Budget Update

Amrit Singh
Board of Directors
December 11, 2024

SILICON VALLEY
CLEAN ENERGY

Purpose

Authorize the implementation of SVCE generation rate changes and adopt the updated fiscal year 2024-2025 operating 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)

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

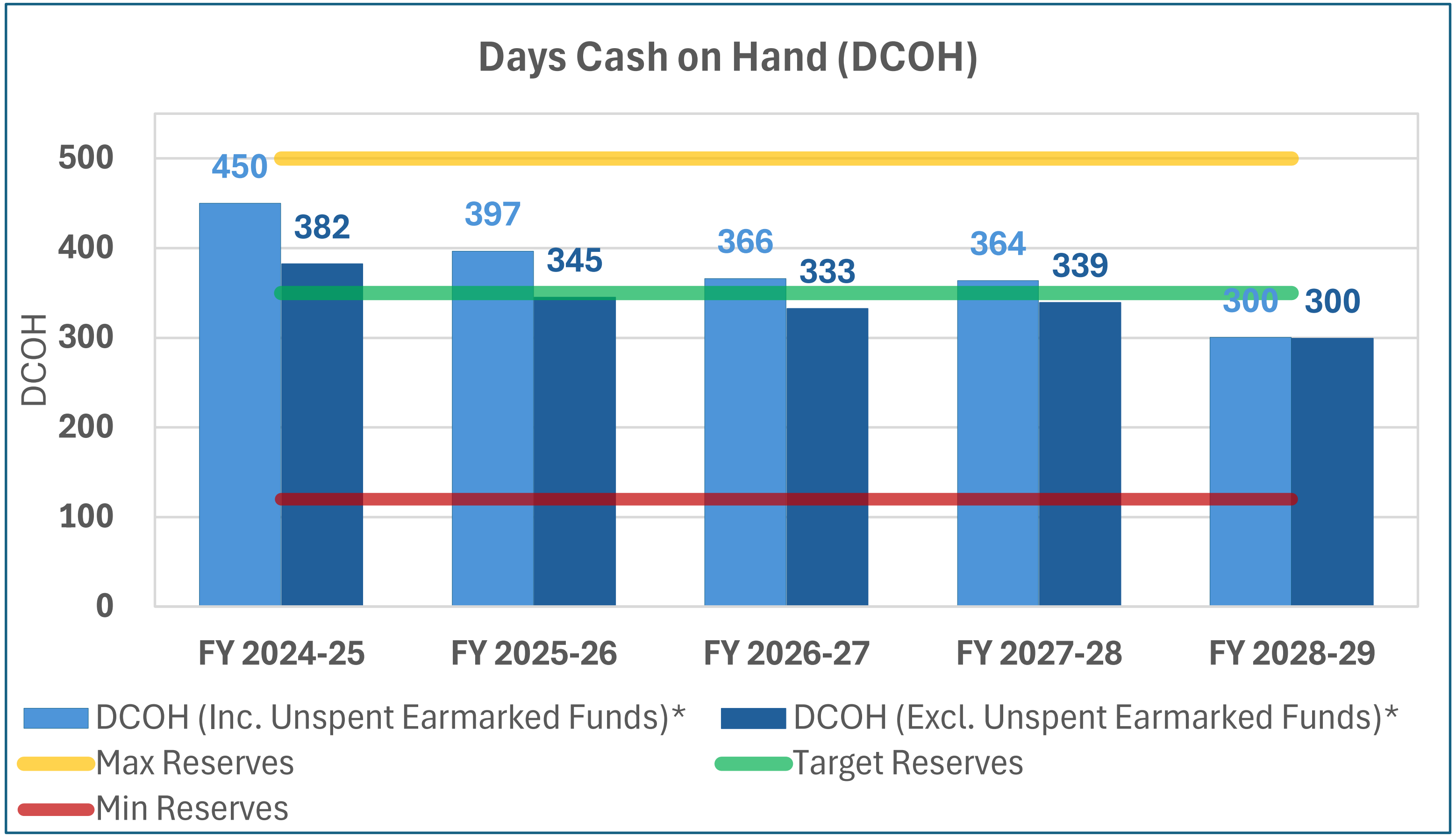
SILICON VALLEY CLEAN ENERGY
FY 2024-25 OPERATING BUDGET
($ in thousands)

DESCRIPTION	FY 2024-25 ADOPTED BUDGET	FY 2024-25 UPDATED 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%
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%

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

- 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 the 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
  - The CPUC's proposed decision issued on November 25, 2024, states that PG&E's arguments are out of scope but could be considered in another proceeding (possibly reopening of the PCIA proceeding)
  - Still some uncertainty on how the CPUC will rule
- Final rates are expected to be published at the end of December, after PG&E further updates ERRA account balances, incorporates CPUC decision likely on Dec. 15, and files its Annual Electric True-up advice letter.

Board Approval

Adopt Resolution 2024-16

1) Authorizing the CEO to implement SVCE generation rate changes to establish a 4 % discount to PG&E's applicable generation rates when PG&E's updated rates are implemented, expected to be January 1, 2025, or after allocation of the sufficient time window for implementing new generation rates in SVCE's billing system, expected to be within three weeks of PG&E's release of the new 2025 rates

2) Updating the fiscal year 2024-2025 operating budget that projects depositing $96.75 million into the reserves, considering updated revenues, power supply expenses, and investment-earning forecasts; and the following additional allocations:

    a) $0.96 million towards bill credits for CARE/FERA customers

    b) $1.7 million to the Programs Fund

Thank you! / Questions?

