Budget Update

Amrit Singh

Finance and Administration Committee

November 25, 2024

SILICON VALLEY CLEAN ENERGY

Purpose

1. Review updated budget projections
2. Recommend the Board approve the updated budget

Main Areas of Discussion

1. Recap of assumptions used in setting the adopted budget and an update on the budget forecast using the recent rate forecasts
2. Comparison of adopted and updated Budget
3. Updated reserve projection
4. Proposal on funding long-term strategic priorities
5. Additional uncertainty in budget projections

FY24-25 Budget Development Timeline

May

High-level budget framework discussion with the Finance and Admin Committee

May/June

Budget framework discussion with the Executive Committee and the BOD

August

Finance & Admin Committee review of the proposed budget

August

BOD review of the proposed budget

September

BOD adopts the budget and agrees to revisit additional expenditures later in the year when there would be more certainty on PG&E rates

November

Executive Committee and Finance and Admin Committee review the updated budget based on the revised PG&E rate filing and provide feedback on any additional expenditures

December

BOD reviews and adopts amendments to the budget incorporating any additional expenditures

March 2025

Mid-Year Budget Review / Adjustment

Key Messages

Recap of Adopted Budget Assumptions

- Conservative assumptions used in estimating revenues
  - CPUC's fall updating of RA and RPS prices used for setting the Market Price Benchmark (MPB) was highly uncertain
  - Budget conservatively showed contribution to reserves of $14 million using prior year's RA and RPS MPBs
- Staff estimated an additional increase in revenues of $145 million if higher RPS and RA MPB prices were adopted
- Budget provided a 4% customer discount and an additional 1% offered as bill credits to low-income customers

Highlights of the Updated Budget

- SVCE's forecasted revenues are higher by about $85 million using CPUC's updated MPB prices
  - Revenues are $60 million lower than staff anticipated primarily because of the recent decline in energy prices
- Updating for revenues and power supply expenses, the net contribution to reserves increases from $14.0 million to $96.7 million
  - Trues up the budget to fund transfers to programs at 2% of updated revenues and to fund the "1%" low-income customer bill credits
- Reserves slightly exceed the target days of cash on hand of 350 but remain below the maximum target of 500 (excluding earmarked funds)
- Due to several delays in PG&E's ERRA update process, the budget update contains more uncertainty than in the past
  - Staff may update the budget further if additional material ERRA updates are received in time for the December Board meeting

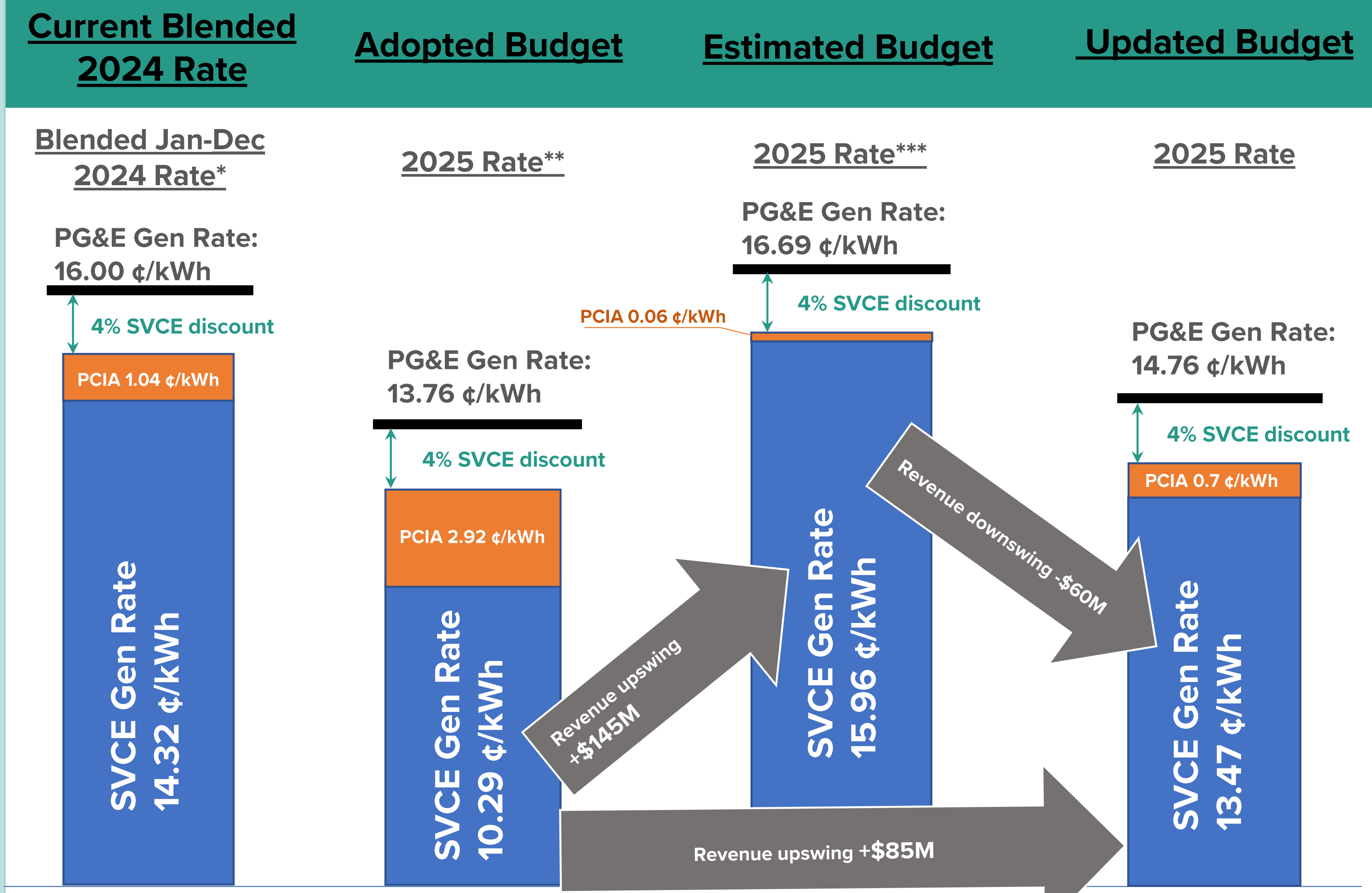
FY 24-25 Adopted and Updated Budget

- Higher RA and RPS MPBs increase revenues
- Power Supply Costs increase slightly
  - Portfolio updates, including those for additional clean resources and Power Purchase Agreement changes and resulting higher RPS and RA costs, more than offset declines in energy prices.
- Program fund is trued up for updated revenues
- Customer bill relief, low-income bill credit, also trued up

SILICON VALLEY CLEAN ENERGY
FY 2024-25 OPERATING BUDGET
($ in thousands)

DESCRIPTION	FY 2024-25 ADOPTED BUDGET	FY 2024-25 ADJUSTED BUDGET	Change $	Change %
Energy Revenues	441,050	526,513	85,463	19.4%
Power Supply Expense	387,145	390,091	2,946	0.8%
Operating Margin	53,905	136,422	82,516	153.1%
Operating Expenses	36,433	36,433	0	0.0%
Non-Operating Revenue (Expense)	16,275	19,168	2,893	17.8%
Annual Transfers and Other Expenses				
Capital Outlay	1,002	1,002	0	0.0%
Building Fund	0	0	0	0.0%
Program Fund	8,821	10,530	1,709	19.4%
Nuclear Allocation	3,708	3,708	0	0.0%
Customer Bill Relief	4,411	5,370	959	21.7%
Hanford Emissions Mitigation Fund	1,800	1,800	0	0.0%
BALANCE AVAILABLE FOR RESERVES	14,005	96,746	82,741	590.8%

- Market Price Benchmarks (MPB) reflect higher RPS and RA prices
  - RPS prices for 2024/2025 have increased 72%/125%.
  - RA prices for 2024/2025 have increased 55%/179%.
  - Energy prices for 2024/2025 have decreased -13%/-16%.
- Updated budget rate forecast, incorporating latest MPB prices, shows PG&E gen rates in January decreasing on average by 8% from 2024 blended rates.
- Relative to adopted budget assumptions, SVCE's margins, on average, improved by ~**31%.** Resulting in a **~$85** million increase in revenues.
- **Rates are not final until late December**
  - **PG&E continues to challenge CPUC MPB methodology, proposing to utilize last year's MPBs.**
  - **The adoption of one of PG&Es proposals could reduce SVCEs projected FY2025 revenue by $20 to $134 Million.**



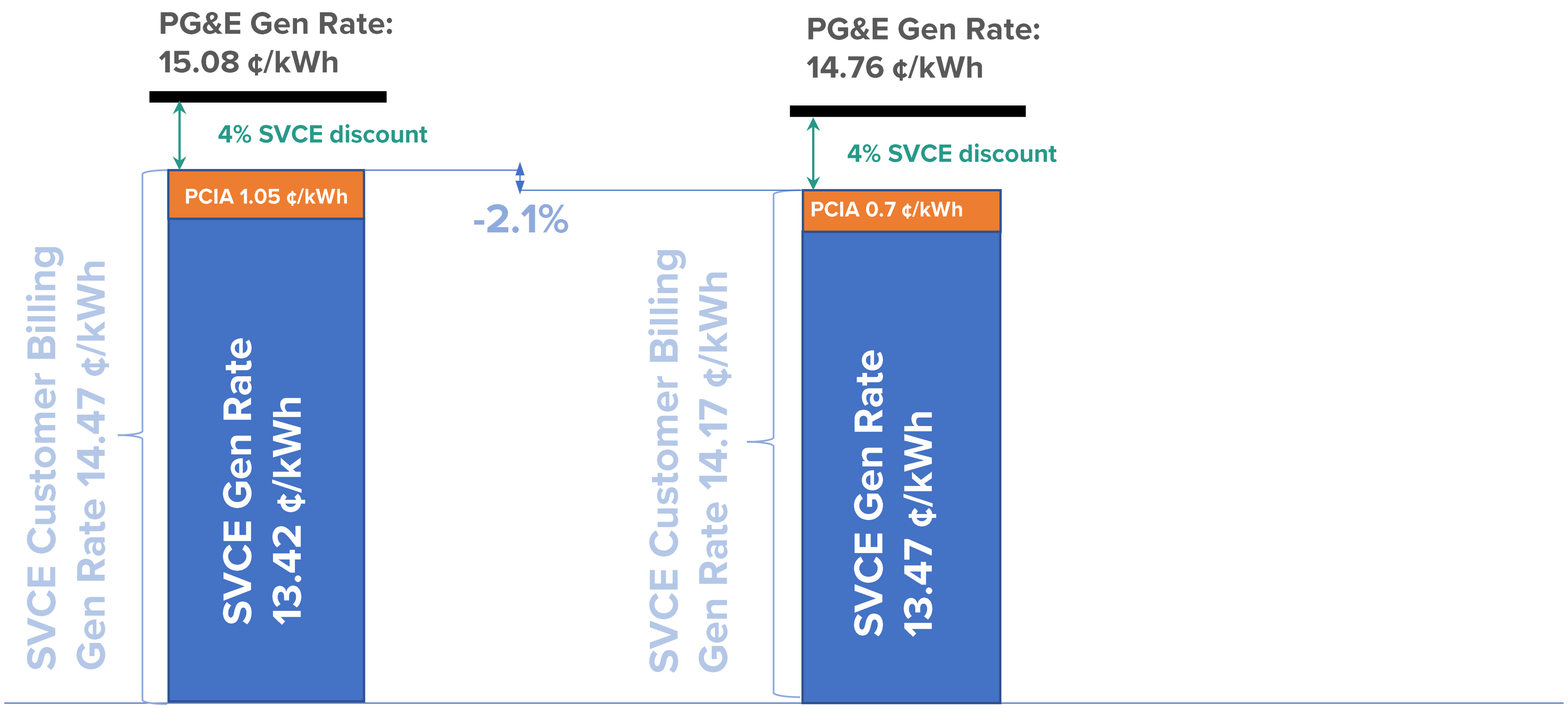
* Source: Blended PG&E Jan-Jun 2024 & Jul-Dec 2024 Average Rate (Weighted for SVCE Portfolio Load)
** CalCCA NewGen Model analysis using market data as of 6/28/2024 and CPUC attribute benchmarks adopted for CY 2024 (Weighted for SVCE Portfolio Load)
*** CalCCA NewGen Model analysis using market data as of 6/28/2024 and market RA and RPS prices (Weighted for SVCE Portfolio Load)
Above margin analyses ignore minor reductions for franchise fees (0.09 ¢/kWh)

If Forecasted Rates Prevail, SVCE Customer Rates on <u>Average</u> will Decline Slightly

PG&E's generation rate in July 2024 decreased on average by 11% from January 2024 levels (SVCE portfolio weighted).

