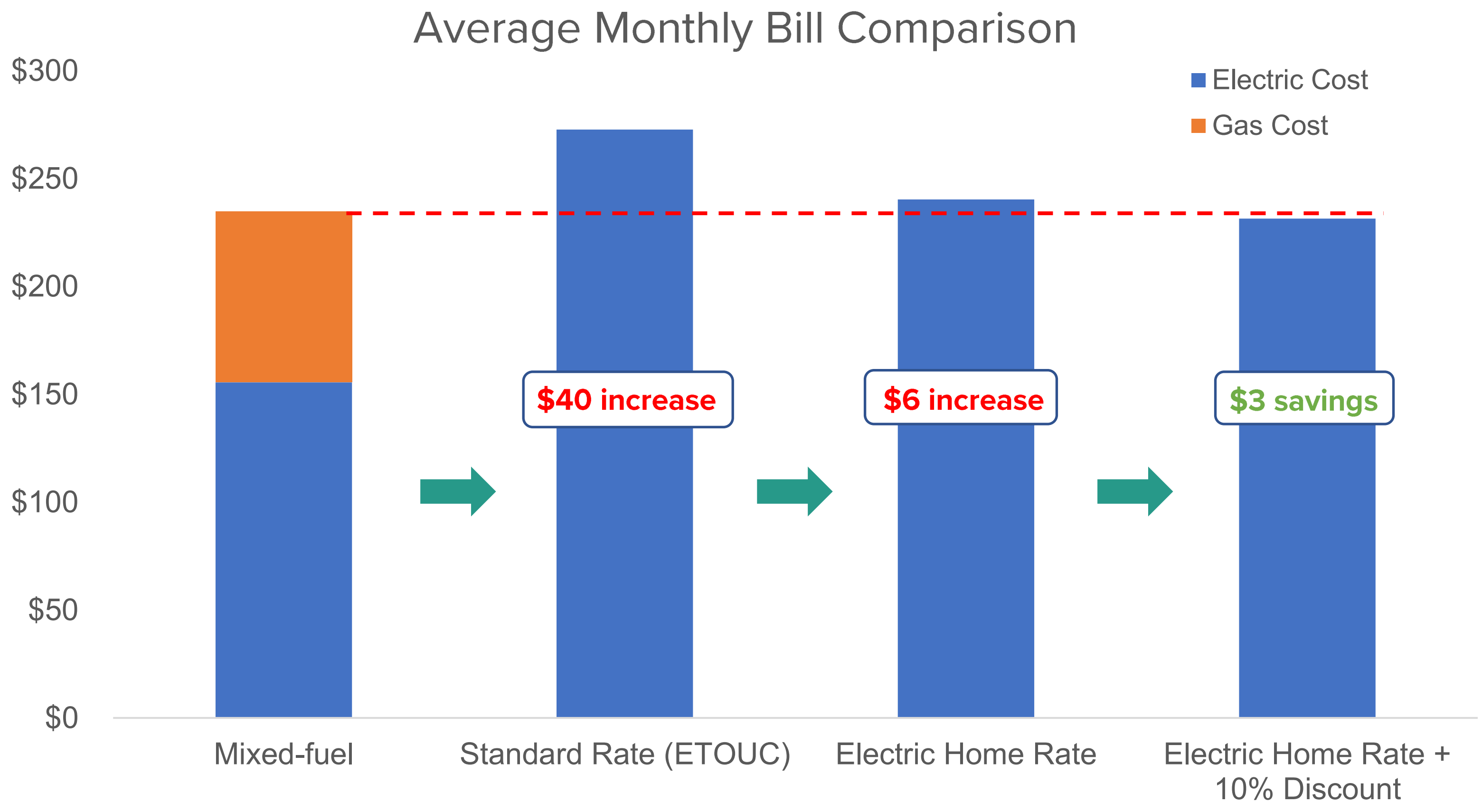
Our incentive programs help keep **up-front electrification project costs** competitive with gas replacements.

We can help keep **ongoing bill costs** competitive by:

- Raising **awareness** of PG&E's new electrification-friendly rate (Electric Home)
- Adding a **deeper discount** for residential customers on the Electric Home rate to help achieve **bill neutrality or savings**

A 10% SVCE discount on the Electric Home rate would enable total energy bill parity or savings.