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

	Residential		Res CARE*		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 are at current levels (as of October 2024) because 2025 rates are not yet available.**

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

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

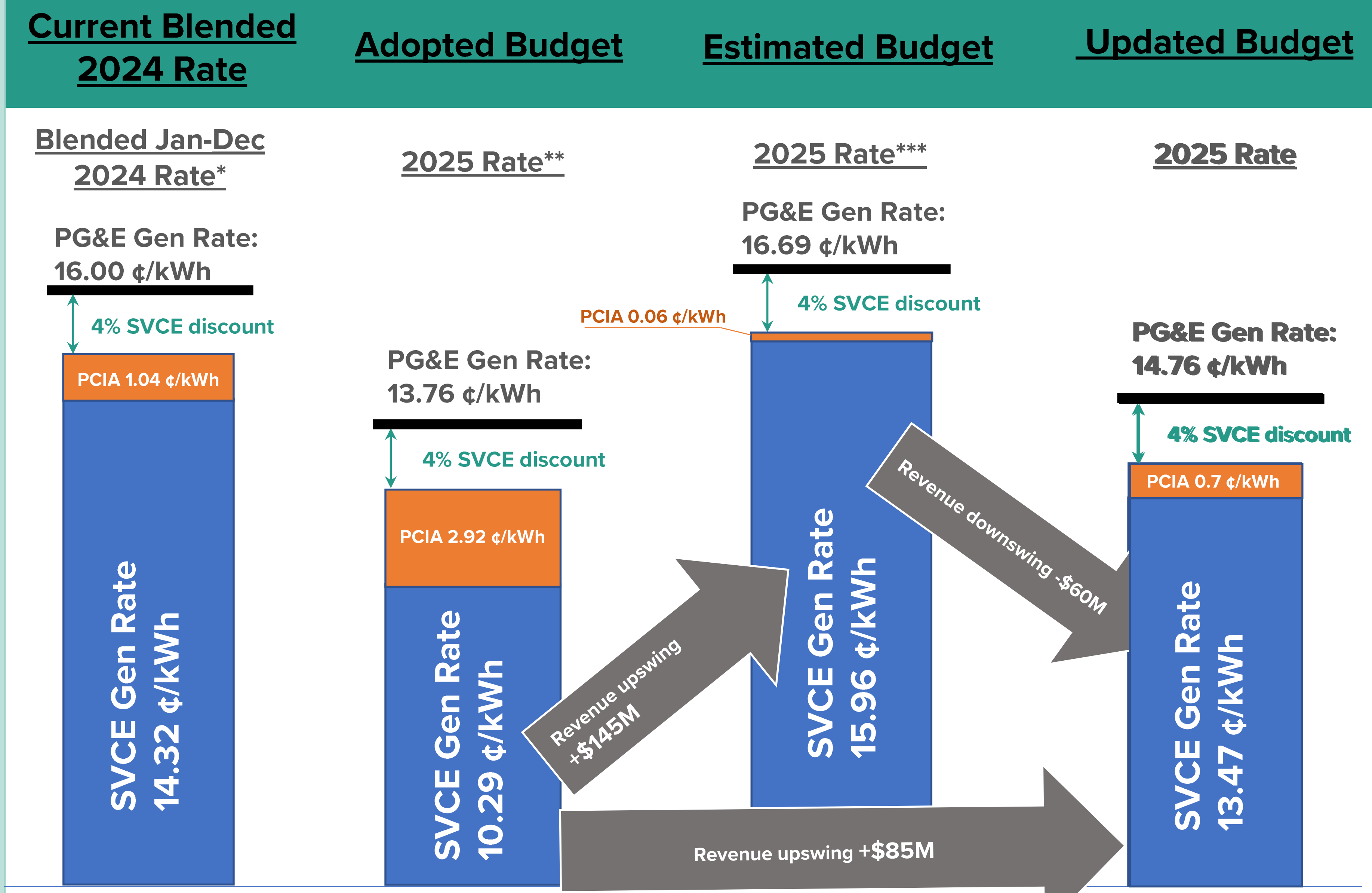
Typical Customer Bill Savings

(Current Rates)

	Residential		Res CARE*		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 September 27, 2024.

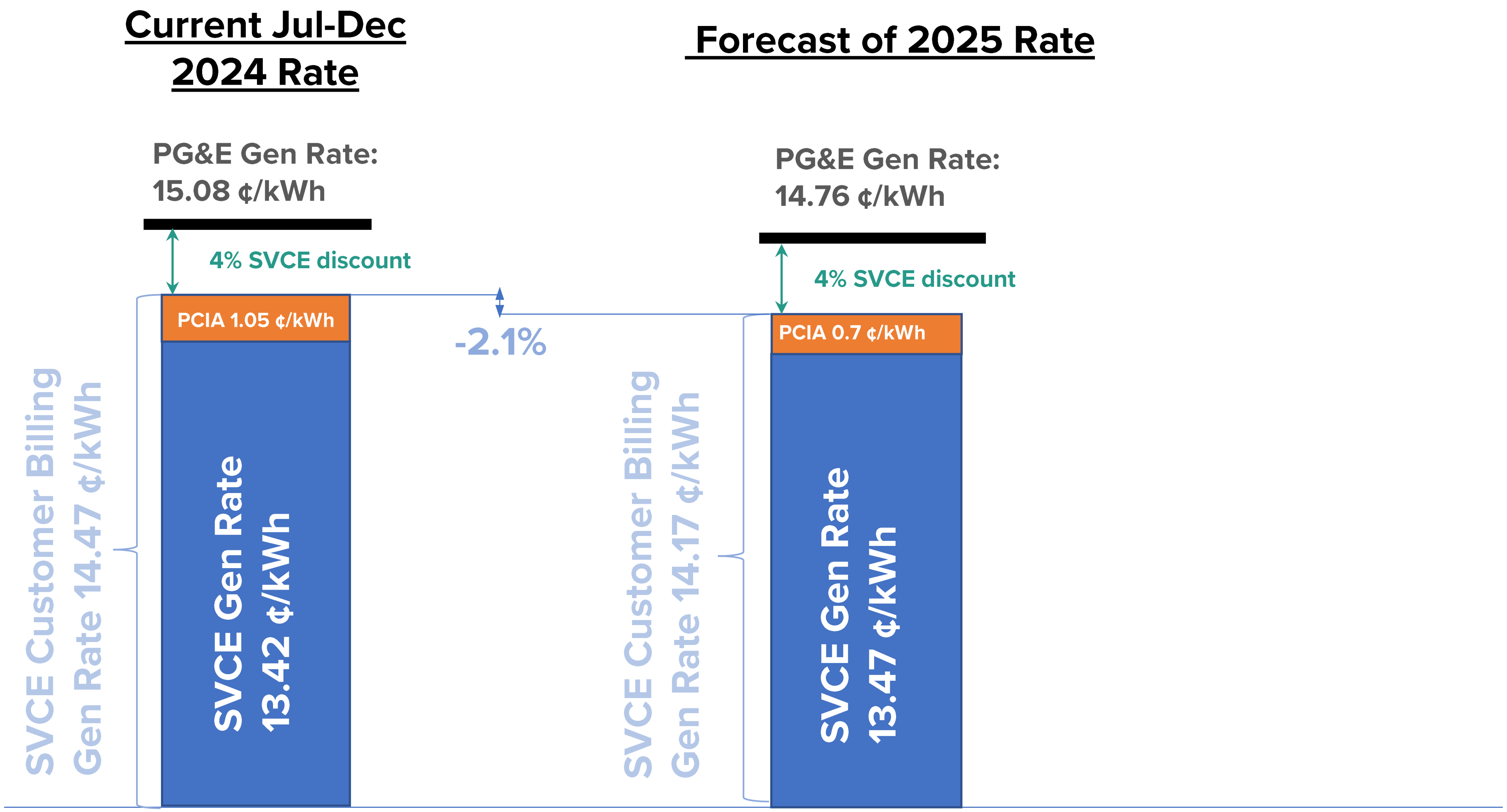
- Market Price Benchmarks (MPB) reflect higher RPS and RA prices
  - RPS prices for 2024/2025 have increased 72%/125%.
  - RA prices for 2024/2025 have increased 55%/179%.
  - Energy prices for 2024/2025 have decreased -13%/-16%.
- Updated budget rate forecast, incorporating latest MPB prices, shows 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 be close to current levels.