Current Jul-Dec 2024 Rate

Forecast of 2025 Rate



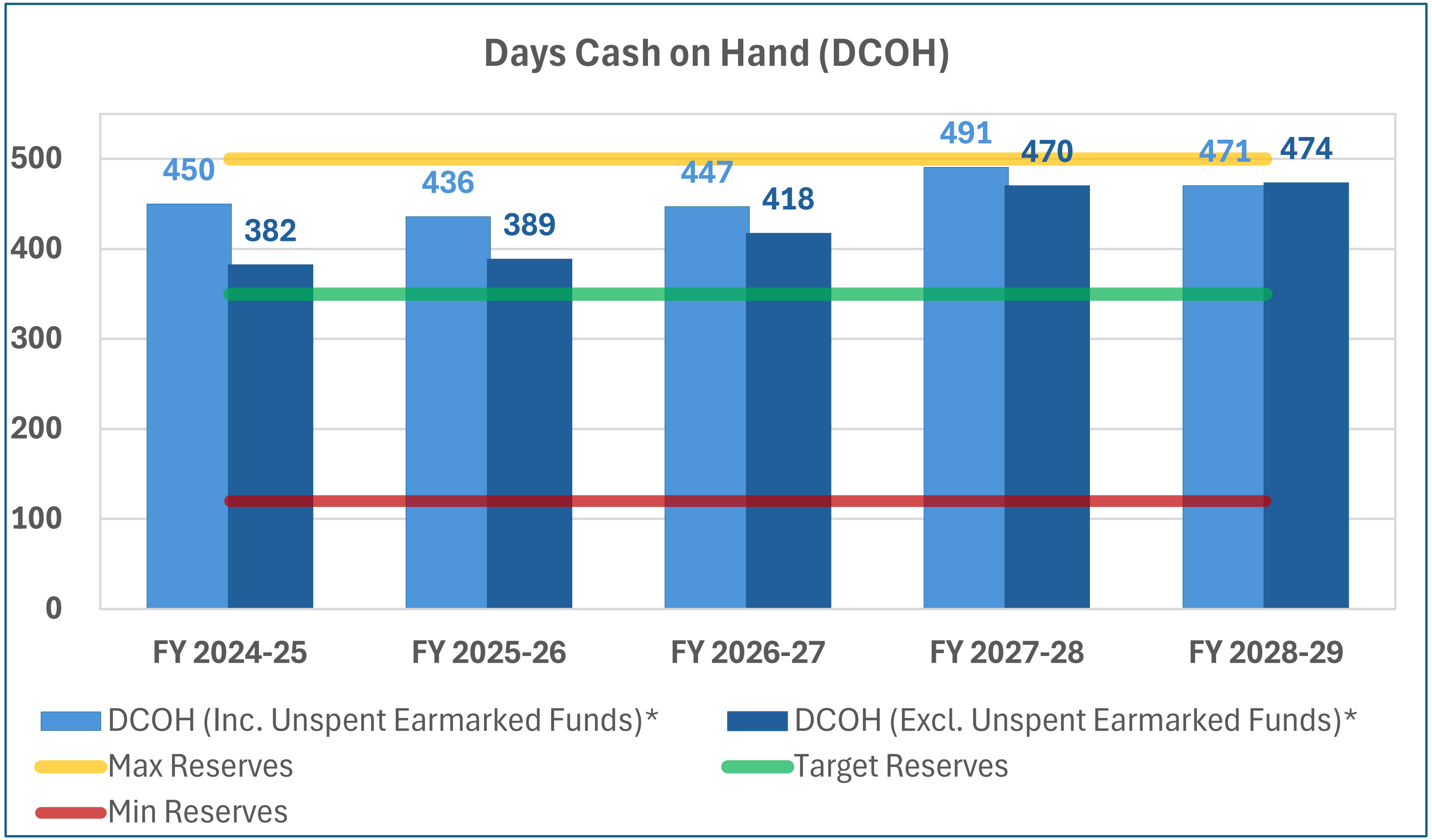
Above margin analyses ignore minor franchise fees (0.09 ¢/kWh)

Reserve Projection

Projected End of FY Reserves:

- 382 Days of Cash on Hand (DCOH)
  - Excludes Unspent Program Funds and Building Fund

- 450 Days of Cash on Hand (DCOH)
  - If unspent Program Funds and Building Fund were included in the reserve calculation



** Earmarked funds are unspent SVCE Program Funds and Building Fund.*

Funds Above Projected SVCE Reserve Target

- 5-yr reserve forecast shows reserves above target levels and approaching the maximum reserve levels

- Financial projection enables SVCE to consider funding longer-term key SVCE mission-aligned strategic priorities
  - These strategic priorities are addressed in the next agenda item

- For fiscal year 2024-25, the forecast ending DCOH is 382, which is 32 DCOH above the target DCOH of 350 and equates to $40 million.

Funding Criteria for Strategic Priorities

- Generally, direct funds above target DCOH
  - During the December budget update or the mid-year budget update, staff will propose the funding level after reviewing the available information on prior fiscal year financial results and accounting for the level of uncertainty in the budget forecast
- For fiscal year 2024-25, Staff does not recommend any funding yet
  - There’s greater uncertainty on rates the CPUC will approve in December
  - Staff may recommend funding during the mid-year budget update

Additional Uncertainty In this Fiscal Year's Budget

- PG&E continues to propose capping RA MPBs at last year's levels
  - CPUC judge ruled earlier that PG&E's arguments were out of scope but could be considered in a new proceeding or a reopening of the PCIA proceeding
  - PG&E now argues that high MPBs create a cost shift
  - SVCE with CalCCA will continue to make the case in this proceeding that PG&E's arguments are out of scope
  - Uncertain how the CPUC will rule
- CPUC's Energy Division released MPBs on October 4th but subsequently made two corrections, with the latest correction on November 5th
  - As a result of these delays, staff does not have all PG&E ERRA updates and NewGen Consultant model updates
- Final rates are expected to be published at the end of December, after PG&E updates ERRA account balances, incorporates CPUC decision likely on Dec. 15, and files its Annual Electric True-up advice letter.

Recommendation

Recommend that the Board of Directors approve the updated Fiscal Year 2024-25 operating budget.

Thank you! / Questions?

Estimated Customer Billing Rate Breakdown and Comparison Y-o-Y

	Residential		Res CARE/FERA*		Small Commercial		Medium Commercial		Large Commercial	
	2024	2025	2024	2025*	2024	2025	2024	2025	2024	2025
Rate Schedule (as of Oct, 2024)	E-TOUC	Est. Avg	E-TOUCL	Est. Avg	B-1	Est. Avg	B-10S	Est. Avg	B-19S	Est. Avg
PG&E Bundled Gen Rate ($/kWh)	$ 0.1501	$ 0.1553	$ 0.1503	$ 0.1553	$ 0.1499	$ 0.1469	$ 0.1581	$ 0.1541	$ 0.1442	$ 0.1459
SVCE Gen Rate ($/kWh)	$ 0.1320	$ 0.1407	$ 0.1323	$ 0.1407	$ 0.1324	$ 0.1330	$ 0.1395	$ 0.1396	$ 0.1270	$ 0.1322
PG&E Delivery Rate ($/kWh)**	$ 0.2807	$ 0.2807	$ 0.1242	$ 0.1242	$ 0.2830	$ 0.2830	$ 0.2108	$ 0.2108	$ 0.1613	$ 0.1613
PG&E PCIA/FF ($/kWh)	$ 0.0121	$ 0.0084	$ 0.0121	$ 0.0084	$ 0.0116	$ 0.0080	$ 0.0122	$ 0.0084	$ 0.0115	$ 0.0079
Total Electricity Cost ($/kWh)**	$ 0.4248	$ 0.4298	$ 0.2685	$ 0.2733	$ 0.4270	$ 0.4240	$ 0.3625	$ 0.3588	$ 0.2998	$ 0.3014
SVCE CARE/FERA Monthly Credit*			$ (12.50)	$ (16.94)						
Est. Average Usage (kWh/month)	491	491	491	491	1,851	1,851	22,540	22,540	148,625	148,625
SVCE Gen Rate Discount vs PG&E	**4%**	**4%**	**~21%***	**~26%***	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**
Est. Av. Monthly Savings vs PG&E	**$ 3.09**	**3.05**	**$ 15.59**	**19.99**	**$ 11.16**	**10.87**	**$ 143.54**	**138.97**	**$ 902.81**	**867.53**

*Estimated, based on PG&E October 2024 ERRA update and average historic residential usage and number of CARE/FARE customers as of September 27, 2024.

**** The 2025 PG&E delivery charges at current levels (as of October 2024) because 2025 rates are not yet available.**

Total CARE/FERA bill discount (including T&D) vs average residential customer, assuming the same usage (491 kWh/month) is about 44%.

On average, CARE/FERA usage is about 12% lower than that of an average E-TOUC customer.

