



George Tyson, Chair
Town of Los Altos Hills

Larry Klein, Vice Chair
City of Sunnyvale

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City of Milpitas

Bryan Mekechuk
City of Monte Sereno

Yvonne Martinez Beltran
City of Morgan Hill

Pat Showalter
City of Mountain View

Tina Walia
City of Saratoga

Otto Lee
County of Santa Clara

**Silicon Valley Clean Energy Authority
Board of Directors Meeting**

Wednesday, March 12, 2025
7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

Gilroy City Hall
Administration Conference Room
7351 Rosanna Street
Gilroy, CA

Teleconference Meeting
Webinar:

<https://svcleanenergy-org.zoom.us/j/89919062113>

Telephone (Audio Only):
US: +1 669-219-2599
Webinar ID: 899 1906 2113

Members of the public may also attend this meeting in person, or observe this meeting electronically by accessing the meeting via instructions above. Public Comments can be sent in advance of the meeting via email up to three hours before the meeting begins to Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org and will be distributed to the Board of Directors. The public will also have an opportunity to provide comments during the meeting. Members of the public participating remotely and using Zoom may comment during public comment or the applicable agenda item by using the Raise Hand feature and you will be recognized by the Chair. Those using the telephone (audio only) feature should press star 9 on your phones to initiate the "Raise Hand" function in Zoom. You will then be announced, unmuted, and your time to speak will begin.

The public may provide comments on any matter listed on the Agenda. Speakers are customarily limited to 3 minutes each, however, the Board Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA") please

svcleanenergy.org

333 W El Camino Real
Suite 330
Sunnyvale, CA 94087



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contact Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org prior to the meeting for assistance.

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any matter not listed on the Agenda provided that it is within the subject matter jurisdiction of SVCE. Speakers are customarily limited to 3 minutes each, however, the Board Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

Consent Calendar (Action)

- 1a) Approve Minutes of the February 12, 2025, Board of Directors Meeting
- 1b) Receive January 2025 Treasurer Report
- 1c) Authorize the Chief Executive Officer to Enter into Agreements Between SVCE and Customers Participating in the On-Bill Financing Pilot
- 1d) Authorize the Chief Executive Officer to Execute Agreements with the Cities of Milpitas and Mountain View to Administer City Rebates for Home Electrification
- 1e) Authorize the Chief Executive Officer to Execute and Amend Community Grants as Part of the 2024 Member Agency Grant Program and the Competitive Community Grant Program
- 1f) Adopt Resolution Amending SVCE's Energy Risk Management Policy
- 1g) Authorize the Chief Executive Officer to Enter a Midterm Agreement to Purchase Small Hydroelectric Energy from East Bay Municipal Utilities District for a Five-Year Term and Amount Not to Exceed \$30,000,000
- 1h) Adopt Resolution to Establish Rate Stabilization Fund Under Government Accounting Standard Board (GASB) Standard 62
- 1i) Adopt Resolution Establishing the Silicon Valley Clean Energy Community Fund
- 1j) Approve Assignment of Auditor Contract to Kosmatka Donnelly & Co. LLP
- 1k) Receive Executive Committee Report



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City of Mountain View

Tina Walia
City of Saratoga

Otto Lee
County of Santa Clara

1l) Receive Finance and Administration Committee Report

1m) Receive Audit Committee Report

1n) Receive 2025 Legislative Responses to Industry Transition Ad Hoc Committee Report

1o) Receive California Community Power Report

Regular Calendar

2) CEO Report (Informational)

3) Receive Audit Results and Accept the Findings from Independent Auditor (Action)

4) Adopt Resolution Approving the Mid-Year 2024-25 Adjusted Operating Budget (Action)

5) Affordability Strategic Focus Area Update (Discussion)

Board Member Announcements and Direction on Future Agenda Items

Adjourn

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SVCE GLOSSARY OF TERMS

BTM – Behind the Meter – Customer-sited resources which connect to the distribution system on the customer’s side of the utility’s meter. See also “DER”.