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



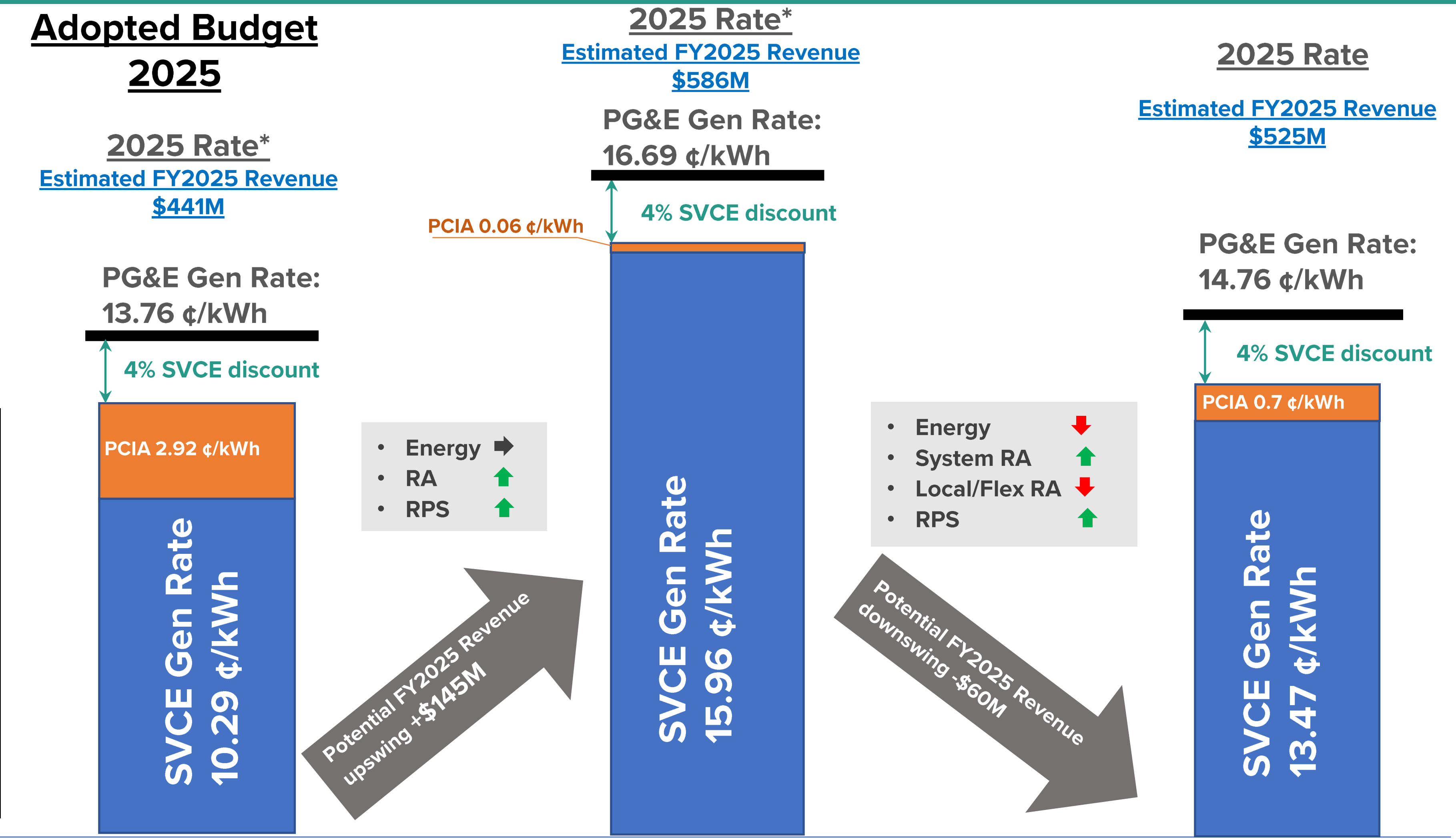
Above margin analyses ignore minor franchise fees (0.09 ¢/kWh)

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)
** 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 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%

Silicon Valley Clean Energy Community Fund

Board Meeting

December 11, 2024

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Discussion Item

Proposal to establish the Silicon Valley Clean Energy Community Fund

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.

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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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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 Fund.
3. At mid-year Budget, March 2025, staff will confirm estimates and make a recommendation to fund the Fund.

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

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.

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

1. **Discount Stabilization & Bill Affordability** – The discount should be secure and the most vulnerable should be protected.