- Electrifying an existing home often **increases** monthly utility bills compared to a mixed-fuel home
- Enrolling in the E-ELEC rate significantly **reduces** this increased cost
- An SVCE 'Electrification Discount' helps achieve **on-bill parity or savings**



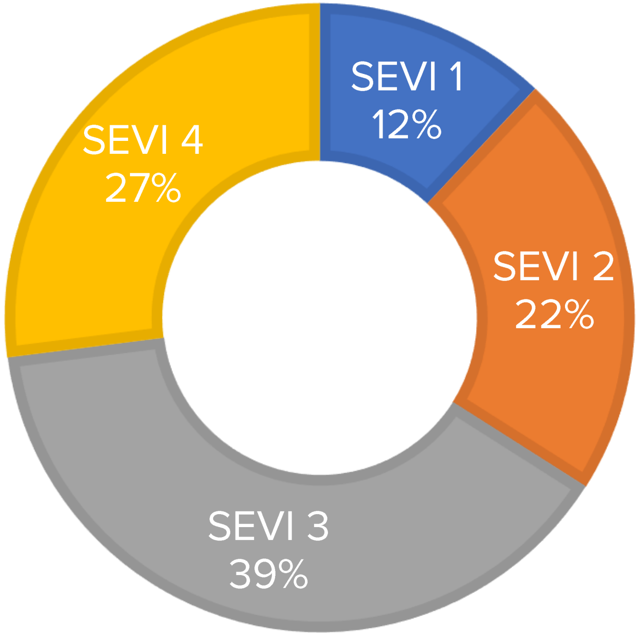
Notes: "All-electric" represents electrification of major end-use appliances (space & water heating)

Sources:
1. 2019-2021 SVCE residential customer usage data
2. 2019 SVCE Buildings Baseline Study for usage by end-use category
3. Database for Energy Efficient Resources (DEER) for climate zone-specific 8760 hourly end-use profiles

Who does this leave behind?

An electrification discount would mostly benefit homeowners, versus renters.

Distribution of Multifamily Units in SVCE Territory



- Most voluntary electrification is pursued by **single-family homeowners** in SEVIs 1 and 2
- Renters in multifamily buildings **lack opportunity** to pursue electrification
- This **disproportionately** impacts customers in SEVIs 3 and 4

Notes:
1. SEVI = Socioeconomic Vulnerability Index
2. SEVI describes the relative socioeconomic characteristics of communities in terms of poverty, unemployment, educational attainment, linguistic isolation, and percent of income spent on housing

Our Multifamily Direct-Install (D.I.) Program addresses the electrification gap for renters, but has limits...

- Approved **$2M** reaches ~150-300 units (75k total in SVCE territory)
- Only renters with **gas heating** are eligible to participate
- 40% of renters (30k customers) have **electric resistance heating** and are currently **ineligible**
- These renters predominantly live in **low-income areas**

By including electric heating retrofits, our D.I. program could reach more customers and reduce heating bills.

The **problem** with electric baseboards:

- Expensive to use
- Tenants are stuck with them

Switching to heat pump technology:

- Saves up to 65% on heating bills[1]
- Provides A/C and improved comfort
- Grants access to electrification rates

1. Rewiring America's updated analysis the EIA 2022 Winter Fuels Outlook

Our Preliminary Recommendation

We propose a 'hybrid' approach, allocating the available $30M to fund a combination of the following:

1) Increase SVCE's overall discount rate for 2023

2a) New 'Electrification Discount':

- 10+% discount on PG&E's new "Electric Home" rate
- Set aside sufficient funding now, so discount can be available for at least ~5 years (2023-28)
- Potential reach of up to 50k customers

2b) Expanded Multifamily Direct-Install Program:

- Increase budget for the already-approved Multifamily Direct-Install program to help a higher number of low-income renters
- Include electric heating retrofits in our program, making an additional 30k Multifamily customers eligible to benefit

Alt 3 balances an overall discount increase, a higher electrification discount, and expanded MUD DI program.

Discount Scenario Examples - A -	1) 2023 SVCE Gen Discount, All Customers (%, incremental $) - B -	2A) Electrification Discount funding for ~5 years ($ / Customers) - C -	2B) Expanded Multifamily D.I. Program ($ / Customers) - D -	Total Incremental Cost in 2023 ($) - E -
Base Case (FY 2023)	2%, --	-	-	**--**
Alt 1	2%, --	$15M / 50k	$15M / 3k	**$30M**
Alt 2	3%, $5.5M	$12.3M / 41k	$12.3M / 2.5k	**$30M**
★ Alt 3	4%, $11M	$9.5M / 32k	$9.5M / 2k	**$30M**
Alt 4	5%, $16.5M	$6.8M / 23k	$6.8M / 1.4k	**$30M**

Note: All scenarios include a ~10% additional bill credit in 2023 for CARE/FERA customers, as planned in the FY23 budget

Our Recommendations

- Immediately approve adding new ‘Electric Home’ rate to SVCE’s rates, mirroring PG&E’s rate structure (with standard 1% discount)

- Adopt a hybrid approach for 2023 rate setting and discounts:
  - 1) increase SVCE’s general 2023 discount to 4% ($11M)
  - 2a) allocate $9.5M to fund an ongoing electrification discount of ~10+% for the ‘Electric Home’ rate, beginning in early 2023
  - 2b) add $9.5M to the Multifamily Direct-Install program budget, enabling further electrification and energy efficiency in lower-income communities

APPENDIX SLIDES

Stress Test Scenarios

Extreme but plausible scenarios that can deplete reserves and make SVCE uncompetitive.