Typical Customer Bill Savings

(Current Rates)

	Residential		Res CARE/FERA*		Small Commercial		Medium Commercial		Large Commercial	
	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E
Rate Schedule (eff. July 1, 2024)	E-TOUC	E-TOUC			B-1	B-1	B-10	B-10	B-19S	B-19S
Average Usage (kWh/month)	491	491	491	491	1,851	1,851	22,540	22,540	148,625	148,625
Annual Peak Demand (kW)									499	499
PG&E Electric Delivery	$ 124.84	$ 124.84	$ 55.22	$ 55.22	$ 482.30	$ 482.30	$ 4,755.94	$ 4,755.94	$25,884.53	$25,884.53
Electric Generation	$ 68.34	$ 77.36	$ 68.34	$ 77.36	$ 246.10	$ 278.69	$ 3,169.39	$ 3,588.37	$19,964.14	$22,570.19
CARE/FERA monthly bill credit			$ (12.50)							
PG&E Added Fees (PCIA, Franchise	$ 5.93		$ 5.93		$ 21.43		$ 275.44		$ 1,703.24	
Average Total Cost	$ 199.11	$ 202.20	$ 116.99	$ 132.58	$ 749.83	$ 760.99	$ 8,200.77	$ 8,344.31	$47,551.91	$48,454.72
Average Monthly Savings	$ 3.09		$ 15.59		$ 11.16		$ 143.54		$ 902.81	

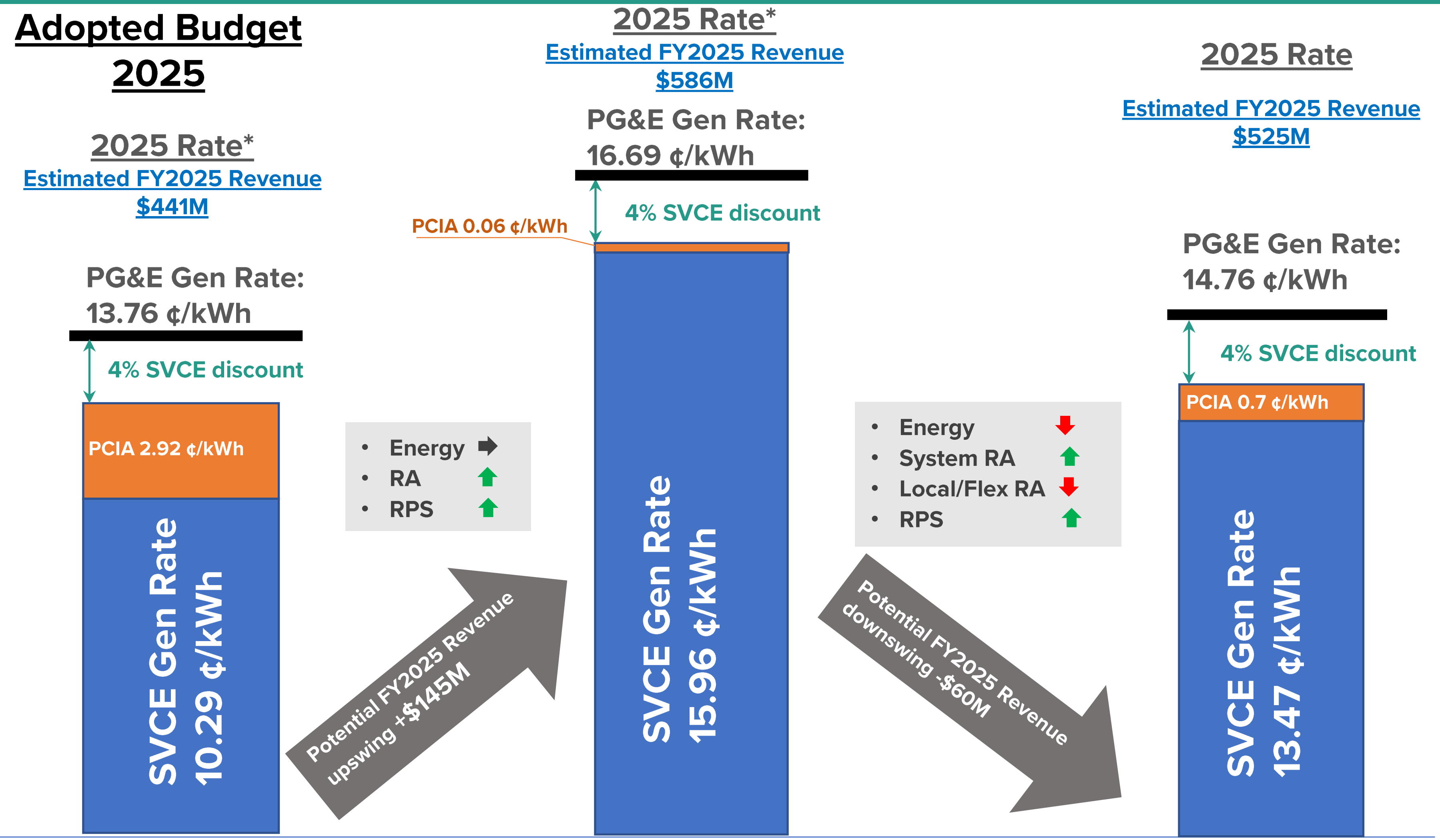
*Estimated based on average residential customer usage, PG&E delivery charges and number of CARE/FERA customers as of July 25, 2024.

MPB Impact on Rate Projections

- MPBs for RA and RPS are significantly above last year's levels, while energy prices have declined.
    - Updated 2025 forecast RPS MPB is ~125% / 31% higher than 2024 forecast/actual MPBs
    - Updated 2025 system RA MPB is ~ 165% / 54% above 2024 forecast / actual MPBs
- CPUC uses a historical volume-weighted average of all IOU, CCA, and ESP market transactions executed in a specific time frame to set next year's MPBs.

	2023	2024	2025
Forecast RPS	Transacted in **09/2021 - 08/2022** for CY 2023	Transacted in **09/2022 - 08/2023** for CY 2024	Transacted in **09/2023 - 08/2024** for CY 2025
Final RPS	Transacted in **12/2021 - 08/2023** for CY 2023	Transacted in **12/2022 - 08/2024** for CY 2024	Transacted in **12/2023 - 08/2025** for CY 2025
Forecast RA - system & flex	Transacted in **09/2021 - 08/2022** for CY 2023	Transacted in **09/2022 - 08/2023** for CY 2024	Transacted in **09/2023 - 08/2024** for CY 2025
Forecast RA - local	Transacted in **09/2019 - 08/2022** for CY 2023	Transacted in **12/2020 - 08/2023** for CY 2024	Transacted in **09/2021 - 08/2024** for CY 2025
Final RA - system & flex	Transacted in **12/2021 - 08/2023** for CY 2023	Transacted in **12/2022 - 08/2024** for CY 2024	Transacted in **12/2023 - 08/2025** for CY 2025
Final RA- local	Transacted in **12/2019 - 08/2023** for CY 2023	Transacted in **12/2020 - 08/2024** for CY 2024	Transacted in **12/2021 - 08/2025** for CY 2025

Set by CPUC in October 2023
Will be set by CPUC in October 2024



Source: CalCCA NewGen Model analysis using market data as of 6/28/2024 and CPUC MPBs (Market Price Benchmark) adopted for CY 2024 (Weighted for SVCE Portfolio Load)
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**** CalCCA NewGen Model analysis using market data as of 6/28/2024 and estimated CPUC MPBs for CY 2025 (Weighted for SVCE Portfolio Load)*
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

Updated Market Price Benchmark

	Adopted Budget 6/28	Estimated Budget 6/28	Updated Budget 10/25	% Change from Budget	% Change from Est. Budget	Impact on the headroom (gen rate - PCIA) - Est. Budget vs Upd. Budget
2025 Forecast On Peak Energy MPB	64.77	64.77	55.02	**-15.1%**	**-15.1%**	**-6.5%**
2025 Forecast Off Peak Energy MPB	63.78	63.78	53.18	**-16.6%**	**-16.6%**	
2024 Actual On Peak Energy MPB	50.75	50.75	44.08	**-13.1%**	**-13.1%**	**-4.2%**
2024 Actual Off Peak Energy MPB	47.95	47.95	42.22	**-11.9%**	**-11.9%**	
2025 Forecast RPS MPB	31.73	62.00	71.24	**124.5%**	**14.9%**	**2.4%**
2024 Actual RPS MPB	31.73	50.00	54.56	**72.0%**	**9.1%**	**0.8%**
2025 Forecast System RA MPB	15.23	33.50	42.54	**179.3%**	**27.0%**	**-0.6%**
2025 Forecast Local RA MPB	9.52	20.94	13.29	**39.6%**	**-36.5%**	**-7.3%**
2025 Forecast Flex RA MPB	9.12	20.06	14.16	**55.3%**	**-29.4%**	**-3.0%**
2024 Actual System RA MPB	15.23	21.40	28.65	**88.1%**	**33.9%**	**4.0%**
2024 Actual Local RA MPB	9.52	13.38	12.22	**28.4%**	**-8.6%**	**-1.1%**
2024 Actual Flex RA MPB	9.12	12.81	12.89	**41.3%**	**0.6%**	**0.0%**

Affordable Clean Community Fund

Finance and Administration Committee Meeting

November 25, 2024

SILICON VALLEY CLEAN ENERGY

Discussion Item

Proposal to establish an Affordable Clean Community Fund

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Discussion Structure

1. Why we need this fund
2. Funding priorities and targets
3. Funding allocations and FY24/25 budget estimates
4. Implementation process and accounting overview

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Why We Need This Fund

Strategic direction from the Board will enable staff to plan for and grow the impact of SVCE's strategic community investments.

SVCE Mission

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

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SVCE is at an inflection point that requires strategic direction.

1. As reserves reach target levels, SVCE can fund longer-term mission-aligned strategic priorities.

2. Increasing electric bills underscore the need for SVCE to have consistent discounts.

3. New air district policies will exponentially increase the demand for heat pumps and the need for support to ensure affordability for all.

4. Evolving market conditions make it more difficult to hit clean targets and amplify the need for new technologies and local developments to supply affordable and reliable clean energy.

Board direction will enable staff to plan for large investments & grow impact.

1. Instead of making decisions every year, we need multi-year strategic direction.
2. Staff has proposed three priority areas for funding.
3. Board retains authority to shift direction if circumstances change.

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Funding Priorities and Targets

By investing in three priority areas, SVCE will be doing its best to ensure the energy transition is affordable and accessible for all in the short, medium and long term.

Determining the Availability of Funds & Allocations

1. Funds above Reserve Policy Targets will be identified as part of budget process.
2. For FY 24-25, based on the updated December 2024 budget estimate, ~$40M is available to establish the ACC Fund.
3. At mid-year Budget, March 2025, staff will confirm estimates and make a recommendation to fund the ACC Fund.

Allocations are based on Board set priorities. The following examples assume $40M available in total.

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This three-pronged approach can help clean energy be affordable for all – today and in the future.

1. **Discount Stabilization** – SVCE discount should be secure amid changing conditions.

2. **Scalable Support for Pollution-Free Appliances** – Everyone must be able to upgrade to a heat pump.

3. **Local and Emerging Power Supply Technology** – We need new solutions for a long-term clean supply.

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Discount Stabilization

Recommendation	Customer Benefit	Cost to SVCE
Build a fund to ensure a rate discount even in bad years.	Each 1% discount: ~60 cents/month/residential customer ~$3/month for average non-res customer Larger monthly savings for large C&I who have more usage	Up to $75M Stabilizes discount three years Each 1% discount costs ~$5M/year 5% is about $25M/year

Scalable Support for Pollution-Free Appliances

Recommendation	Customer Benefit	Cost to SVCE
Build a fund to provide scalable rebates and financing for heat pump water heaters (HPWH) installed after regulation.	Rebates and/or financing to lower upfront cost. Customers with the greatest need get the greatest support. Aim design of programs to provide support for up to 100% of HPWH installations. Consistent funding, not come-and-go state programs.	Up to $90M - Estimate needed for three years. - Actual programs deployed will depend on funding available and learnings from ongoing programs. - Program timing would align with regulations going into effect. - Staff ran several scenarios to estimate funding needed for three years of support – example in appendix.

Note: SVCE will also continue to consider external funding sources such as energy efficiency program dollars, to better ensure sufficient support coverage.