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 and to provide extra affordability protections	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 Provides funding to invest in additional affordability measures, such as emergency bill support	Up to $75M Stabilizes discount three years Each 1% discount costs ~$5M/year

Scalable Support for Pollution-Free Appliances

Recommendation	Customer Benefit	Cost to SVCE
Build a fund to provide scalable rebates and financing for HPWHs installed after regulation.	Rebates and/or financing to lower upfront cost. 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 the benefit of all SVCE customers: • 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 and Bill Affordability	**$75M** Estimate needed to secure three years of a 5% discount or other bill relief	- 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 and Bill Affordability	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
Discount Stabilization and Bill Affordability	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 and Bill Affordability	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 and Bill Affordability	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 Process and Guidelines

1. Board adopts a resolution to establish the Silicon Valley Clean Energy Community Fund (the Fund), with threshold to determine funding level available, set funding priorities, targets, and allocations.

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

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

4. Each of the Fund's priorities is capped based on recommended maximums. Total 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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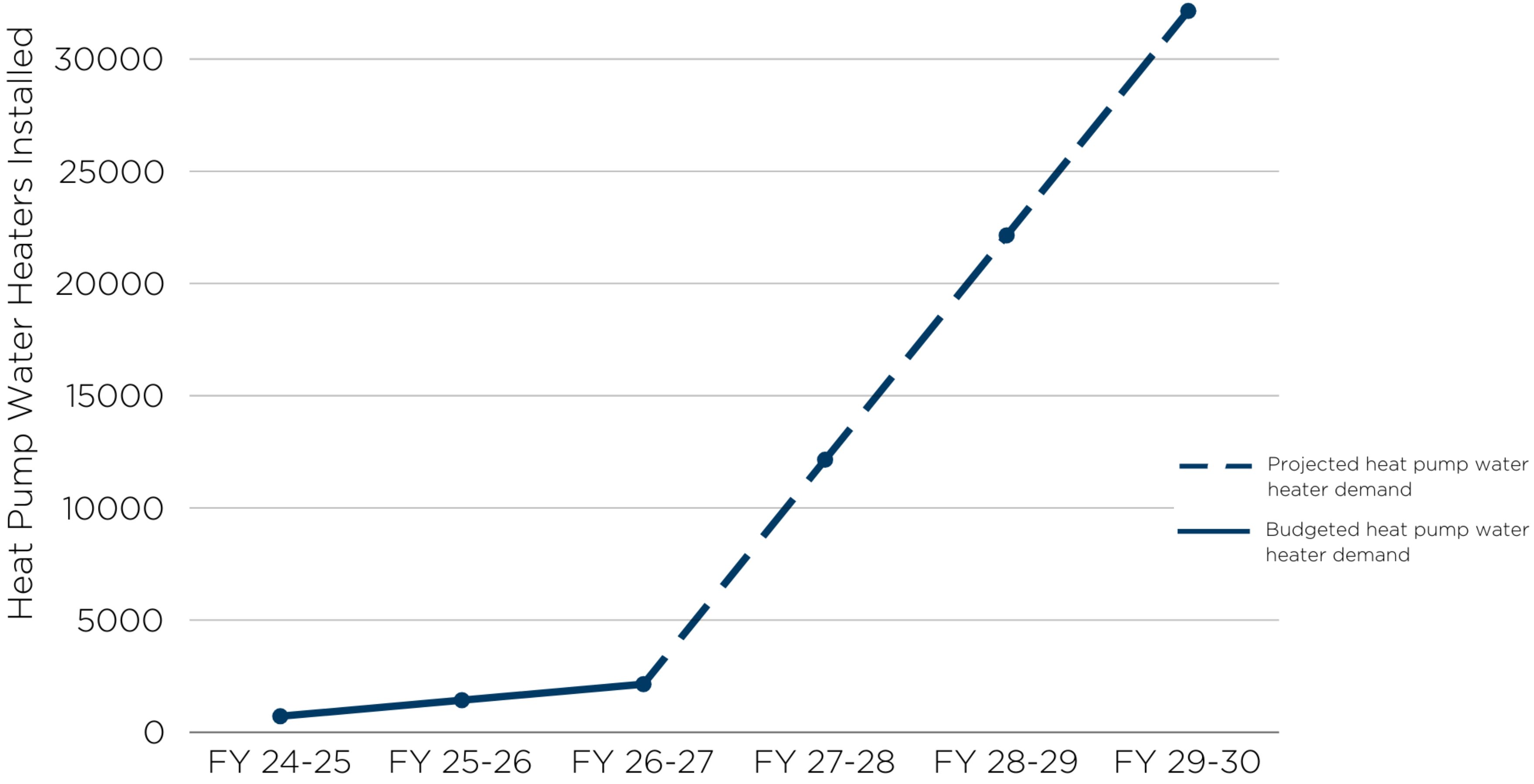
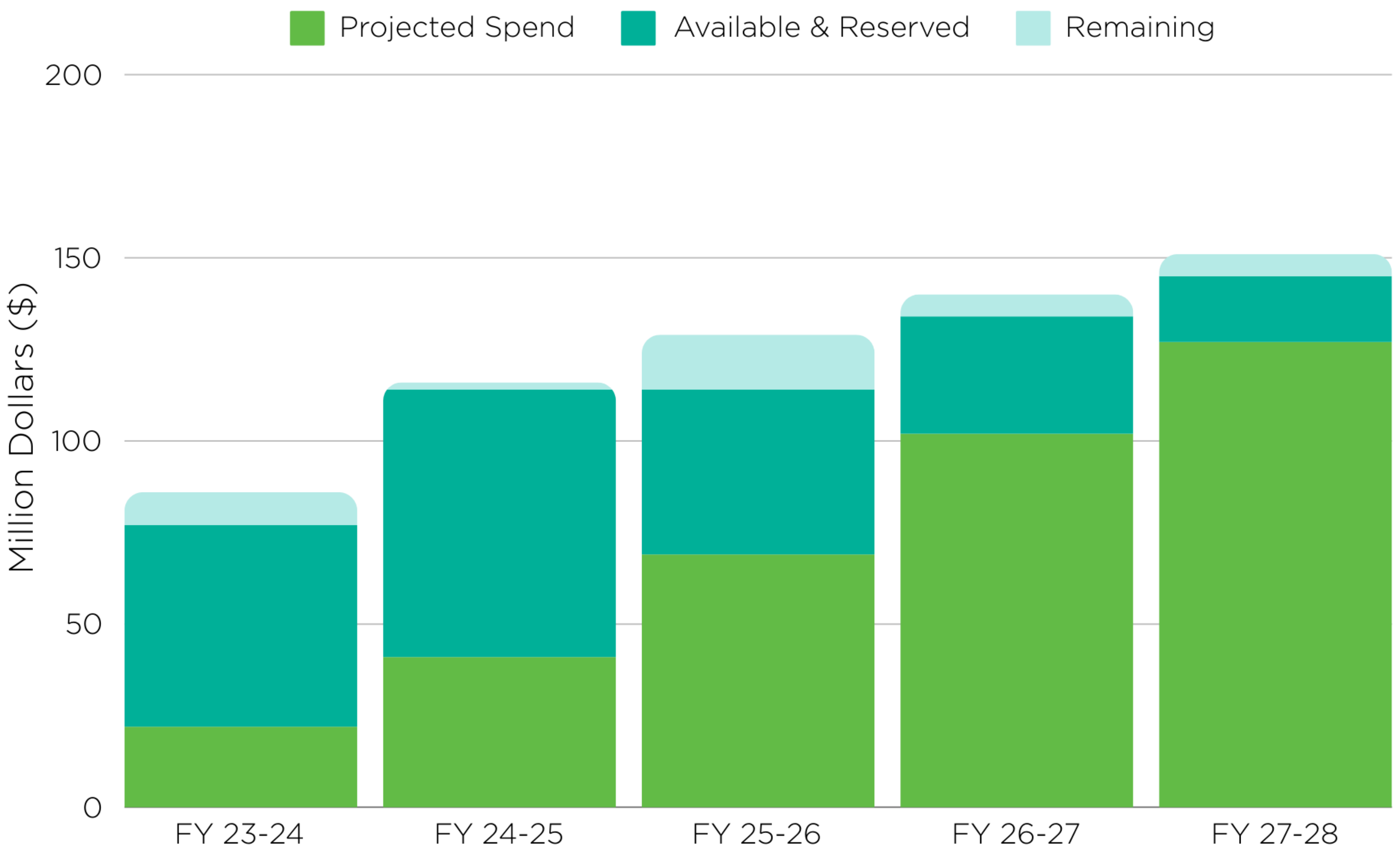
Heat pump water heater demand will exceed current budget

