2025 Clean Power Supply Recommendation Offerings

Executive Committee Meeting
May 24, 2024

SILICON VALLEY CLEAN ENERGY

What we will discuss today

- Overview of SVCE product offerings
- Continued challenges with carbon-free energy procurement for 2025
- Request to support recommendation to the Board to relax the 100% Carbon-free target for 2025

SVCE Product Offerings 2024

GreenStart – 78-85% Clean

Standard offer

~50% from Renewables
~28-35% Carbon-free (large hydro and nuclear*)

GreenPrime – 100% Renewable

Opt-up premium product

100% Renewable
$0.015 premium

Other:

GreenPrime Direct – Available to only certain commercial industrial customers

*currently only PG&E allocations of Diablo Canyon

Product Mix

	GreenStart	GreenPrime
Clean Energy Standard	78-85% Clean Energy measured annually	100% Renewable Energy or RPS measured annually
Product Content	RPS above California's RPS or ~50% via Power Purchase Agreements (PPA) and Short-term PCC1 RECs + Balance from Carbon/GHG-free non-RPS resources	100% RPS via PPA and Short-term PCC1 RECs. PCC3 RECs only used if necessary to meet increased participation requirements.
Eligible Resources	RPS: CEC defined, solar, geothermal, biomass, small hydro, and wind Carbon-free: Large Hydro and nuclear allocations	Portfolio PCC1 RECs.
Rate	Set at discount to PG&E	GreenStart rate + $0.015 premium
Customers	90-95% of retail load	5% of retail load
Emissions	Low to zero	zero

Board Directive for 2024

SVCE Board relaxed GreenStart Clean target for 2024 due to lack of affordable supply.

Parameters:

1. Continue to seek carbon-free resources within budget parameters for calendar year 2024
2. Approve the procurement of nuclear carbon-free resources, provided:
   1. Allocations from PG&E are not available
   2. Sufficient volume is available to achieve 100% Clean below budget
3. If carbon-free resources are not available within budget, adjust 100% Clean goal for 2024 to current position of ~78% Clean

Staff was not able to procure sufficient carbon-free resources for 2024 to achieve 100% Clean. Latest estimate for 2024 is 80% Clean.

GreenStart: Carbon Free Market Implications

Market Conditions that led to 2024 situation persist.

For 2025 it is expected to cost tens of million to fill clean position for GreenStart.

Finding sufficient supply remains a challenge.

- Renewable Energy Certificates (RECs) and non-renewable, carbon-free attributes remain at record high levels.
- In 3 years, market prices have increased six-fold signifying a dramatic rebalancing of supply and demand.
- Recent RFOs and market surveys have confirmed that the carbon free attribute has become a scarce resource
- Large Hydro resources from Northwest have historically provided carbon-free to California, however Northwest is undergoing multi-year drought
- Hydro allocations from PG&E are highly uncertain
- SVCE's nuclear allocation from Diablo Canyon will be reduced starting in 2024
- Additional affordable nuclear attributes were not found

GreenStart: Options for 2025

Option	Description	Benefits	Drawbacks
#1	Revert to 100% Carbon Free for 2025 Expected reportable emissions on Power Content Label: 74 lbs of Co2*	• Returns SVCE's historic product offering	• Unlikely • If possible expensive • Limited emissions reductions for grid
#2	Stick with current Carbon Free position (~78%-85% in 2025) which assume PG&E Large Hydro allocations and a lower amount of Diablo Canyon Power Plant allocations. Expected reportable emissions on Power Content Label: ~170 lbs of Co2	• Lower power supply cost, which helps maintain SVCE reserves, discount and/or program funding	• May create concern from customers, especially GreenStart customers with Climate Action Plans

*emissions associated with Coso Geothermal renewable resources, which will change starting in 2026

Outlook and Next Steps

Ability to achieve 100% Clean target through short-term procurement and/or allocations will continue to be a challenge

- Return with recommended overall Clean target for CY 2026-2030 as part of 2024 Integrated Resource Plan and 2045 Pathway to Carbon Neutral discussion
- Re-assess GreenStart and GreenPrime offerings holistically with consideration for findings from above analysis including product value proposition, cost allocation, hedging and price premium
- Pathways assessment expected to come to Executive Committee and/or Board in August/September 2024

Request of Executive Committee: GreenStart

Staff recommends the Executive Committee recommend the Board approve the following for 2025:

1. Continue to seek carbon-free resources within Board parameters approved for 2024 for calendar year 2025
2. If carbon-free resources are not available and/or the cost is not within budget, adjust 100% Clean goal for 2025 to current position of ~78% to 85% Clean, depending on carbon-free allocations from PG&E – **Option #2 – Slide 7**
3. For FY 2024-2025 proposed Operating Budget, assume 85% Clean position. Board to consider Budget in September 2024

Questions & Discussion

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Intro to 2025 Strategic Plan

Executive Committee Meeting
May 24, 2024

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Overview

- Fiscal Year 2024-25 Strategic Planning & Budget process
- Review existing Strategic Focus Areas (SFA)
- Highlight progress on SFAs
- Staff’s input and direction on SFAs
- Receive feedback
- Next Steps

Past Strategic Plan Development Process

May	Strategic Focus Areas development and discussion with Executive Committee begins; New Strategic Plan amendments with leadership team begins
June	Continued updates to new Strategic Plan with leadership team; BOD receives update on progress
August	Update provided to Executive Committee; Leadership team makes final edits to new plan
Sept.	BOD adopts Strategic Focus Areas and receives update on Strategic Plan progress
Oct.	Workplan is approved on BOD Consent Calendar

SVCE Planning & Budgeting Process

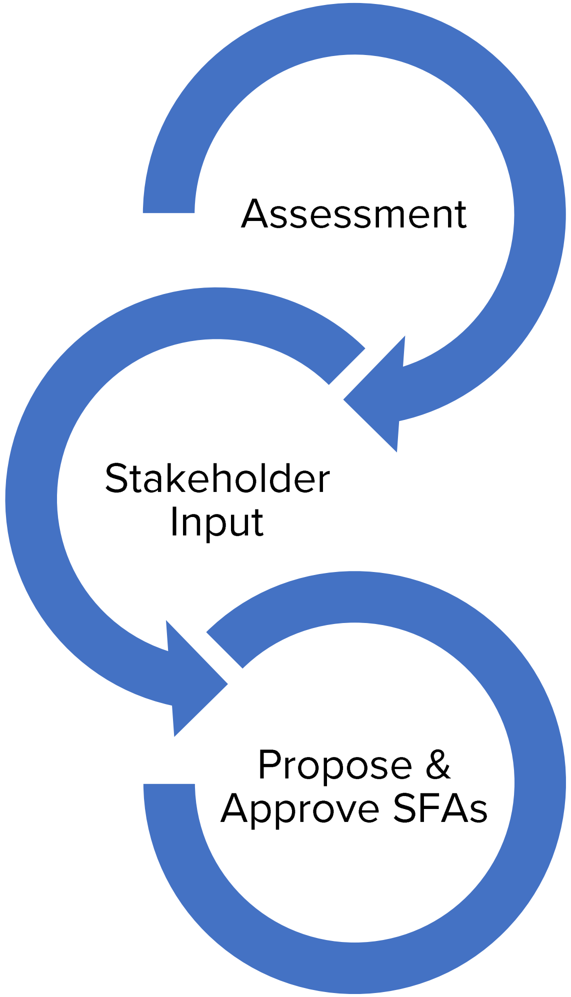
SVCE Mission: Reduce dependence on fossil fuels by providing carbon-free, affordable, and reliable electricity and innovative programs for the SVCE community. REMAINS THE SAME!

Identifies funds needed to achieve Strategic Focus Areas and Strategic Work Plan

Organization-wide priorities and alignment toward achieving the mission. Helps set CEO & Board priorities.

Comprehensive assessment of risks and opportunities to optimally achieve mission and helps direct strategic focus areas.

Strategic Focus Areas



Scan the Landscape

- New Threats/Risks/Challenges
- Opportunities
- New priorities – Board, customer or staff directed

Review and Reflect on Existing SFAs

- Progress on achieving – is it now operational?
- Priority - top 5 item to focus on for next 12 months?
- Challenges – is the SFA unachievable or beyond our scope?