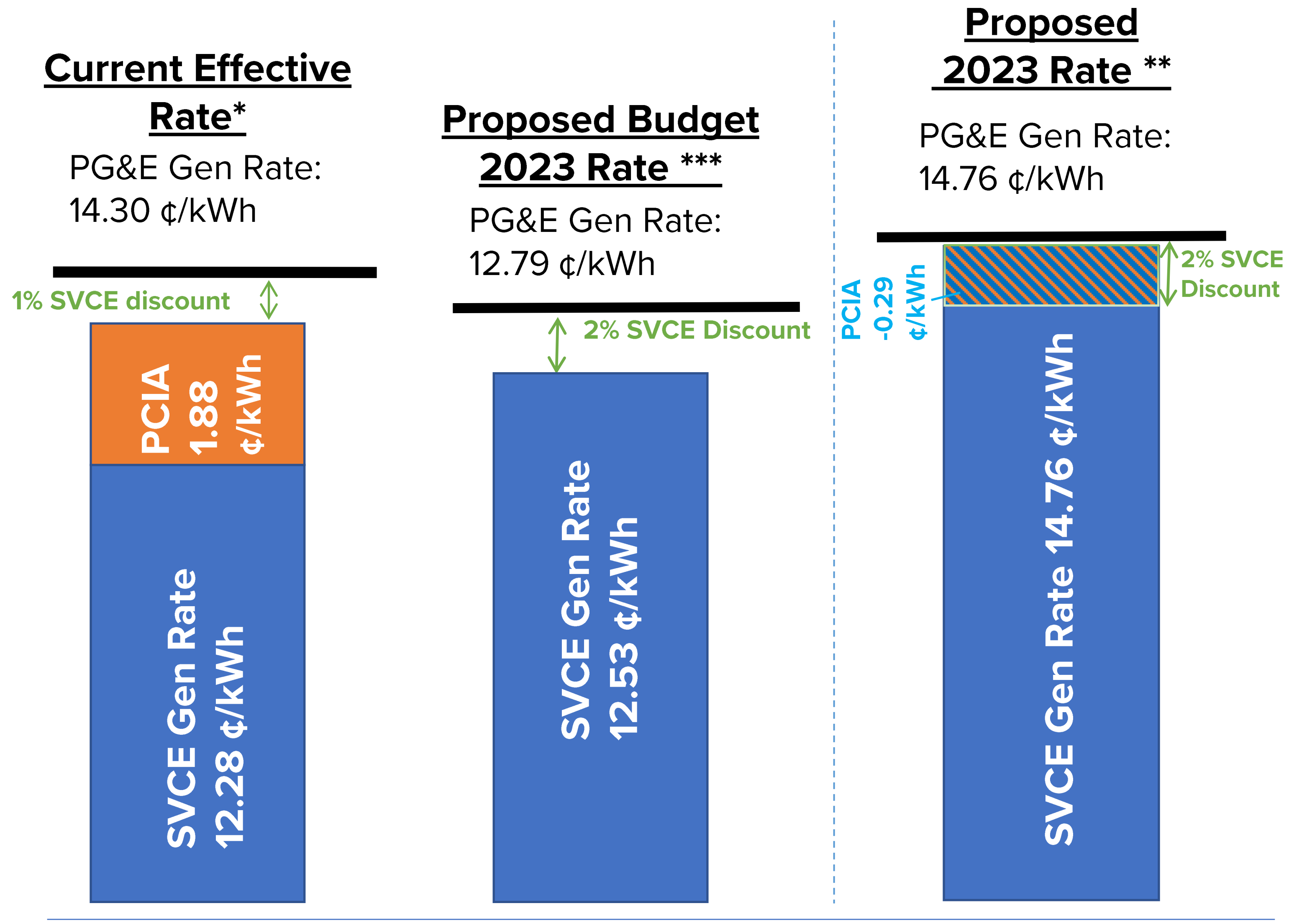
- Ensure adequacy of reserves and organizational resiliency
- Guide development of strategic plan
- Shape FY 22-23 budget and reserve targets
- Price uncertainty Drives the first 4 scenarios

Stress Scenarios for CY 2023 to CY2027 (five-year horizon):

1. Significant drop in energy prices including REC
   - Higher PCIA and lower PG&E Gen Rate
2. Insufficient financial liquidity
   - Price collapse triggers credit downgrade
   - Collateral calls from counterparties and CAISO
   - Increase in POLR (Provider of Last Resort) funding (called FSR – Financial Security Requirement)
3. PPAs default, renegotiate for higher prices, and/or delay start
   - RPS non-compliance penalty
   - Replacement at higher prices
4. Load loss due to direct access and distributed load
5. Threat to Public Services or Facilities

Improved Margins

- PG&E's October rate update relative to budget assumptions:
  - PG&E generation rate higher by 15.4%
  - PCIA going negative
  - SVCE Margin higher by ~18%
- Since budget time, PG&E has agreed to allow PCIA to be partially negative accounting for the portion of PCIA that trues up actual to forecast expenses.
- Parties still presenting arguments to CPUC that PCIA should be further negative based on 2023 forward prices
- CPUC expected to approve PCIA and PG&E generation rate in late December