- 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

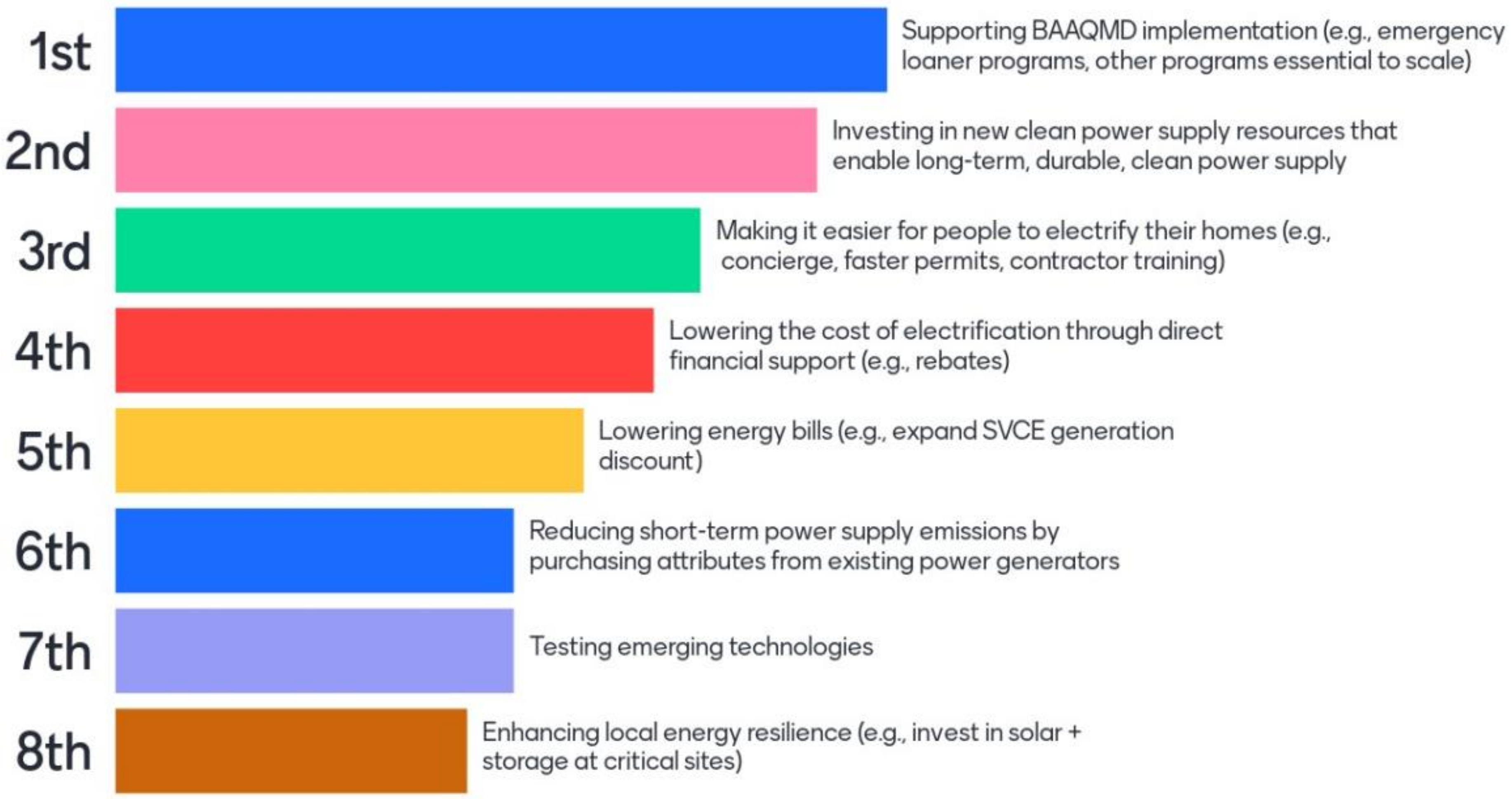
Appliance Support Needed - Example

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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2024 Legislative Report and 2025 Policy Platform and Legislative Ad Hoc Committee

Bena Chang, Director of Government and Legislative Affairs
December 11, 2024

SILICON VALLEY CLEAN ENERGY

Objectives

1. Summarize 2024 legislative year and forecast 2025 legislative activities.
2. Requesting SVCE Board approval of:
   - SVCE’s 2025 Legislative Policy Platform; and
   - Creation of the 2025 Legislative Ad Hoc Committee.