Propose SFAs

- Existing
- New

Board Approved 5 Strategic Focus Areas for FY 2024

Synergy & Overlap

SFA1	SFA2	SFA3	SFA4	SFA5
Expand Clean & Reliable Grid Actions	Expand Customer Base & Interaction	Accelerate Building & Transportation Electrification	Implement Innovative Financing Solutions	Attract & Retain Employees
Explore 24x7 clean energy delivery at scale; evaluate SVCE role in enhancing distribution and transmission reliability	Grow non-residential customer base; Expand Offerings & emphasize electrification to all customers	Accelerate deployment of currently adopted decarbonization strategies and goals; evaluate and capitalize on federal and state funding opportunities	Implement innovative financing solutions to increase impact of decarbonization program offerings, especially to lower-income customers	Be the Employer of Choice, and Increase Staffing; Hire CEO

SFA1: Expand Clean & Reliable Grid Actions

Explore 24x7 clean energy delivery at scale; evaluate SVCE role in enhancing distribution and transmission reliability

Progress to date:

- Assess various clean metrics including 24x7, 100% annual and CFE
- Developed enhanced load forecasting capabilities including new load modifiers for long-term forecast
- Completed 1st year of Google CFE contract
- Internal Tiger Team on SVCE's role in distribution enhancements
- Participating in proceedings on transmission, energization and interconnection enhancements
- Demand Flexibility/VPP team, roadmap development and Load Management Standard compliance report

What's to come:

- Develop pathway scenarios for 2030, 2035 and 2045
- 2024-2035 Integrated Resource Plan
- Participate and advocate for Regionalization
- Deployment of Demand Flex & VPP roadmap
- Revamp of GreenStart and GreenPrime
- Continued advocacy on energization and interconnection enhancements

Challenges & Opportunities: affordability; lack of clean reliable resources; what do customers value; SVCE has little influence on distribution and transmission related costs.

SFA2: Expand Customer Base & Interaction

Grow non-residential customer base; Expand Offerings & emphasize electrification to all customers

Progress to date:

- Maintained rate discount 4% w/plan for 4% next two years
- Continued to launch new programs to target new customers (e.g. Go Electric Advisor)
- Google CFE Framework implementation
- New programs (e.g. multifamily and single family direct install programs)
- New C/I Decarbonization program

What's to come:

- C/I team seeking new DA opportunities
- Continuing to adjust existing programs based on feedback.
- Increasing stakeholder engagement around program offerings to learn more

Challenges & Opportunities: Lengthy timelines for DA conversion and market expansion opportunities; large decarb potential for large commercial customers

SFA3: Accelerate Building & Transportation Electrification

Accelerate deployment of currently adopted decarbonization strategies and goals; evaluate and capitalize on federal and state funding opportunities

Progress to date:

- New portfolio management tool being deployed
- Improvements to internal processes for program design, launch, and re-launch
- Rapid progress on large programs (FFH, GEA, CHAMP, Single Family Install)
- Policy and permitting experimentation and reform getting traction with member agencies
- Advocacy and analysis around IGFC

What's to come:

- Pursuit of grant funding (SVCE and member agencies)
- Deploy dollars to member agencies for localized decarb projects/programs - $10M Grants
- Continue stakeholder engagements and integration into design (incl. program equity training)
- Continue workforce development support
- Coordination on BAAQMD rules

Challenges & Opportunities: Cost of funding to scale; BAAQMD rule amendments coming; Reach Codes at risk; affordability and reliability concerns

SFA4: Implement Innovative Financing Solutions

Implement innovative financing solutions to increase impact of decarbonization program offerings, especially to lower-income customers

Progress to date:

- Evaluation of program funding options for full electrification
- Tariff On Bill discussions with state/IOUs and developing our own pilot plan
- Participating in CC Power Build Transfer Ownership RFP to get direct IRA benefits for new renewable projects

What's to come:

- Launch TOB pilot later this year
- Finalize Decarbonization Funding White Paper
- Assess cost of abatement for various measures

Challenges & Opportunities: CPUC moving too slowly on TOB approval; California budget deficit

SFA5: Attract & Retain Employees

Be the Employer of Choice, Increase Staffing and hire new CEO

Progress to date:

- Hired new HR Director
- Hired new CEO
- Hired new General Counsel
- One employee separated since FY 23-24
- 11 new employees – now at 60 total
- 8 Promotions
- Enhanced on-boarding process
- Enhanced remote work practices

What's to come:

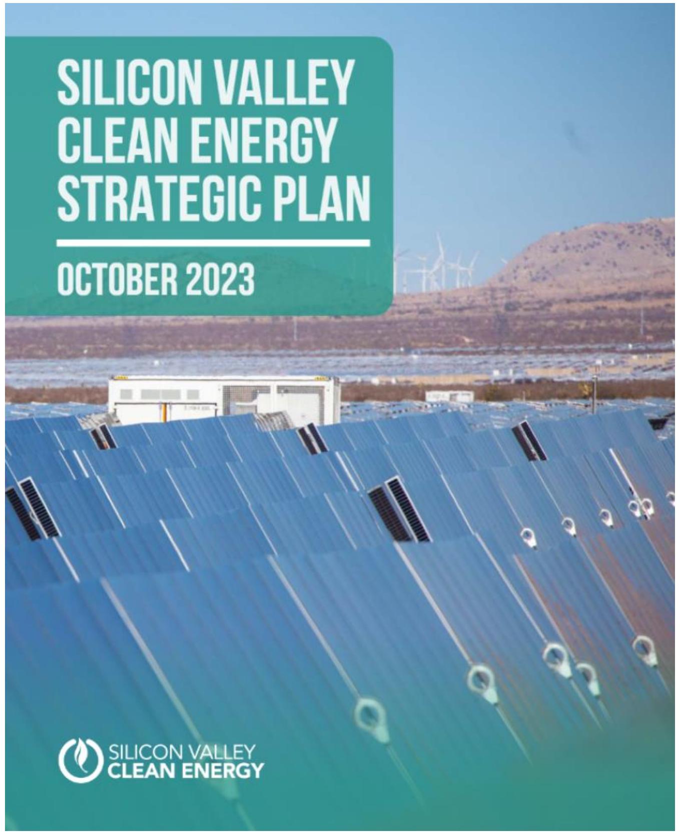
- Individual learning and development plan to meet core competencies
- 2 new hires in process, five pending
- Rollout of new employee system
- Policy revamp and new standards
- Benchmark compensation & benefits project with CalCCA to inform future needs

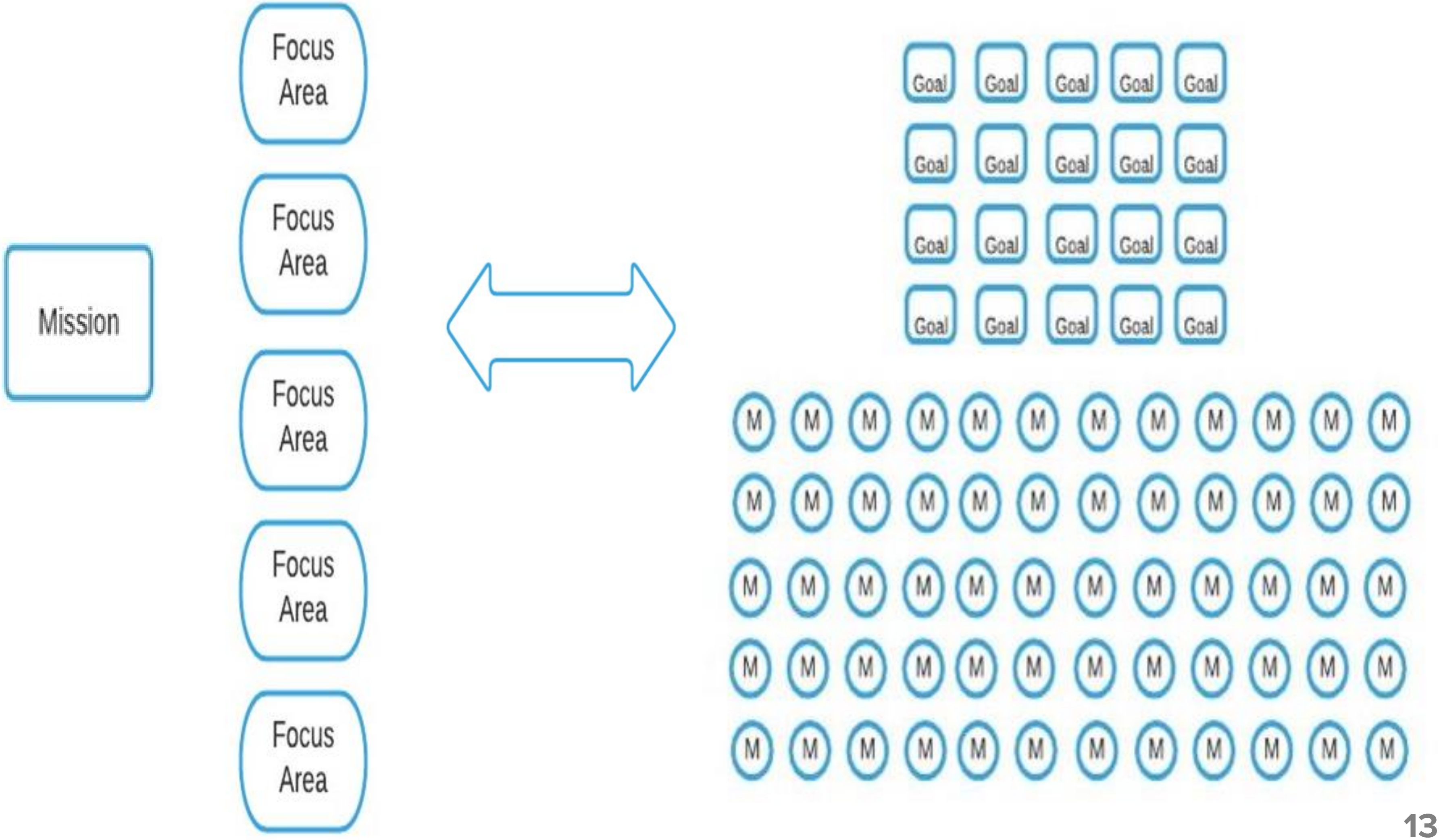
Challenges & Opportunities: additional compliance needs with growth, increasing benefits costs (prices & staff maturation), continued competitive environment for talent