Local & Emerging Power Supply Technology

Recommendation	Customer Benefit	Cost to SVCE
Build a fund to invest in the above market costs of local and emerging power supply technologies.	Investments in emerging technology can bring down costs long term and help to stabilize emissions. This fund would be set aside for: • Local projects • Demand flexibility • Emerging technologies	Up to $100M Staff will develop investment recommendations based on level of funding.

Discussion: Summary of Proposed Priorities & Targets

Priority	Investment Cap	Key Risks
Discount Stabilization	**$75M** Estimate needed to secure three years of a 5% discount	- Customers don't notice or feel value
Scalable Support for Pollution-Free Appliances	**$90M** Estimate needed to provide support the first three years of BAAQMD. Example in appendix.	- Low demand (BAAQMD changes) - Programs scaling challenges
Local and Emerging Technology	**$100M** Estimate needed to catalyze a combination of demand flex, local and emerging technologies.	- Technology doesn't work - Costs are much higher - Technology not available

Funding Allocations and FY24/25 Budget Estimates

Option A: Strict Waterfall – Discount Funded First

This option would fund each target fully, in order of priority, starting with the discount. Thus, the preceding priorities wouldn't be funded until the preceding priority was 100%.

Priority	Allocation	FY 24/25 – Estimated $40M
Discount Stabilization	100%	~$40M or 53% of target
Scalable Support of Pollution-Free Appliances	0% until discount funded	$0
Power Supply Emerging Technology	0% until discount and appliances funded	$0

Option B: Strict Waterfall – Appliances Funded First

This option would fund each target fully, in order of priority, starting with appliances. Thus, the preceding priorities wouldn't be funded until the preceding priority was 100%.

Priority	Allocation	FY 24/25 – Estimated $40M
Scalable Support of Pollution-Free Appliances	100%	~$40M or 44% of target
Rate Discount	0% until appliances are funded	$0
Power Supply Emerging Technology	0% until appliances and rate are funded	$0

RECOMMENDED Option C: Percent Allocation

In this option, each priority would receive a portion of funding starting in FY 24/25. Once the discount and appliances allocations are at their targets, all remaining funds would go towards emerging tech.

Priority	Allocation	FY 24/25 – Estimated $40M
Discount Stabilization	40%	~$16M or 21% of target
Scalable Support of Pollution-Free Appliances	40%	~$16M or 18% target
Power Supply Emerging Technology	20%	~$8M or 8% of target

Discussion: Staff Recommends Option C

Priority	Option	Allocation Options FY 24/25	FY 24/25 – Estimated $40M
Discount Stabilization	A	100%	$40M - 53% target
	B	0%	$0 - 0% target
	C	**40%**	**$16M - 21% target**
Universal Support of Pollution-Free Appliances	A	0%	$0 - 0% target
	B	100%	$40M - 44% target
	C	**40%**	**$16M - 18% target**
Power Supply Emerging Technology	A	0%	$0 - 0% target
	B	0%	$0 - 0% target
	C	**20%**	**$8M - 8% target**

Implementation Process and Accounting Overview

Proposed ACC Fund Process and Guidelines

1. Board adopts a resolution to establish the ACC Fund, with threshold to determine funding level available, set funding priorities, targets, and allocations.

2. As part of budgeting process, **if funds are available**, Board approves the annual transfers to each fund based on the predetermined allocations.

3. Staff will bring spending proposals for ACC Fund priorities to the Board for review and approval as necessary.

4. Each ACC Fund priority is capped based on recommended maximums. Total ACC Fund set at $265M. NOTE: This fund is distinct from the programs fund.

5. The Board may adopt changes to the allocation percentages and/or targets at any time.

Appendix

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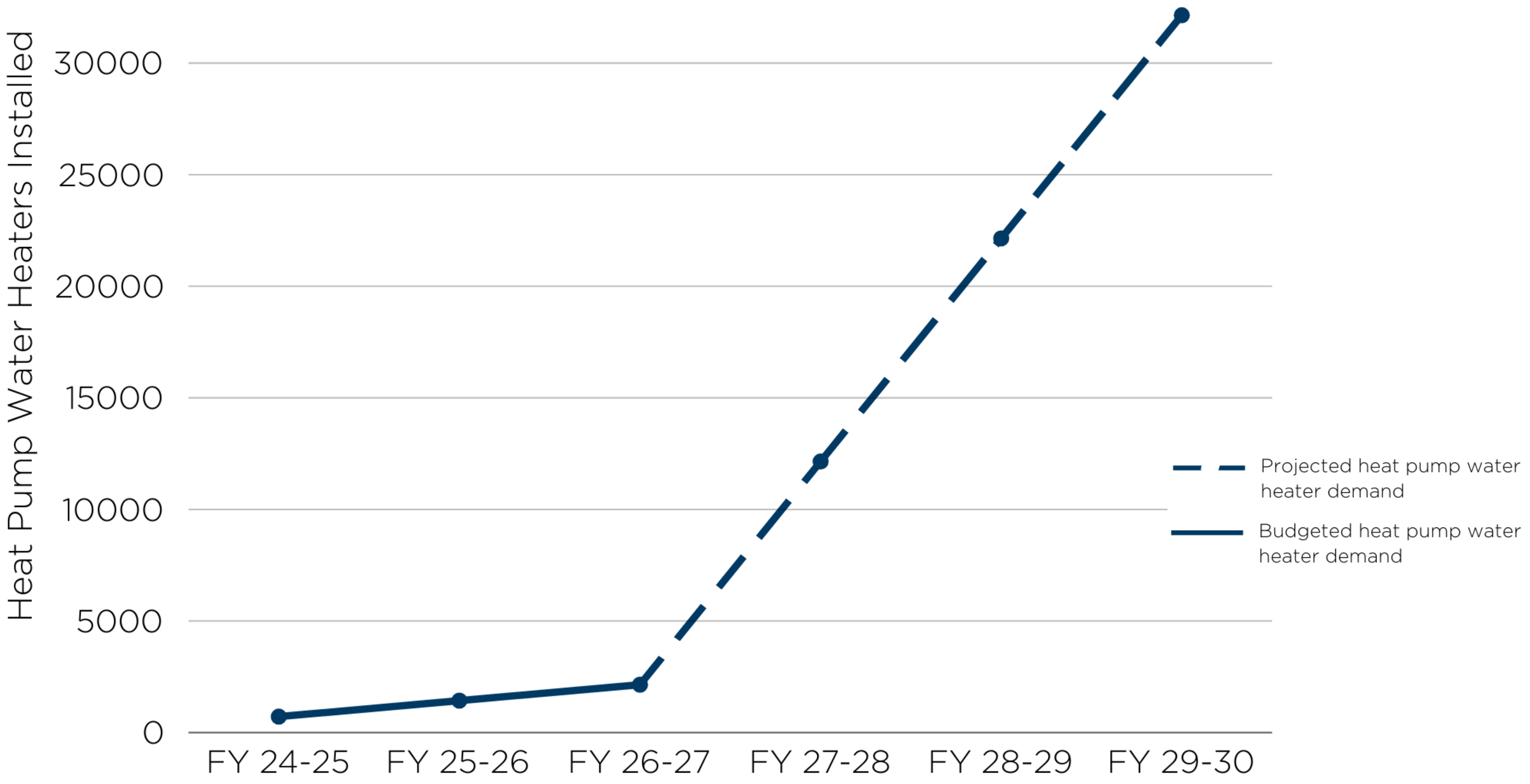
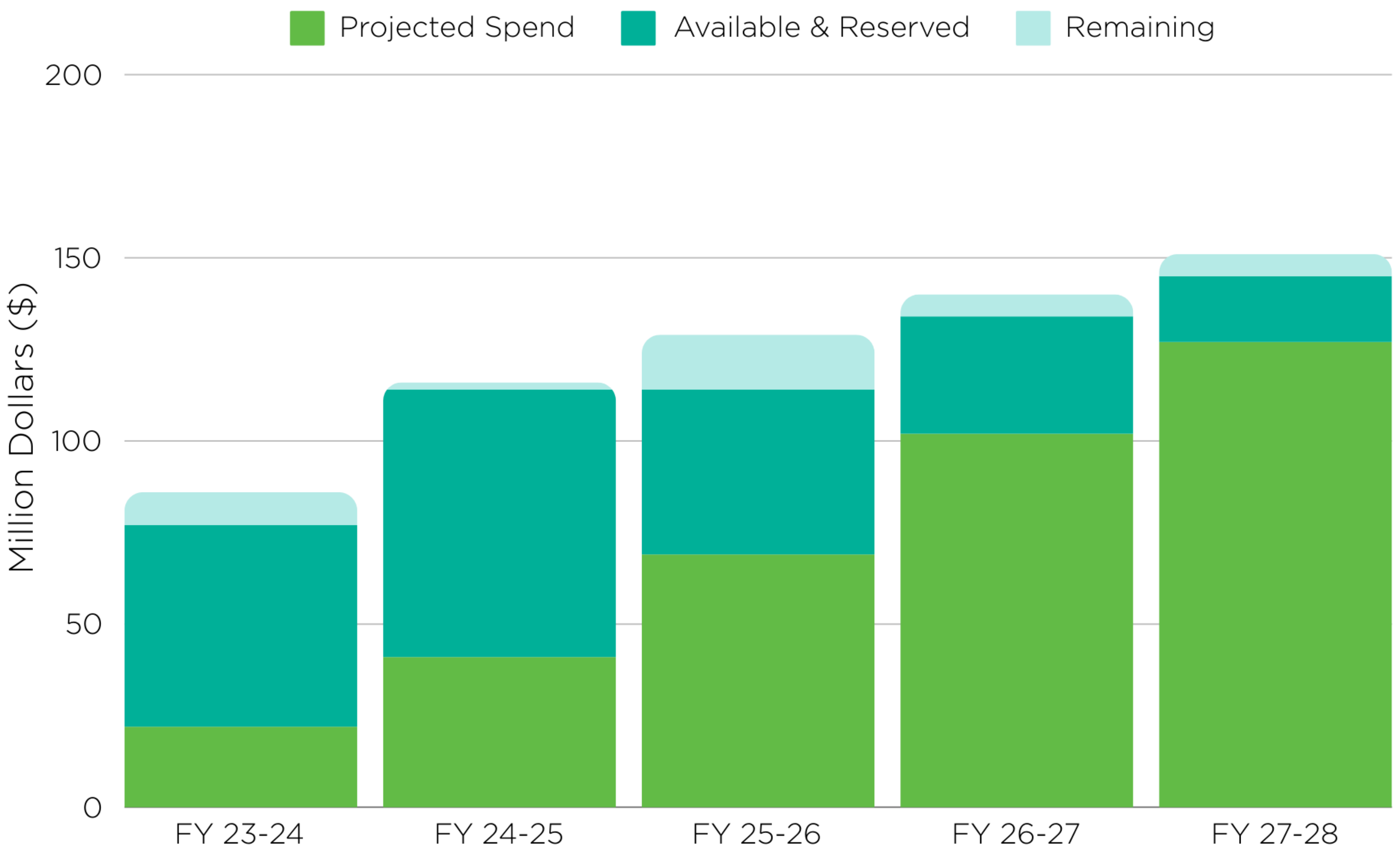
Heat pump water heater demand will exceed current budget

- SVCE has budget for 2,145 new water heaters through FY 26-27.
- In 2027, heat pump water heater demand is expected to increase about 10,000 per year due to local policies.