Recap of 2024 Legislative Year + 2025 Forecast

2024 Review

- State – affordability, programs reporting, investments through Proposition 4
- Federal – education on CCA model

2025 Forecast

- Regionalization
- Affordability
- Defense of federal funding, permitting streamlining

2025 Legislative Policy Platform

No proposed changes to main guiding principles

- Affordability and Rates
- Climate Change Mitigation/Fuel Switching
- Clean, Reliable Grid
- Competitive Equity/Do No Harm
- Health Impact/Safety
- Equity

2025 Legislative Policy Platform - Updates

Includes feedback from Ad Hoc Committee

- Refined affordability policies
- Support optimizing utility allowances for affordable housing, streamlining process/timelines for energization, and increased access to submeter data
- Support fair valuation of Distributed Energy Resources, policies to encourage demand flexibility

2025 Legislative Policy Platform - Updates

Includes feedback from Ad Hoc Committee

- Advocate for CCA program autonomy, streamlined reporting standards
- Inclusion of community and health benefits in cost-effectiveness tests
- Removed Climate Bond and Provider of Last Resort fees

Board's Engagement on Legislation

Regular communication and action requests on high-priority issues

- Communications
  - Monthly written update in CEO Report
  - Ad hoc verbal updates to Board on high priority legislation
  - Legislative Ad Hoc Committee

- Board Role
  - Advocacy support on priority legislation

Legislative Ad Hoc Committee

Request Board approval to establish Legislative Ad Hoc Committee.

Purpose:

- Facilitate engagement between SVCE Board and staff on legislative issues

Recommendations

1. Approve SVCE's 2025 Legislative Policy Platform; and
2. Create the 2025 Legislative Ad Hoc Committee

Policy Streamlining Project

Michael Callahan
Demarie Weber
December 11, 2024

SILICON VALLEY CLEAN ENERGY

Recommendation for Board

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 Board

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

Policies for Adoption	Policies for Retirement
• G&A Files and Records Management Policy • G&A Vehicle and Charger Use Policy • G&A California Public Records Act Policy • G&A CEO Absence Policy • G&A Hybrid Meetings Policy • HR Personnel and Reimbursement Policy	• G&A Travel and Meeting Expense Reimbursements Policy • G&A Vehicle Use Policy • G&A Charging Station 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

<u>Recommended Changes</u>
- General and Administrative

November 25, 2024: Finance and Administration Committee

<u>Recommended Changes</u>
- General and Administrative
- Finance
- Information Technology
- Human Resources

December 11, 2024: Board Meeting

<u>Adopt Changes</u>
- 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

Policies, Standards, and Procedures

New structure proposed for rules guiding the agency's work

- Policies - Board approved
  - High-level
  - Enable conduct with specified limitations
- Standards - CEO approved
  - Operational-level details
  - Establish additional details and controls to guide policy implementation
- Procedures - CEO approved
  - Step-by-step process
  - Provides clear direction for staff to perform certain functions consistently within the bounds of policies and standards