Staff Input on SFAs

- **SFA1: Expand Clean & Reliable Grid Actions**
  - Keep and modify to focus on Pathways study (not just 24/7) and clean value proposition
- **SFA2: Expand Customer Base Interaction**
  - Keep and modify to focus on C/I decarbonization efforts
- **SFA3: Accelerate Building Transportation and Electrification**
  - Keep and modify to focus on preparing for BAAQMD Rule implementation
- **SFA4: Implement Innovative Financing Solutions**
  - Drop as much progress has been made and operationalized
- **SFA5: Attract and Retain Employees**
  - Keep and modify to focus on employee retention and establishing optimal workforce
- **New SFA: Affordability**
  - Identified as a key issue/challenge which may impact SVCE's ability to achieve its mission

Strategic Work Plan & Focus Areas





FY 24-25 Strategic Plan & Budget Process

- ☑ Feb to May – Staff input; risks, opportunities, priorities, resources, budget etc.
- ☑ May 13 – Finance Committee – Budget Overview
- ❑ May 24 – Executive Committee – Strategic Plan, Strategic Focus Areas Overview & direction
- ❑ June 12 – Board – Strategic Plan & Budget Overview
- ❑ August TBD– Finance Committee – Budget Recommendation
- ❑ August 14 – Board – Budget Feedback
- ❑ August 23 – Executive Committee – Strategic Plan, Strategic Focus Areas Update
- ❑ September 11 – Board – Strategic Focus Areas and Budget Approval
- ❑ *October 9 – Board - SVCE Work Plan Approval - TBD*

Feb-May
Staff Input
Review current SFAs
New Opportunities & Threats

May-Aug
Board Input
Strategic Plan & Budget - focus

September
Approve Budget, Strategic Focus Areas & SP

Oct
Present detailed work plan and measures (Oct)

Oct-Sep
Implementation

Community Resilience Grant Program

May 24, 2024
Executive Committee Meeting

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Building Resilience in Our Communities

The board approved $5M in funding in June 2020 to help our region reduce the impacts of power outages and climate emergencies while supporting decarbonization and local job creation.

The Program:

- Provides grants to each agency to invest in capital projects that support municipal and community resilience
- Concludes in December 2024

Innovative Projects Increase Resilience Across Region

At program completion:

- 9 battery back projects that provide clean power backup at critical facilities or traffic lights
- 5 off-grid EV charger projects that can provide mobile, clean, resilient charging during power outages
    - 2 Ford F-150 Lighting trucks for fleet use (optional add-on)
- 1 urban heat island reduction demonstration

Program Success Required High-Level Support and Flexibility

- Hands-on support for member agencies:
  - Created a streamlined process to access funds
  - Access to consultants for technical assistance
  - Developed resources for agencies and SVCE to consider energy resilience in existing and future efforts

Solar + battery installed at Milpitas' Community & Senior Center

Building and EVI Resilience

City of Cupertino

Off-grid EV chargers (EVARCs) at Cupertino Library

City of Sunnyvale

Solar + battery installed at Sunnyvale's City Hall

Emergency Operations & Heat Mitigation

City of Saratoga

Battery backup at traffic light signals throughout city

Town of Los Altos

Cool pavement coating in downtown Los Altos

Projects can be found on the program webpage: https://svcleanenergy.org/community-resilience/