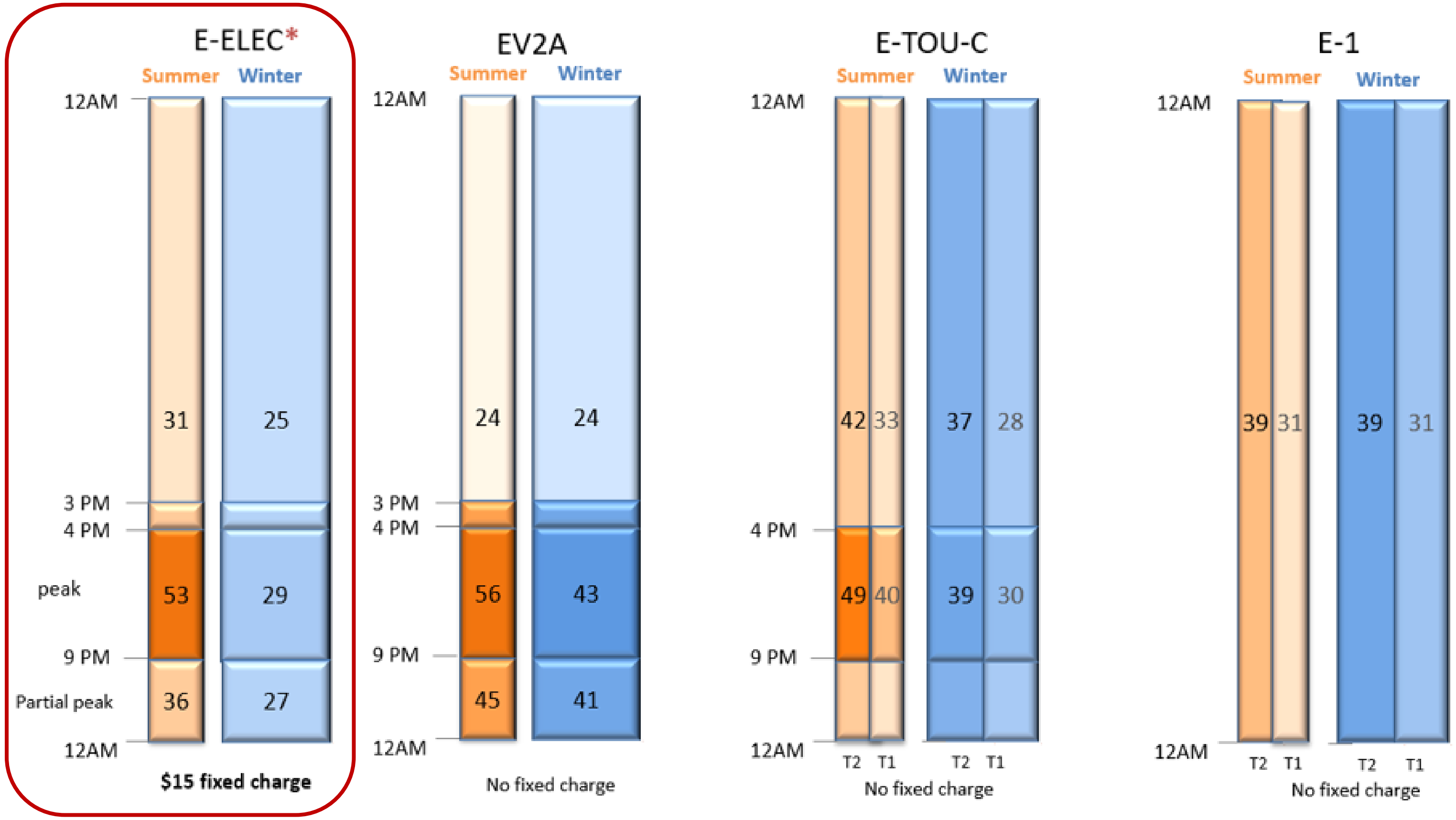


* Source: PG&E June 2022 Updated Rates
** Source: PG&E 2022 October ERRA Forecast (Weighted for SVCE Portfolio Load)
*** Above margin analyses ignore minor reductions for franchise fees (0.09 ¢/kWh)

Background: E-ELEC Rate

PG&E will be launching a new E-ELEC rate on 12/1/22, referred to as "Electric Home"

- Opt-in, un-tiered residential rate
- Qualification:
  - EV,
  - ESS charging, and/or
  - HP or HPWH
- Fixed monthly charge to lower volumetric rates (T&D)
- Benefits higher usage customers by reducing fixed cost bill component
- Code H not applicable



Notes: 1) The E-ELEC rates above are illustrative rates (cents/kwh) based on **March 2022** Rev and Sales. All other rates are Mar 2022 actual rates.
2) E-1 also has a HUC tier, which is for high usage over 400% of baseline. A few customer-months hit HUC.