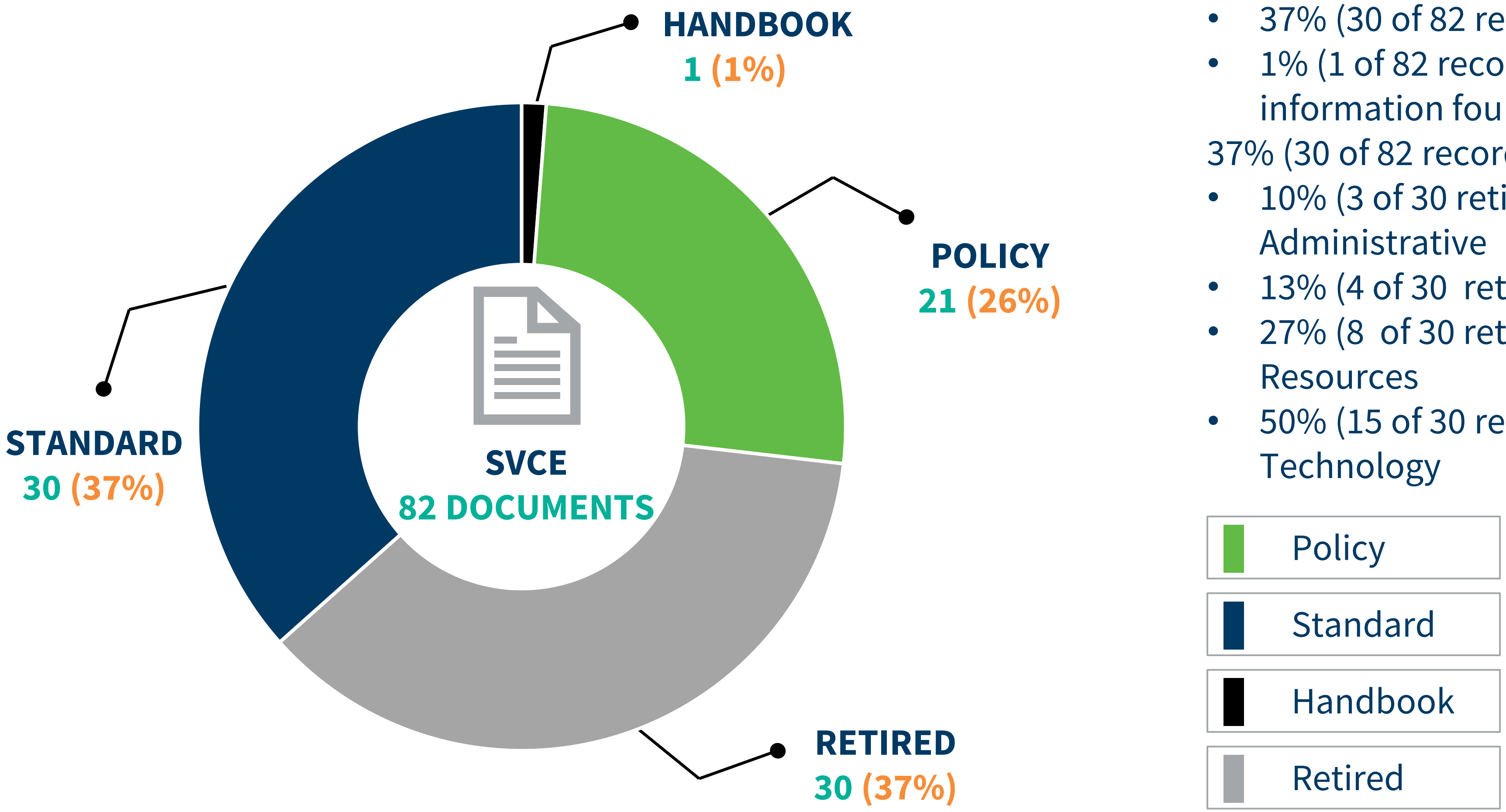
Controls Considered

- Designed to prevent malicious activity related to fulfilling policies
- Examples of controls:
  - Required reporting to the Board Committee with jurisdiction over the policy (Executive or Finance and Administration)
  - Delegated CEO purchasing authority must be documented
  - CFO must approve all wire and ACH transfers
- Additional controls in standards and procedures

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

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 and Spending
FP08 - Investment
FP09 - Financial Reserves

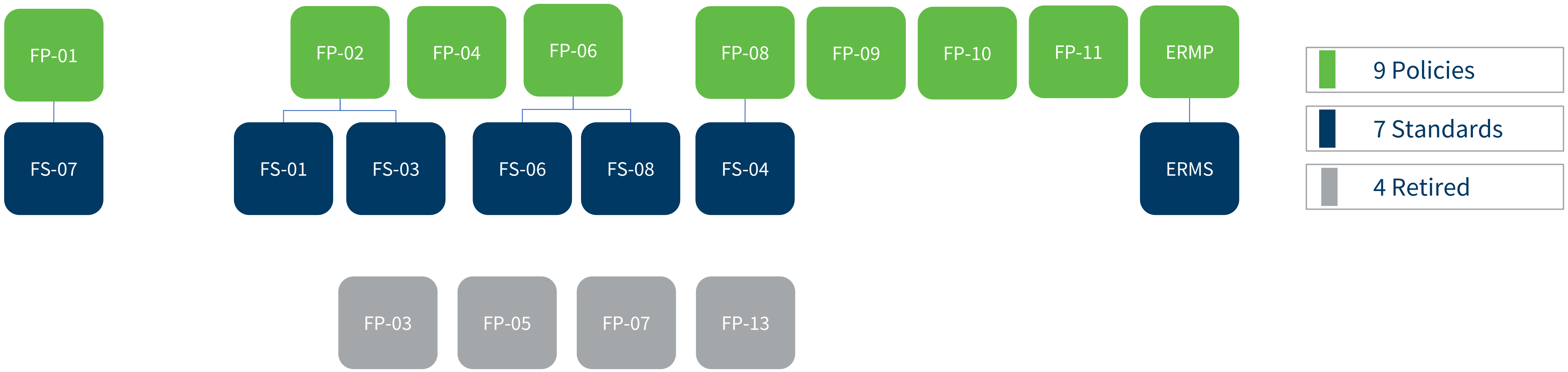
FP10 - Delinquent Accounts & Collections Policy
FP11 - Capitalization Policy
ERMP - Energy Risk Management Policy

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

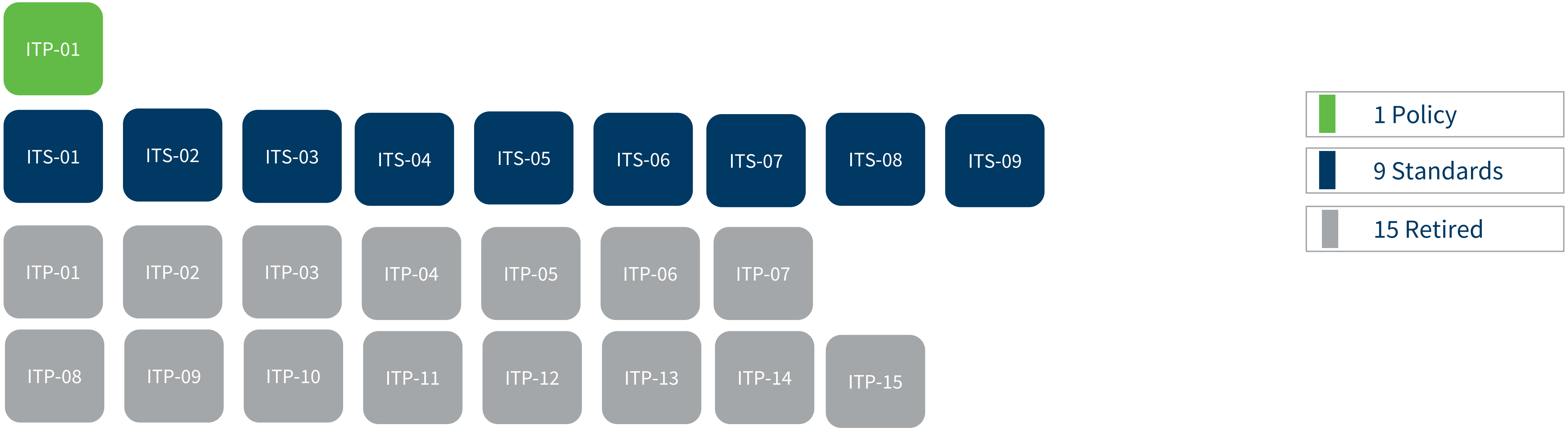
ITP01 – Information Technology

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-09 Security Audit 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
- 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
- Vehicle and Charger Use policies consolidated into a single new policy with a new standard
- CEO Absence and Hybrid Meetings policies were refreshed with administrative clean up
- California Public Records Act was refreshed to include exceptions