Current programs budget spend is ramping up; will mostly be deployed by Fiscal Year 2026-2027

- Demonstrating approaches, learning, gathering data, and informing how to scale.
- Actual spend depends on program uptake, so forecast has large uncertainty.
- Budget used for all decarb programs (buildings and transportation), resilience, C&I decarb, E-ELEC, etc.
- Cumulative spend *doubled* over two years prior to FY 23-24.



*Total budget is not inclusive of any additional funding added.

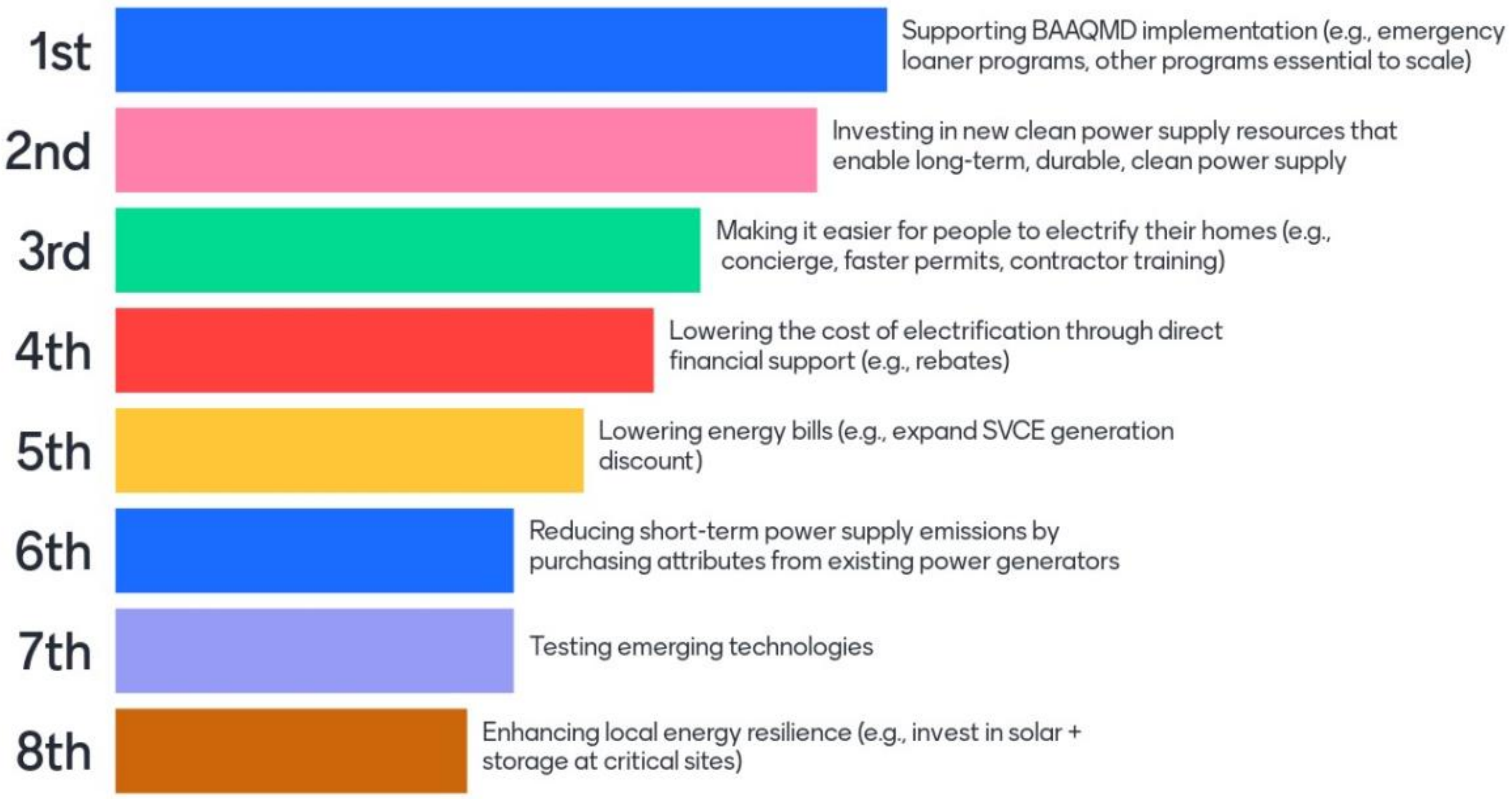
Appliance Support Needed - Example

Major Variables

% Customer Participation	85%
% BAAQMD Compliance	75%
SVCE Admin Cost (%)	20%

Income Group	**AMI Range** ($ for family of 4)	**Offering**	**% SVCE Housing**	**Annual HPWHs through SVCE**	**SVCE Annual Rebate & Finance Cost**	**Annual Admin Cost**	**Total Annual SVCE Cost**
Very Low	<60% (<$84,960)	Full cost coverage	1%	50	$0.4M	$0.08M	**$0.5M**
Low	60-80% ($84,960 - $113,280)	$4,500 rebate	9%	790	$3.6M	$0.7M	**$4M**
Median	80-150% ($113,280 - $212,400)	$2k + 0% financing	49%	4,285	$12.4M	$2.5M	**$15M**
High	>150% ($212,400)	$1k or 0% financing	41%	3,560	$4.6M	$0.9M	**$6M**
SMB	-	$2k + 0% financing	-	300	$0.9M	$0.2M	**$1M**
TOTAL			100%	8,685	$21M	$4M	**$26M**

Community Advocates Ranking Recommendations



Thank you!

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Create Rate Stabilization Fund Using GASB 62

Amrit Singh

Finance and Administration Committee

November 25, 2024

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Purpose

Seek the Committee's feedback on an accounting change to create a rate stabilization fund

Main Areas of Discussion

1. Accounting Rule – GASB 62
2. Other CCA's Using Rate Stabilization Fund
3. Financial Statement Illustration
4. Impact on Reader's of Financial Statement
5. Comparison of Reserves and Rate Stabilization Fund
6. Criteria for Directing and Recognizing Revenues to and from the Rate Stabilization Fund

Direct Earmarked Funds to a Rate Stabilization Fund

GASB 62 Enables Creation of a Rate Stabilization Fund*

- Defer Revenues to Future Period
  - Enables SVCE's Board to adopt a policy to defer revenue recognition to future periods
- Impacts the Net Position in the Financial Statements
  - Lowers net position for the year revenues are deferred and increases it for the future year when revenues are recognized
  - Revenues for the applicable fiscal year are reduced, and a corresponding liability is created in the Statement of Net Position (balance sheet)
- Can record after the close of the fiscal year and can start with FY 2024-2025

**The Governmental Accounting Standards Board (GASB) is the organization that determines and updates generally accepted accounting principles (GAAP) for government entities.*

Other CCAs Are Using GASB 62

CCA	Fund Amount ($ Million)
Clean Power Alliance (CPA)	135
Ava Community Energy (East Bay)	79.2
Marin Clean Energy (MCE)	70
Peninsula Clean Energy (PCE)	68

Sonoma Clean Power (SCP) and Orange County Power Authority (OCPA) plan to contribute to a rate stabilization fund.

Financial Statement Impact

MARIN CLEAN ENERGY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Electricity sales, net	$ 770,344,682	$ 633,836,160
Rate stabilization	(40,000,000)	(15,000,000)
Grant revenue	11,360,450	10,532,421
Liquidated damages	26,074,259	7,219,945
Total operating revenues	767,779,391	636,588,526
OPERATING EXPENSES		
Cost of electricity	571,404,901	559,107,368
Contract services	21,157,869	19,389,252
Staff compensation	20,936,409	17,193,096
Other operating expenses	9,002,600	6,935,136
Depreciation and amortization	955,278	996,241
Total operating expenses	623,457,057	603,621,093
Operating income	144,322,334	32,967,433
NONOPERATING REVENUES (EXPENSES)		
Grant revenue	-	4,226,302
Interest and investment returns	15,420,160	4,007,603
Finance costs	(228,825)	(236,468)
Nonoperating revenues (expenses), net	15,191,335	7,997,437
CHANGE IN NET POSITION	159,513,669	40,964,870
Net position at beginning of year	244,171,846	203,206,976
Net position at end of year	$ 403,685,515	$ 244,171,846

MARIN CLEAN ENERGY

STATEMENTS OF NET POSITION

MARCH 31, 2024 AND 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents - unrestricted	$ 101,027,404	$ 73,348,263
Accounts receivable, net of allowance	61,447,640	66,401,473
Accrued revenue	31,912,468	31,180,447
Other receivables	5,822,709	1,985,508
Prepaid expenses	972,203	651,310
Restricted cash	40,322,101	33,782,947
Investments	115,763,550	68,841,532
Deposits	14,108,352	10,924,834
Total current assets	371,376,427	287,116,314
Noncurrent assets		
Cash and cash equivalents - unrestricted	70,000,000	30,000,000
Investments	149,588,819	45,538,694
Capital assets, net of depreciation and amortization	863,432	1,818,709
Deposits	203,498	203,499
Total noncurrent assets	220,655,749	77,560,902
Total assets	592,032,176	364,677,216
LIABILITIES		
Current liabilities		
Accrued cost of electricity	67,950,289	45,803,423
Accounts payable	4,552,442	4,071,832
Other accrued liabilities	2,713,413	1,845,922
User taxes and energy surcharges due to other governments	1,288,372	3,112,581
Security deposits - energy suppliers	983,400	578,400
Lease liabilities	536,644	773,620
Advances from grantors	40,322,101	33,782,947
Total current liabilities	118,346,661	89,968,725
Noncurrent liabilities		
Lease liabilities	-	536,645
Total liabilities	118,346,661	90,505,370
DEFERRED INFLOWS OF RESOURCES		
Operating Reserve Fund	70,000,000	30,000,000
NET POSITION		
Net position		
Net investment in capital assets	326,788	508,444
Unrestricted	403,358,727	243,663,402
Total net position	$ 403,685,515	$ 244,171,846

Potential Impact on Readers of Financial Statement

Readers	Pros	Cons	Staff's Overall Assessment	Note
Public	Net position statement reflects unspent but earmarked funds.	Shows unspent funds as liabilities but the Board can redirect to other uses in the future.	Positive	Add footnotes that the Board can direct revenue from the Rate Stabilization Reserve.
Credit Rating Agencies (S&P and Moody's)	Demonstrates greater Board commitment to separately set aside funds to promote rate stability.	Potential confusion that these liabilities reduce financial liquidity. CCAs, staff consulted with have not experienced this.	Positive	Add footnotes that the Board can direct revenue from the Rate Stabilization Reserve.
Counterparties (Energy Suppliers, Financial Institutions)	More stable yearly financial statement of Revenues and Expenses (Income Statement).	Potential confusion that these liabilities reduce financial liquidity.	Positive	Add footnotes that the Board can direct revenue from the Rate Stabilization Reserve.

Reserves and Rate Stabilization Fund

- Reserves (Internally tracked balance; Non-GAAP)
  - Board adopts Reserve targets in the Financial Reserves Policy
  - Reserve targets are designed to withstand plausible risk events
    - Board reviews the reserves policy each year along with the operating budget
    - Staff recommends reserve targets based on risk analyses following the agency's Enterprise Risk Management process
    - Not impacted by the creation of a Rate Stabilization Fund
- Rate Stabilization Fund (GAAP)
  - Can use this GAAP accounting to defer revenues on the financial statements and recognize them later when expenditures occur that correspond to the Board's direction on the utilization of those revenues

Potential Criteria for Deferring & Recognizing Revenues

- At the end of the fiscal year, staff working with SVCE's Accountant **may** defer Revenues such that total deferred revenues do not exceed unspent earmarked funds and the addition to net position does not fall below 2% of the revenues.