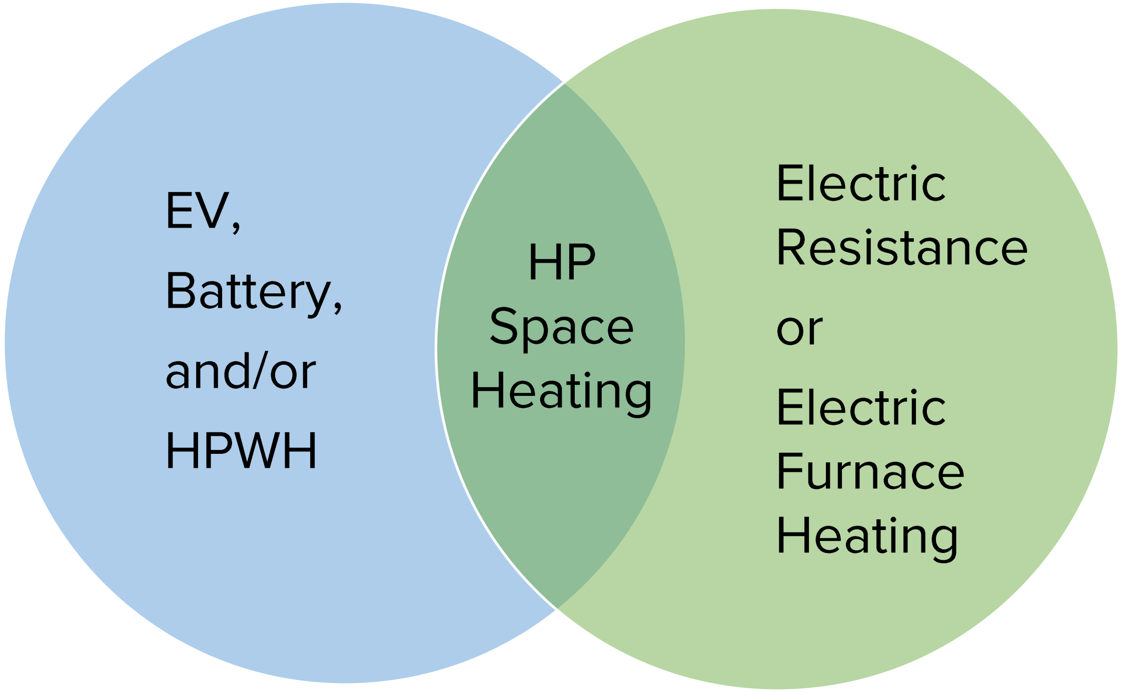
Note: Rates above reflect fully bundled rates

How to align with PG&E rate eligibility?

Note: Both E-ELEC and Code H are available to Residential customers only

E-ELEC Rate Eligibility

Code H Eligibility



Primarily:

- SFH Owners
- Higher Income
- Voluntary Electrification

Primarily:

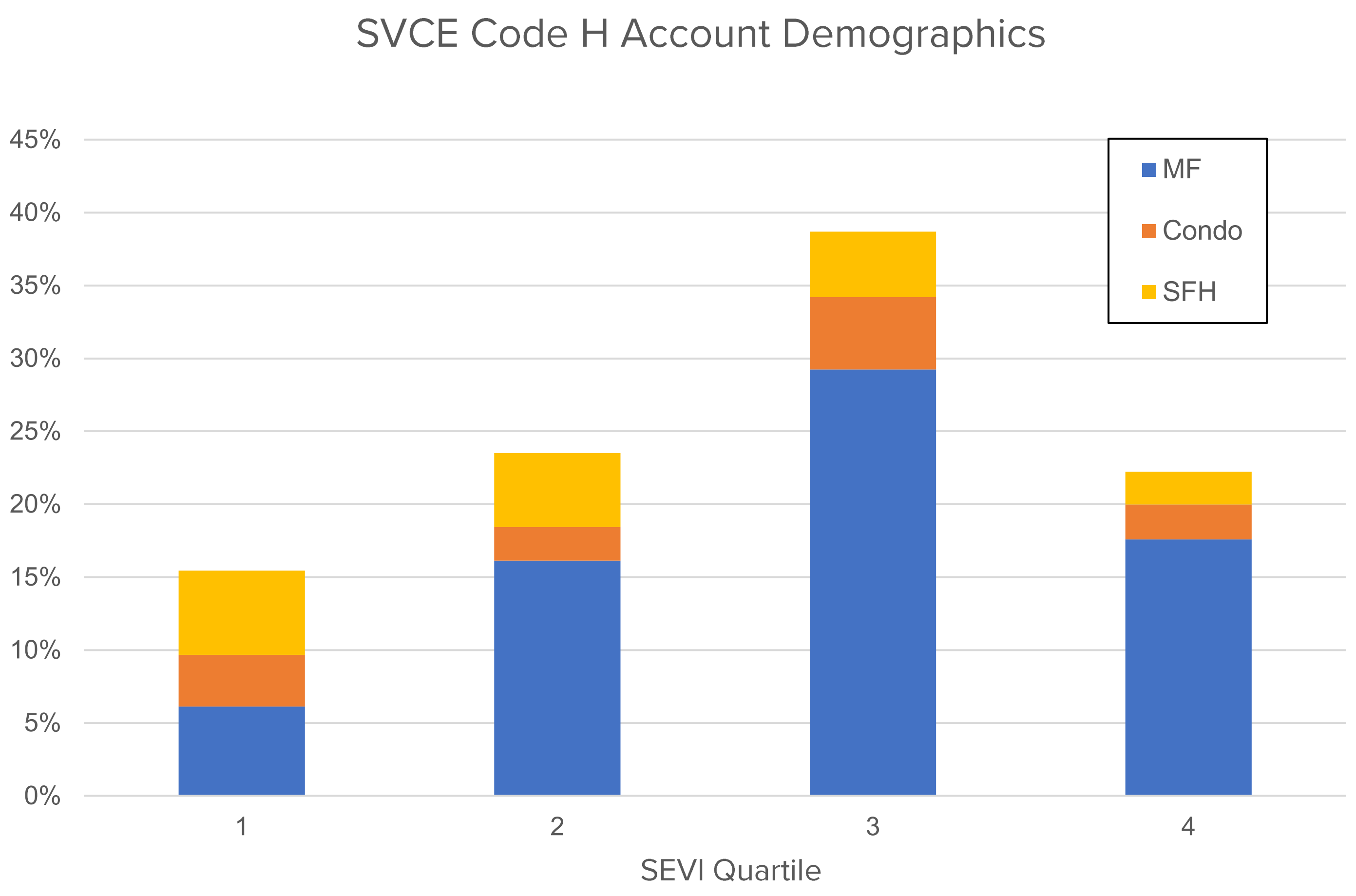
- Multifamily Renters
- Lower Income
- Limited Electrification Accessibility