General and Administrative

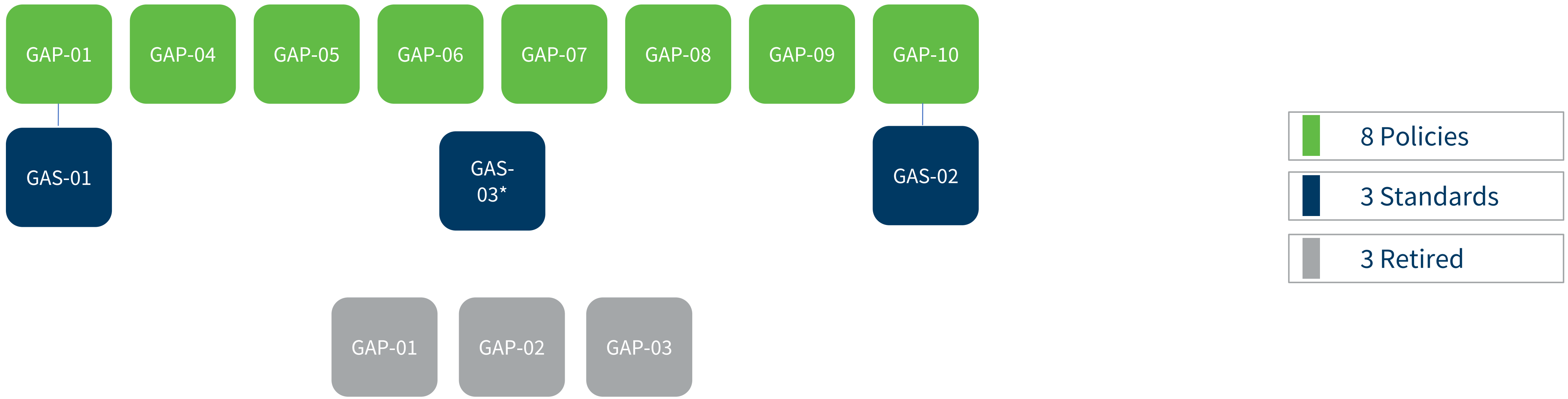
2024 Policy Refresh

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

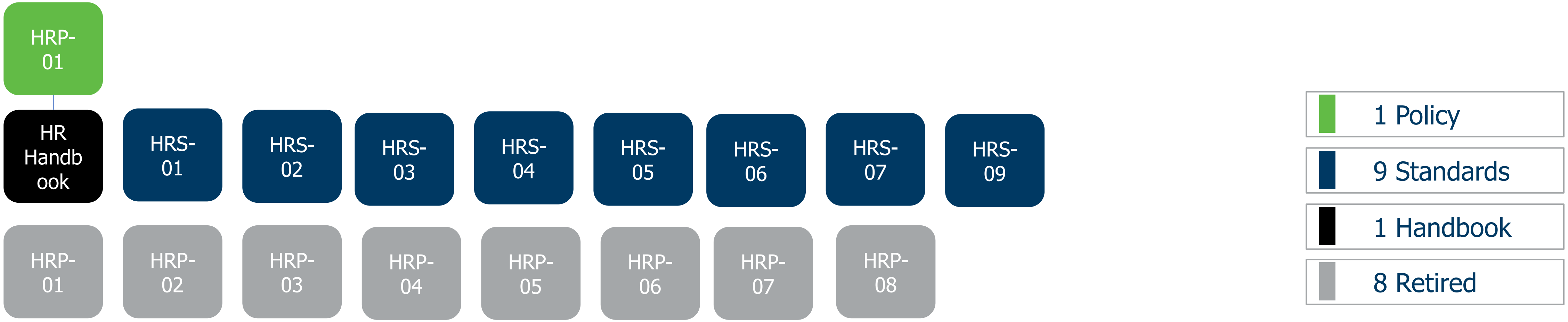
2024 Policy Refresh

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



Process

- (Previous Steps)
  - Nov 22 – Executive Committee recommendation
  - Nov 25 – Finance and Administration Committee recommendation
- Dec 11 – Board Meeting
  - All policies
- Dec 12 to 20 – 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?

2025 SVCE Elections Information

Board of Directors Meeting
December 11, 2024

SILICON VALLEY CLEAN ENERGY

Purpose

Review the selection process and timeline for 2025 SVCE appointments of Board Chair, Vice Chair, and committees.

Selection Process

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

Executive Committee Appointments

December 13th:

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

Deadline: December 31st: Notification to Board Clerk for Board Chair, Vice Chair, or Executive Committee due

Selections made at annual meeting on January 8, 2025 by vote

Selection Process (Cont.)

February

All other Committee Appointments (Audit, Finance and Administration, any Ad Hoc Committees)

January 10th:
Request for members to notify Board Clerk of interest in serving on remaining Committees

Deadline: January 31st: Notification to Board Clerk for committee interests due

Selections made at February 12, 2025 Board of Directors Meeting by vote.

Timeline Snapshot

Dec

11th: SVCE **BOD meeting** Info item
13th: Requests for Board Chair/Vice Chair letters and Executive Committee interest emailed
31st: Board Chair/Vice Chair Interest Letters & Executive Committee notification of interest due

Jan

10th: Selections made at **BOD meeting**
11th: Written information for committee interests distributed
31st: Interest responses for committees due

Feb

12th : Remaining committee assignments made at **BOD meeting**

Thank you

Appendix

SVCE Committees Outline

Executive Committee (Appointments in January)

- Provides input and support on operational matters
- Membership: Up to six primary board members; typically includes Chair and Vice Chair of the Board

Finance and Administration Committee (Appointments in February)

- Works with SVCE staff on items related to financial and administrative issues that impact the agency
- Membership: No fewer than three members, no greater than six members

SVCE Committees Outline

Audit Committee (Appointments in February)

- 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

***Pending approval: 2025 Legislative Ad Hoc Committee (Appointments in February)**

- General advocacy strategy development for state and federal activities; limited to policy areas identified by the board for 2025.