    - Unspent or unutilized Program Dollars, along with funds set aside to purchase an SVCE office building, is about $100 million at the beginning of the fiscal year 2024-25.

- If the addition to the net position falls below 2% of the revenues for any fiscal year, revenues will be recognized from the rate stabilization fund to the extent balance exists such that the addition to the net position is at or above 2% of the revenues.

Next Steps

- Receive the committee's feedback
- Work with SVCE's Accountant to draft a board policy/resolution
- Seek the Committee's review and recommendation for Board approval, likely at the February 2025 meeting
- Seek Board approval, likely in March 2025, along with approval of the mid-year budget

Thank you! / Feedback / Questions?

Policy Streamlining Project

Michael Callahan
Demarie Weber
November 25, 2024

SILICON VALLEY
CLEAN ENERGY

Recommendation for FAC

Adopt staff's proposed revisions to policies including the following:

Policies for Adoption	Policies for Retirement	
• Finance Accounting Policy • Finance Budget Policy • Finance Purchasing and Spending Policy • Finance Investment Policy • Finance Delinquent Accounts & Collections Policy • Finance Capitalization Policy • Finance Customer Generation Rates • IT Information Technology Policy	• Finance Capital Projects Policy • IT Information Systems Use Policy • IT Email Use Policy • IT Asset Management Policy • IT Internet Usage Policy • IT Security Plan Policy • IT Access Control Policy • IT Password Protection Policy • IT Malware Defense Policy	• IT Security Audit Policy • IT Disaster Recovery Policy • IT Threat-Risk Assessment Policy • IT Satisfaction Policy • IT Data Breach Policy • IT Workstation Security for HIPPA Policy • IT Clean Desk Policy

Recommendation for FAC

Adopt staff's proposed revisions to policies including the following:

Policies for Adoption	Policies for Retirement
• G&A Files and Records Management Policy • HR Personnel and Reimbursement Policy	• G&A Travel and Meeting Expense Reimbursements Policy • HR Smartphone Stipend Policy • HR Recruitment Incentive Policy • HR Volunteer Time Off Policy • HR Unpaid Leave Policy • HR Paid Time Off Cash Out • HR Tuition Assistance Policy • HR Cash in Lieu of Health Benefits Policy • HR Fitness Reimbursement Benefit Policy

Framework

2024 Policy Refresh

November 2023: Discussion with Finance and Administration Committee
- Review all policies for needed updates
- Ensure right level of detail

2024: Internal staff work to recommended changes
- Update and reduce language
- Eliminate redundancies
- Transfer extensive or sensitive details to standards
- Keep key policy details at the Board

November 22, 2024: Executive Committee

Reviewing Changes
- General and Administrative
- Human Resources

November 25, 2024: Finance and Administration Committee

Reviewing Changes
- Finance
- Information Technology

December 11, 2024: Board Meeting

Adopt Changes
- Retire policies
- Adopt new policies

December 2024: After Board decision
- Staff Adopts all finalized standards

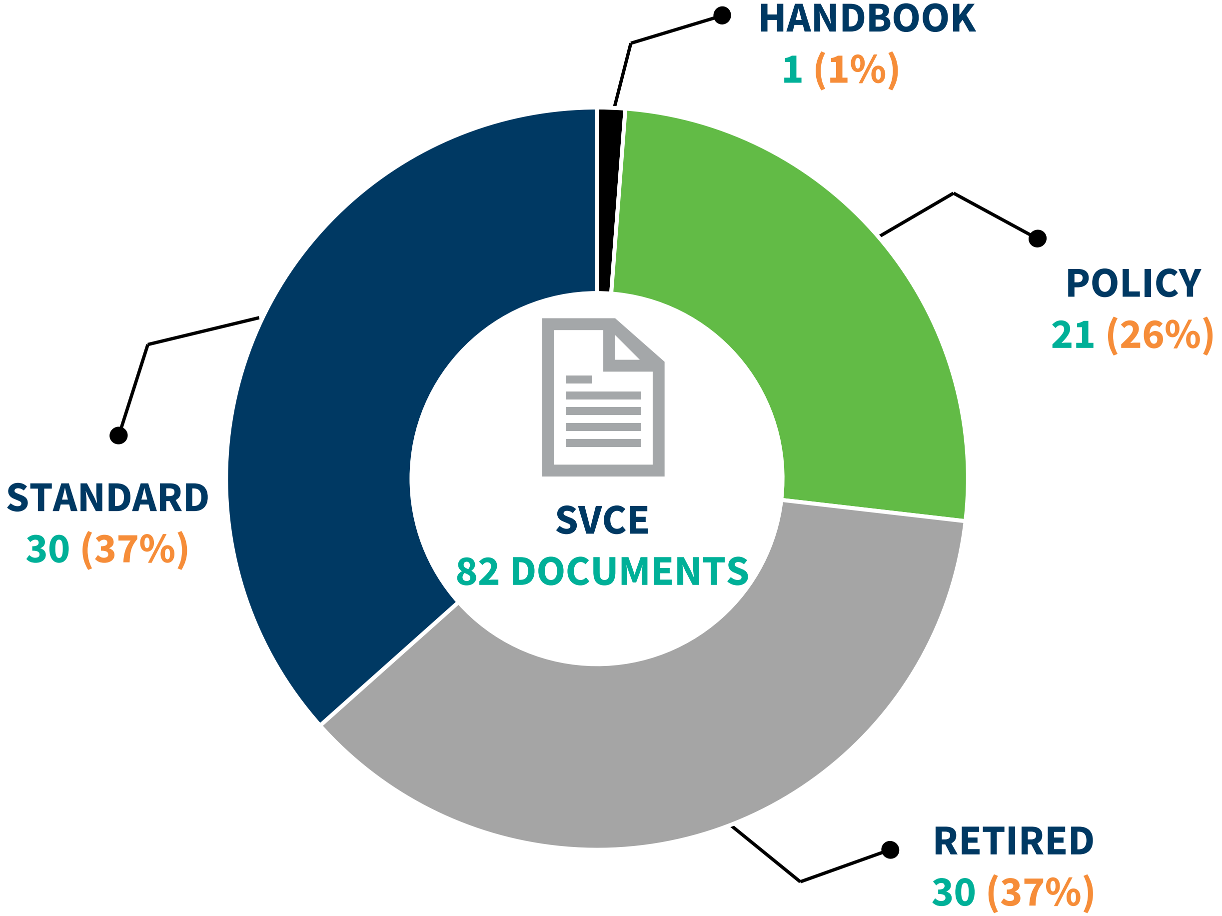
Near-term Post Adoption
- Roll out to staff

Long-term Post Adoption
- Regular reviews
- Regular trainings

Status Summary

2024 Policy Refresh

RECORDS BY TYPE (%)



TAKEAWAYS

63% (52 of 82 records) are existing records.

- 26% (21 of 82 records) are policies.
- 37% (30 of 82 records) are standards.
- 1% (1 of 82 records) is a handbook that includes information found in policies and standards.

37% (30 of 82 records) are retired policies.

- 10% (3 of 30 retired policies) fall under General and Administrative
- 13% (4 of 30 retired policies) fall under Finance
- 27% (8 of 30 retired policies) fall under Human Resources
- 50% (15 of 30 retired policies) fall under Information Technology

Policy
Standard
Handbook
Retired

Finance Policy Takeaways

2024 Policy Refresh

KEY TAKEAWAYS

1) Delegates $250k CEO signing authority
2) Removes Fossil Fuel Investments
3) Increases capitalization limits to $5K

Other Finance Revisions

- Clarified the F&A Committee doesn't need to be five members
- Clarified the capital projects and debt limit rules will be standards
- Added delegations of purchasing authority and solicitation requirements
- Investment policy migrated several detailed sections to a standard
- Clarified SVCE does not have the power of disconnection for delinquent accounts
- Moved Customer Generations Rates and Chart of Accounts policies to a standard

Finance

2024 Policy Refresh

SUMMARY GRAPHIC – FINANCE

FP01 – Accounting
FP01A01 – Establish Audit Committee
FP01A02 – Establish Finance and Administrative Committee
FP02 - Budget
FP04 - Debt Limitations
FP06 - Purchasing
FP08 - Investment
FP09 - Financial Reserves

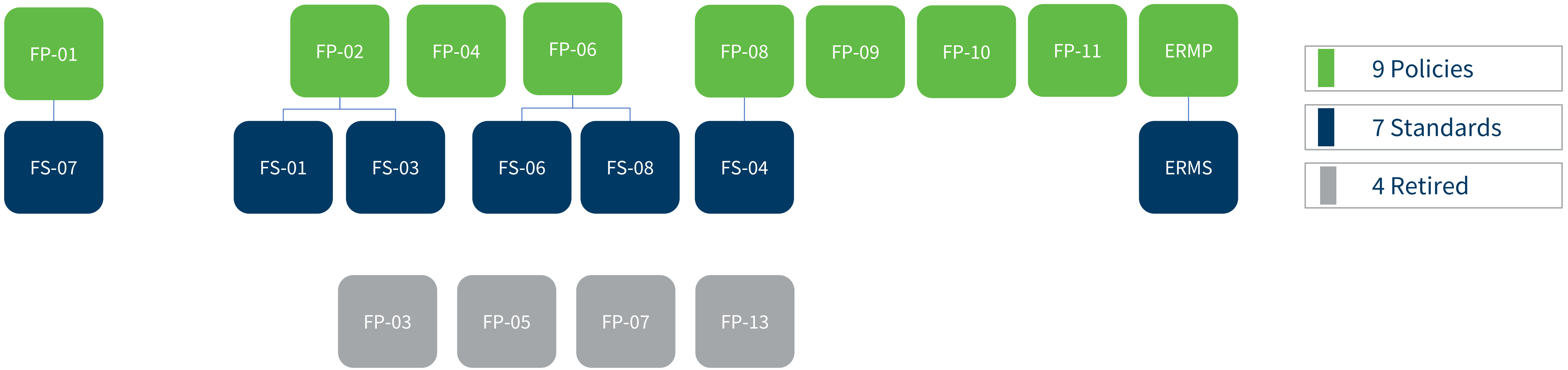
FP10 - Delinquent Accounts & Collections Policy
FP11 - Capitalization Policy
ERMP - Energy Risk Management Policy

FS01 - Capital Projects
FS03 - Customer Generation Rates
FS04 - Investment
FS06 - Purchasing Card Standard
FS07 - Chart of Accounts
FS07A01 - Chart of Accounts

FS-08 - Purchasing and Spending
ERMS - Energy Risk Management Standard

[Retired] FP03 - Capital Projects Policy
[Retired] FP05 - Customer Generations Rates
[Retired] FP07 - Purchasing Card Policy
[Retired] FP13 - Chart of Accounts

[Transferred] FP12 - Files and Records Management Policy to GAP-10 - Files and Records Management Policy



Information Technology Policy Takeaways

2024 Policy Refresh

KEY TAKEAWAYS

1) Replaced previous IT policies with new model policy and standards
2) Transferred language of former policies (15 retired policies) to standards