Small % of customers (mostly renters) eligible for either

Acronyms:
SFH = Single Family Home
HP = Heat Pump

Customers w/Electric Resistance Heating

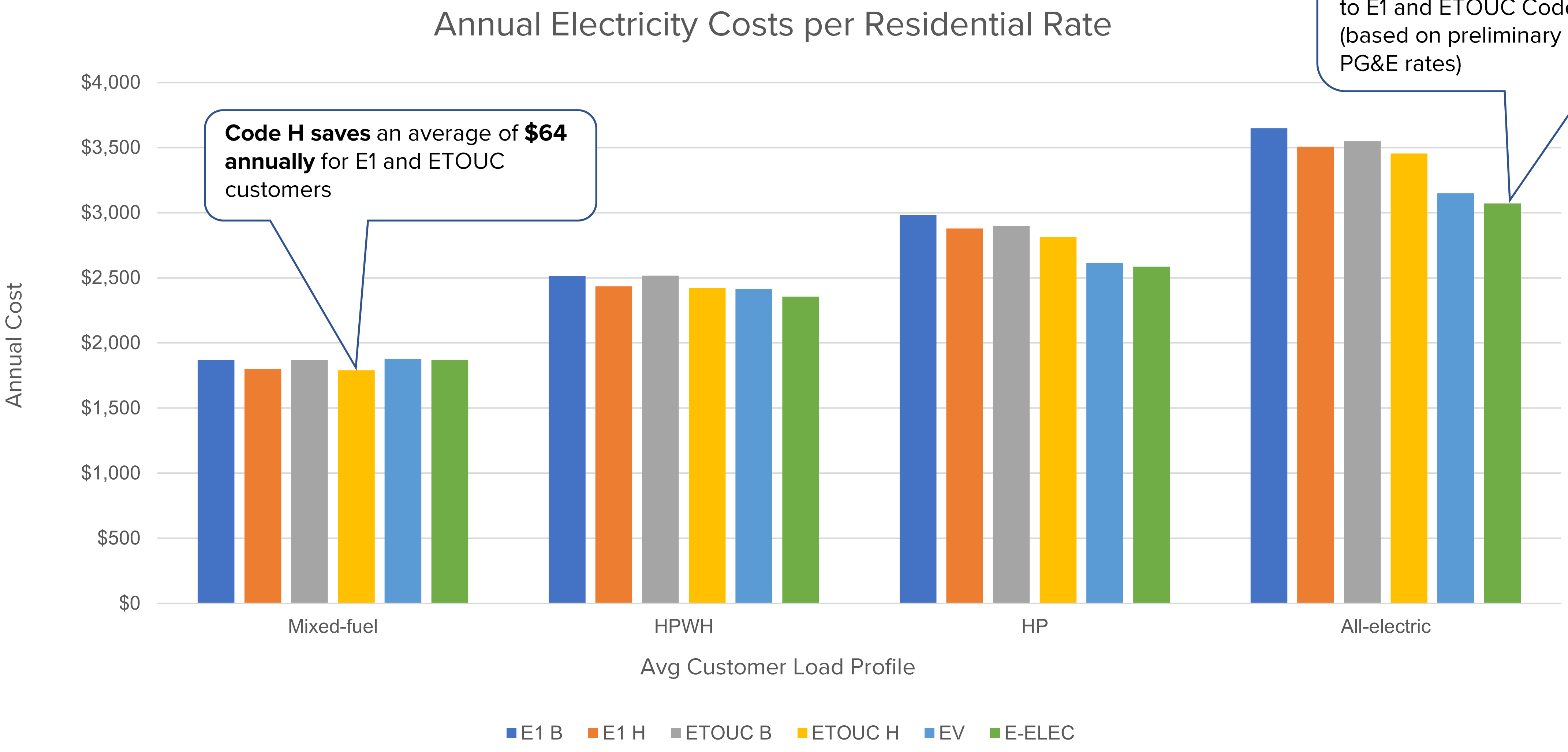
- PG&E already offers a small discount to customers with permanently installed electric heating who request it ("Code H")
- ~52k SVCE customers
- 70% of Code H customers live in multifamily buildings
- Over 60% live in SEVIs 3-4*
- Primarily electric baseboard heating (inefficient, but also contributing to decarb)



*Despite this, CARE/FERA participation for Code H customers remains at 10%, SVCE's overall average

Rate Analysis

E-ELEC saves an average of $211 annually compared to E1 and ETOUC Code B (based on preliminary PG&E rates)



Examples of Equity Components

Path 1: Code H Discount

- Provide expanded discount to electric heating customers (“Code H”)
- Primarily multifamily residents located in SEVIs 3 & 4
- Mostly electric baseboard heating (ineligible for E-ELEC)

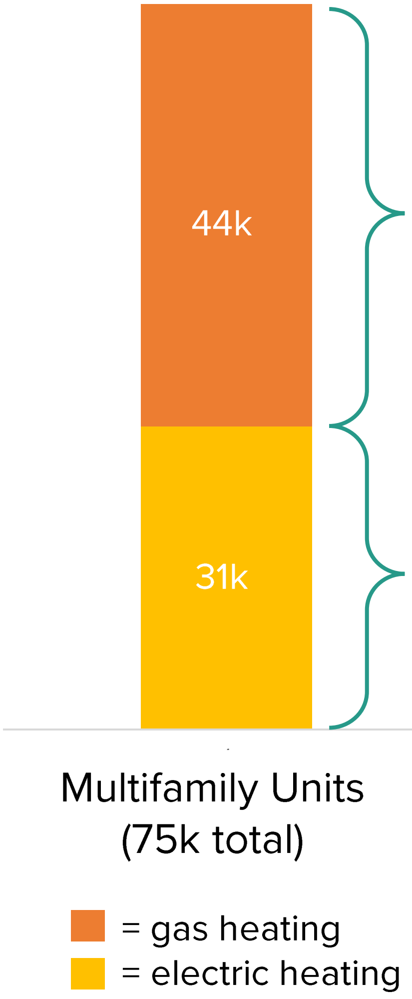
★ **Path 2: Multifamily Direct Install (D.I.) Program Expansion**

- Add additional funding to FFHB Multifamily D.I. program (currently $2M budgeted)
- Expand scope to include retrofitting inefficient electric baseboard heating
- Incorporate rate optimization into program (e.g., TOUC to E-ELEC w/ SVCE discount)

★ **Path 3: D.I. Program with Strategic Partner (e.g., BlocPower, etc)**

- Focus on low-to-moderate income multifamily retrofits
- Clean heating, cooling, water heating, electric appliances, and weatherization

Changing the Economics of Electrification: Multifamily Housing



~**60%** of multifamily units have gas heating, some of which **could qualify** for our **direct-install program** (based on income, etc.)

~**40%** of multifamily units have electric heating and would be **ineligible** for our direct-install program (90% are renters, **mostly low-income**)

Converting inefficient electric heating to heat pumps would:

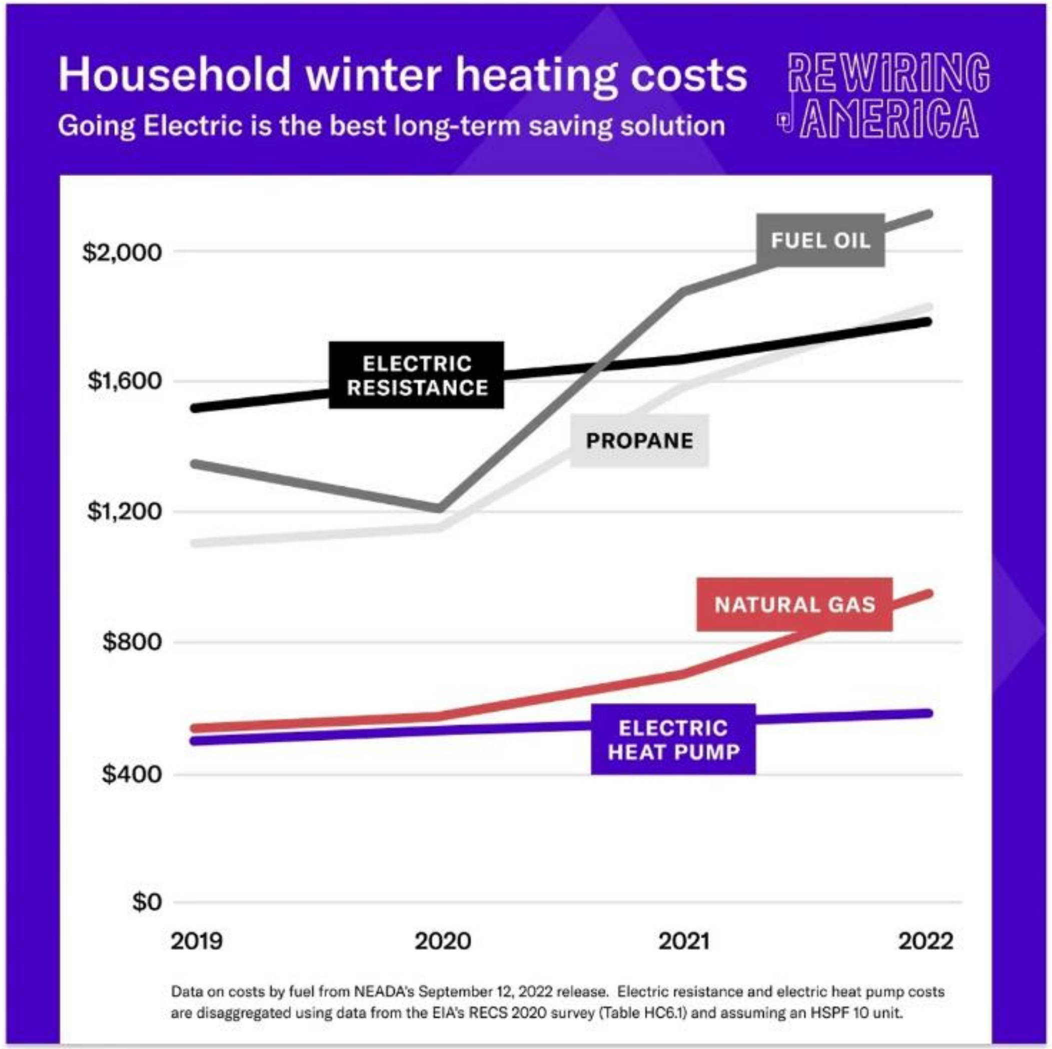
- Significantly reduce tenants' heating costs
- Provide A/C for renters currently without cooling
- Reduce grid strain by lowering demand
- Provide access to PG&E's new electrification-friendly rate (and SVCE's discount)

5-year Total Cost Projections

E-ELEC Discount Funding Scenarios	Number of Customers Participating (Year 5)	5-year Total Cost
Scenario 1	17,000	$5.0M
Scenario 2	23,000	$6.8M
Scenario 3	32,000	$9.5M
Scenario 4	41,300	$12.3M
Scenario 5	50,500	$15.0M

Rewiring America's Updated Analysis of EIA's 2022 Winter Fuels Heating Outlook

- EIA originally lumped heat pumps and electric resistance technologies together, despite significant efficiency differences
- Rewiring America separated the two technologies using EIA RECS 2020 survey data
- $1,700 to $1,800 was attributed to electric resistance over the heating season vs $596 for heat pumps (33-35%)



1. Rewiring America's updated analysis the EIA 2022 Winter Fuels Outlook

Item 6
PRESENTATION

FutureFit Homes Program

Executive Committee Meeting
November 14, 2022

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FutureFit Homes

Expands our residential building electrification incentives by providing up to $8k in rebates for HPWH, HP HVAC, panel upgrades, pre-wiring for future electric appliances, and removal of the gas meter.

Objectives:

- Support whole-home electrification by addressing key financial and technical barriers
- Future phases will provide services to support incentive layering and help customers develop electrification roadmaps

Target Audience: Residential

- Single-family incentives available now, with goal of expanding eligibility to small multi-family and commercial properties

Incentive Offering

Program budget: $3.75M, with $2M currently allocated to residential rebates

- Other buckets: rebate administration, future support services
- Expect that $2M incentives can support 200 to 450 homes

Appliance	SVCE Rebate Amount	Typical Cost
HPWH	$2,000 for gas replacement $1,000 for electric replacement	$3,000 -7,000
HP HVAC	$2,500	$15,000-20,000
Panel upgrade	$1,000	$3,000 -4,000
Pre-wiring	$500 per circuit, up to $2,000 for 4 circuits	$300+ per circuit
Gas meter removal	$500	$0, but incentive intended to support other electrification projects (e.g. induction stoves)

Key program design decisions

Goals	**Program Elements**
Keep it simple!	Single rebate webpage & application
Be additive - maximize rebate & lower costs to customers	Allow layering – BayREN, state, municipal, etc.
Ensure positive customer technology experience	Proof of permitting & inspection
Address varying customer needs	CARE adders (up to $5k more) + exploring future income-based incentives

Rebate Reservations Open!

Visit **SVCleanEnergy.org/home-rebates/**