Other Information Technology Revisions

- Adopted a new model IT policy and associated standards
  - Staff undertook a review to ensure the key provisions in SVCE's former policies were included in the new policy and standards
  - Content moved to standards is either operational-level detail or sensitive from an IT or data security perspective
- Retired IT Satisfaction Policy to allow staff more discretion to determine the means to ensure satisfaction with IT systems
- Migrated policies related to Information Systems Use, Email Use, IT Asset Management, Internet Usage, IT Security Plan, Access Control, Password Protection, Malware Defense, Security Audit, Disaster Recovery, Threat-Risk Assessment, Data Breach, Workstation Security for HIPAA, and the Clean Desk Policy into new IT standards

Information Technology

2024 Policy Refresh

SUMMARY GRAPHIC – INFORMATION TECHNOLOGY

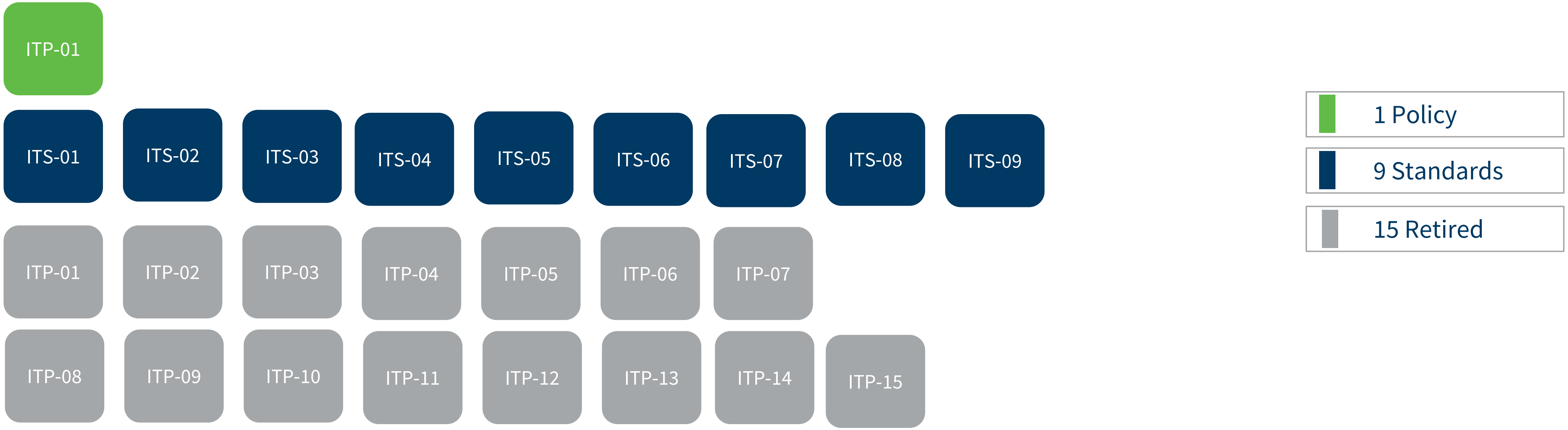
ITP01 – Information Technology

ITS01 - Vehicle and Charger Use
ITS02 - Data Management
ITS03 - Asset Management
ITS04 - Information Security
ITS05 - Identity and Access Management
Network Management
ITS06 - Physical Security
ITS07 - Vulnerability Management

ITS08 - Business continuity Disaster Recovery
ITS09 - Incident Response
ITS09A01 - Incident Response Plan

[Retired] ITP-01 Information Systems Use Policy
[Retired] ITP-02 Email Use Policy
[Retired] ITP-03 IT Asset Management Policy
[Retired] ITP-04 Internet Usage Policy
[Retired] ITP-05 It Security Plan Policy
[Retired] ITP-06 Access Control Policy

[Retired] ITP-07 Password Protection Policy
[Retired] ITP-08 Malware Defense Policy
[Retired] ITP-10 Disaster Recovery Policy
[Retired] ITP-11 Threat-Risk Assessment Policy
[Retired] ITP-12 IT Satisfaction Policy
[Retired] ITP-13 Data Breach Policy
[Retired] ITP-14 Workstation Security for HIPAA Policy
[Retired] ITP-15 Clean Desk Policy



General and Administrative Policy Takeaways

2024 Policy Refresh

KEY TAKEAWAYS

1) Delegates rules for staff travel and reimbursement to CEO
2) Records retention was refreshed to streamline the information

Other General and Administrative Revisions

- Established reimbursement rules for the Board in the Purchasing and Spending Policy
  - Delegated to CEO the ability to develop different standards for staff
- Files and Records Management document categories and retention timelines were consolidated and reformatted for clarity
- Created new standards for Files and Records Management with operational details

General and Administrative

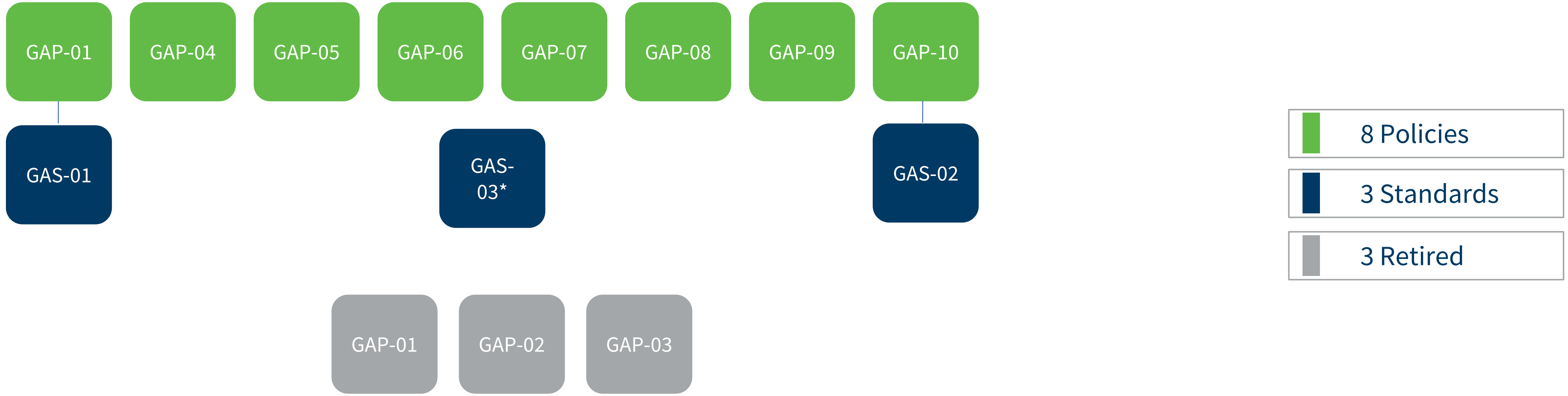
2024 Policy Refresh

SUMMARY GRAPHIC – GENERAL AND ADMINISTRATIVE

GAP01 - Vehicle and Charger Use
GAP04 - California Public Records Act
GAP05 - Code of Ethics
GAP06 - Chair and Vice Chair Vacancy
GAP07 - CEO Absence
GAP08 - Ticket and Pass Distribution
GAP09 - Hybrid Meetings
GAP10 - Files and Records Management

GAS01 - Vehicle and Charger Use
GAS02 - Files and Records Management
GAS02A01 - Files and Records Management - Retention Periods
GAS03 - Travel and Meeting Expense Reimbursements

[Retired] GAP01 - Travel and Meeting Expense Reimbursements
[Retired] GAP02 - Vehicle Use Policy
[Retired] GAP03 - Charging Station Policy



GAS-03 falls under HRP-01 Personnel and Reimbursement

Human Resources Policy Takeaways

2024 Policy Refresh

KEY TAKEAWAYS

1) Consolidated personnel authority in a new policy
2) Transferred language of former policies (8 retired policies) to standards

Other Human Resources Revisions

- Created new policy for Personnel and Reimbursement from existing authority
  - Resolution 2021-22 on personnel authority
  - Budget Policy with overhire authority
  - Travel and Reimbursements policy absorbed
- Refreshed HR Handbook standards to remain consistent with changes in law and SVCE practices
- Moved Smartphone Stipend, Recruitment Incentive, Volunteer Time Off, Unpaid Leave, Paid Time Off Cash Out, Tuition Assistance, Cash in Lieu of Health Benefits, and Fitness Reimbursement Benefit policies to standards

Human Resources

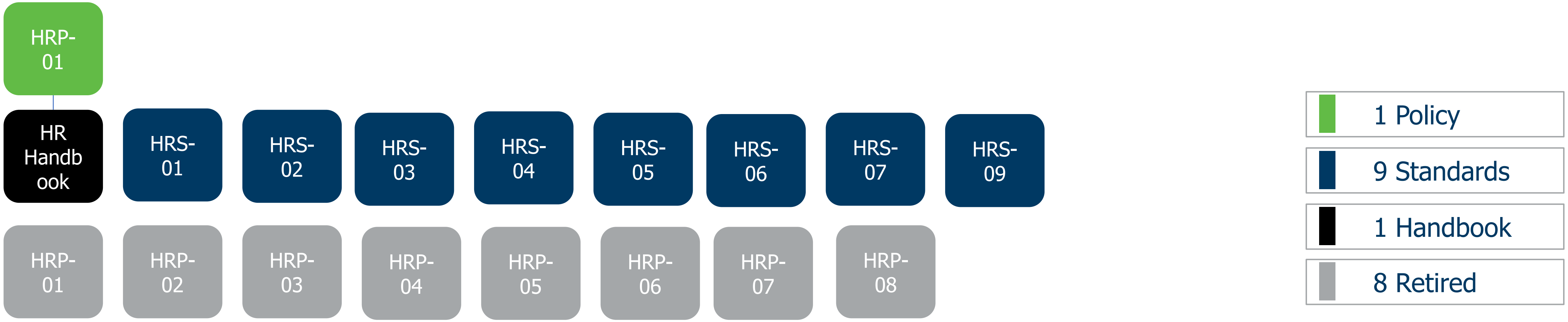
2024 Policy Refresh

SUMMARY GRAPHIC – HUMAN RESOURCES

HRP01 – Personnel and Reimbursement

HR Handbook
HRS01 – Technology Stipend
HRS02 - Recruitment Incentive
HRS03 - Volunteer Time Off
HRS04 – Unpaid Leave
HRS05 – Paid Time Off Cash Out
HRS06 – Tuition Assistance
HRS07 – Cash in Lieu of Health Benefits
HRS08 – Fitness Reimbursement Benefits
HRS09 – Flexible Work

[Retired] HRP-01 Smartphone Stipend Policy
[Retired] HRP-02 Recruitment Incentive
[Retired] HRP-03 Volunteer Time Off
[Retired] HRP-04 Unpaid Leave
[Retired] HRP-05 Paid Time Off Cash Out
[Retired] HRP-06 Tuition Assistance
[Retired] HRP-07 Cash in Lieu of Health Benefits
[Retired] HRP-08 Fitness Reimbursement Benefits



Next Steps

- (Previous Step) Nov 22 – Executive Committee
  - General and Administration Policies
  - Human Resources Policies
- Dec 11 – Board Meeting
  - All policies
- ~Dec 12 – Staff adopts standards
- Q1 2025 – Roll out policy changes to staff & train incoming Board members
- Continuous improvement with regular reviews and trainings

Thank you! Questions?

Appendix A: ExCom Policies

Recommendation for ExCom

Adopt staff's proposed revisions to policies including the following:

Policies for Adoption	Policies for Retirement
• G&A Vehicle and Charger Use Policy • G&A California Public Records Act Policy • G&A CEO Absence Policy • G&A Hybrid Meetings Policy	• G&A Vehicle Use Policy • G&A Charging Station Policy

Appendix B: Controls

Finance Controls

2024 Policy Refresh

Name	Controls
FP01 - Accounting Policy Purpose: Methods and standards for accounting Cadence: Review every five (5) years	1) CPAs perform an annual financial audit and an official annual financial report shall be issued no later than six months following the fiscal year end. 2) Audit and Finance and Administrative Committees are formed for financial oversight. 3) The Board of Directors has final approval of the audit.
FP02 - Budget Policy Purpose: Adoption and reporting requirements Cadence: Review every five (5) years	1) The Board of Directors approves and adopts the budget. In the event the Board does not adopt the budget by the end of the fiscal year, the Board may adopt a continuing appropriations resolution until such time as the budget is adopted. 2) Customer generation rates are set through the Board-approved budget for the corresponding fiscal year or as designated by the Board after establishing the budget.
FP04 - Debt Limitations Policy Purpose: Maximum thresholds for debt Cadence: Review every five (5) years	1) Capital projects funded through the issuance of bonds or other forms of debt instruments shall be financed for a period not to exceed the expected useful life of the project and in no event shall it exceed 30 years. 2) All professional service providers (underwriters, financial advisors, bond insurers, etc.) shall be competitively bid and will require a request for proposal process unless waived by the Board of Directors. 3) Total annual debt service expense shall not exceed ten percent of operating revenue.

Finance Controls

2024 Policy Refresh

Name	Controls
FP06 - Purchasing and Spending Policy Purpose: Delegation and parameters for spend Cadence: Review every five (5) years	1) Delegated CEO authority must be documented. 2) Limits CEO contracting authority to $250,000/fiscal year. 3) Maximum emergency authority requires 2 ExCom Members. 4) CFO must approve all ACH and wire transfers. 5) Established solicitation options and requirements for different sizes of vendor agreements.
FP08 - Investment Policy Purpose: Requirements for investments Cadence: Review every five (5) years	1) No more than 5% of SVCE's total investment portfolio will be invested in a single security type with a single financial institution. 2) Various limitations on the types of investments possible to manage risk.
FP09 - Reserves Policy Purpose: Establishes reserve targets Cadence: Review every one (1) year	1) Annual Board review of reserve levels. 2) Periodic review of reserve goals (minimum operating reserve, operating reserve, and maximum operating reserve targets).

Finance Controls

2024 Policy Refresh

Name	Controls
FP10 - Delinquent Accounts & Collections Policy Purpose: Process for past-due customer bills Cadence: Review every five (5) years	1) Three notices are sent to customers that meet delinquent customer criteria. 2) Closed accounts may be written-off with approval by the CFO.
FP11 - Capitalization Policy Purpose: Capitalization thresholds & guidance Cadence: Review every five (5) years	1) All assets with value above $5,000 must be capitalized. 2) There is a lifespan table guide for financial reporting and depreciation: 3 years for computer software, hardware, and office machinery; 5 years for automobiles; 7 years for office furniture and fixtures.
FS01 - Capital Projects Purpose: Process for capital projects Cadence: Review every one (1) year	1) Board reviews Capital Projects Report twice a year.

Finance Controls

2024 Policy Refresh

Name	Controls
FS03 - Customer Generation Rates Purpose: Requirements for ratesetting Cadence: Review every five (5) years	1) A rate adequacy review shall be completed every five years at a minimum through a cost-of-service study.
FS04 – Investment Purpose: Requirements for investments Cadence: Review every five (5) years	1) Director of Administration and Finance shall be responsible for preparing a monthly report of transactions for the Board of Directors.
FS06 - Purchasing Card Standard Purpose: Authorizing SVCE credit cards Cadence: Review every five (5) years	1) Each P-card shall not exceed $20,000 monthly, subject to the CEO's discretion. 2) CEO, CFO or Director of Finance and Administration must approve P-card issuance. 3) All P-cards and their limits must be approved on the P-Card Per Cardholder Limit form prior to being issued. 4) Delegated use of P-Cards must be requested in writing via the P-Card Delegation Form. 5) Outlines allowable and unauthorized P-Card use in the policy. 6) Any missing documentation requires written explanation and signed affidavit on the Missing Supporting Documentation Affidavit.

Finance Controls

2024 Policy Refresh

Name	Controls
FS07 - Chart of Accounts Purpose: Descriptions for ledger accounts Cadence: Review every five (5) years	1) Specifying accounts in advance enables funds to be accounted for properly. 2) Design of accounts and arrangement is based on the sequence they appear in the financial statements.
FS07A01 - Chart of Accounts Purpose: List of ledger accounts Cadence: Review every five (5) years	1) Qualitative description is transferred to an easier quantitative format to improve visibility and act as a quick reference.
FS08 - Purchasing and Spending Purpose: Delegation and parameters for spend Cadence: Review every five (5) years	1) Sets requirements to seek multiple bids to ensure low cost for SVCE. 2) Directs award to be made to vendor in the agency's best interest. 3) Larger projects (+$50k) must be awarded following an RFP/RFQ process. 4) Sole source purchasing must be justified without relying on personal preference, cost, vendor performance, local service, features that exceed minimum requirements, explanations of the need for the equipment or service unless it is a unique case. 5) Cooperative purchasing must satisfy SVCE bidding requirements. 6) Disposal of property will be reported to the Board and may only be disposed of by specified methods.

Information Technology Controls

2024 Policy Refresh

Name	Controls
ITP-01 [Information Technology] Purpose: Unified IT policy directing standards Cadence: Review every one (1) year	1) All staff and designated parties that have access to SVCE IT are personally responsible for exercising the proper control over information according to operational standards and are informed of security measures through ongoing required training. 2) IT resources are tracked and monitored through established tools. 3) All operational standards will be reviewed on an annual basis.
ITS-01 [Data Management] Purpose: Data classifications and protections Cadence: Review every one (1) year	1) Defines classification of data types: public, restricted, and confidential where access is restricted to users on a "need-to-know" basis determined by business requirements. The data owner is responsible for identifying additional requirements for specific data or exceptions to data handling. 2) Data transfer to people or outside entities shall be done with a non-disclosure agreement or a data-sharing vendor agreement with approval from their manager, the IT department, and the General Counsel. 3) Includes specific limitations from rules related to data privacy.
ITS-02 [Asset Management] Purpose: Protect & manage IT assets Cadence: Review every one (1) year	1) Hardware, software, and application inventories must be maintained and reviewed no less than annually. 2) SVCE assets must be maintained and repaired based on the manufacturer's recommended guidelines. 3) Employees are responsible for ensuring agency equipment is secured and properly attended to. 4) Assets must be returned to SVCE upon termination of employment or end of the asset's useful life.

Information Technology Controls

2024 Policy Refresh

Name	Controls
ITS-03 [Information Security] Purpose: Protect data systems Cadence: Review every one (1) year	1) All hardware must be formally approved by IT Management before being connected to SVCE networks. 2) Software must be approved and installed by SVCE IT and be properly licensed. 3) All mobile devices connecting to SVCE's resources must be setup to use strong encryption and are required to use the approved tools and solutions, defined by SVCE IT. 4) All personnel must review and acknowledge the IT standards and complete assigned security awareness trainings by assigned due dates.
ITS-04 [Identity and Access Management] Purpose: Managing users and access to data Cadence: Review every one (1) year	1) Accounts created must have an associated, and documented, request and approval. 2) Accounts and access rights for all Silicon Valley Clean Energy information resources must be reviewed and reconciled at least annually, and actions must be documented. 3) The level of access required to perform authorized tasks may be approved. 4) Remote access connections to SVCE networks will be made through the approved remote access methods employing data encryption and multi-factor authentication.
ITS-05 [Network Management] Purpose: Best practices for networks Cadence: Review every one (1) year	1) Connections to the SVCE internal network must be authorized by IT. 2) Wireless access points or devices that provide access to SVCE's wireless network must be approved by IT management. 3) SVCE IT must approve connections of the network infrastructure to external third-party networks. 4) Network equipment and distribution racks must be located in a secure room only accessible by the SVCE IT team.

Information Technology Controls

2024 Policy Refresh

Name	Controls
ITS-06 [Physical Security] Purpose: Practices to physically guard data Cadence: Review every one (1) year	1) Secure areas shall be protected by appropriate entry controls to ensure that only authorized personnel are allowed access. 2) Physical security for offices, rooms and facilities shall be designed and applied to protect from theft, misuse, environmental threats, unauthorized access, and other threats to the confidentiality, integrity, and availability of classified data and systems. 3) Secure areas shall be monitored through the use of intrusion detection systems, alarms, and/or video surveillance systems where feasible. 4) Supporting infrastructure shall be regularly serviced and maintained in accordance with the manufacturer's recommendations. 5) Third parties shall sign in and out of a visitor log and shall be escorted or monitored by SVCE personnel.
ITS-07 [Vulnerability Management] Purpose: Methods to identify vulnerabilities Cadence: Review every one (1) year	1) SVCE-owned and/or managed Information Resources must use the Silicon Valley Clean Energy IT management-approved endpoint protection software and configuration. 2) Logs to record actions must be stored in a central log management solution and maintained for at least one year. A review of log files must be conducted regularly. 3) All files must be scanned for malware before use. 4) All Information Resources must be scanned regularly to identify missing updates. 5) Failed vulnerability scan results will be remediated based on a timeline: critical vulnerabilities remediated within 15 calendar days, high vulnerabilities remediated within 30 days, medium vulnerabilities remediated within 60 days, and low vulnerabilities remediated within 90 days of initial detection.

Information Technology Controls

2024 Policy Refresh

Name	Controls
ITS-08 [Business Continuity Disaster Recovery] Purpose: Plans for disruptive disasters Cadence: Review every one (1) year	1) In the event of the loss or unavailability of the SVCE office, a natural disaster, or a scenario involving major disruption, the BC/DR plan shall be automatically activated. 2) The IT team will review the BC/DR standard on an annual basis. 3) Communications shall take place over IT-approved chats, email, phone, and online meeting tools.
ITS-09 [Incident Response] Purpose: Practices for data breach response Cadence: Review every one (1) year	1) In the event of an information security incident, the Incident Management Plan will provide direction to address the incident with clear steps to prepare, identify, handle, and/or recover SVCE Information Resources. 2) The plan includes a description of roles and responsibilities, the establishment of an Incident Response Commander, and key contacts.
ITS-09A01 [Incident Response Plan] Purpose: Plan for data breach response Cadence: Review every one (1) year	1) Establishes a Cyber Security Incident Handling Team (IHT) consisting of legal experts, risk managers, and other department managers. The CFO, an IHT member, seeks approval from Executive Management (i.e., the CEO, also an IHT member) to administer the Incident Response Program. 2) Establishes a Cyber Security Incident Response Team (CSIRT) comprised of IT management and experienced personnel to move the incident to containment, investigation, and recovery. 3) Outlines detailed Incident Response Framework consisting of six phases - preparation, identification and assessment, containment and intelligence, eradication, recovery, and lessons learned with a summary of checklist items in Appendix III.