C&I – Commercial and Industrial – Business customers

CAISO – California Independent System Operator – a non-profit independent system operator that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (~80% of California’s electric flow). Its stated mission is to “operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development. CAISO is regulated by FERC and governed by a five-member governing board appointed by the governor.

CALCCA – California Community Choice Association – Association made up of Community Choice Aggregation (CCA) groups which represents the interests of California’s community choice electricity providers.

CARB – California Air Resources Board – The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

CARE – California Alternate Rates for Energy Program – A monthly discount of 20% or more on gas and electricity. Participants qualify through income guidelines or if enrolled in certain public assistance programs.

CEC – California Energy Commission

CCCFA – California Community Choice Financing Authority – The California Community Choice Financing Authority (CCCFA) was established in 2021 with the goal to reduce the cost of power purchases for member community choice aggregators (CCAs) through pre-payment structures. The founding members of CCCFA include Central Coast Community Energy, East Bay Community Energy, Marin Clean Energy, and Silicon Valley Clean Energy. CCCFA is a Joint Powers Authority which can help member CCAs save up to 10% or more on power purchase agreements, helping reduce costs for ratepayers and increase available funding for local programs.

CC Power – California Community Power – California Community Power is a Joint Powers Agency comprised of nine CCAs. CC Power allows its member CCAs to combine their buying power to procure new, cost-effective clean energy and reliability resources to continue advancing local and state climate goals.

CP – Compliance Period – Time period to become RPS compliant, set by the **CPUC** (California Public Utilities Commission)

DA – Direct Access – An option that allows eligible customers to purchase their electricity directly from third party providers known as Electric Service Providers (ESP).

Demand – The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW), or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

DR – Demand Response – An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

DER – Distributed Energy Resource – A small-scale unit of power generation that operates locally and is connected to a larger power grid at the distribution level.

Distribution – The delivery of electricity to the retail customer’s home or business through low voltage distribution lines.

eHub – SVCE’s online customer resource center with the latest information on electric vehicles, home electrification, and solar and battery storage.

ERRA – Energy Resource Recovery Account – ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The utilities do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

ESP – Energy Service Provider – An energy entity that provides service to a retail or end-use customer.

FERC – Federal Energy Regulatory Commission – Independent federal agency that regulates the interstate transmission of electricity, natural gas and oil. The CAISO is subject to FERC jurisdiction.

GHG – Greenhouse gas – water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane, and chlorofluorocarbons (CFCs). A gas that causes the atmosphere to trap heat radiating from the earth. The most common GHG is Carbon Dioxide, though Methane and others have this effect as well.

GWh – Gigawatt-hour – The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

IOU – Investor-Owned Utility – A private electricity and natural gas provider.

IRA – Inflation Reduction Act

IRP – Integrated Resource Plan – A plan which outlines an electric utility’s resource needs in order to meet expected electricity demand long-term.

kW – Kilowatt – Measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1000 watts

kWh – Kilowatt-hour – This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

LCR – Local (RA) Capacity Requirements – The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

LCFS – Low Carbon Fuel Standard – A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels, and therefore, reduce greenhouse gas emissions.

Load – An end use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

LSE – Load-serving Entity – Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

- MMT – Million Metric Tonnes** – Common unit of measurement in regulatory and policy space for California’s GHG emissions.
- MAWG** – Member Agency Working Group, a group of PIOs from SVCE’s member communities that gather monthly
- MW – Megawatt** – measure of power. A megawatt equals 1,000 kilowatts or 1 million watts.
- MWh – Megawatt-hour** – measure of energy
- NEM – Net Energy Metering** – A program in which solar customers receive credit for excess electricity generated by solar panels. The main differences between NEM and FIT programs are the type of rate (flat vs. dependent on time-of-day generation), number of meters required (two vs. one), and flexibility (long-term contract vs. non-binding program enrollment).
- PCC1 – RPS Portfolio Content Category 1** – Bundled renewables where the energy and REC are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO. Also known as “in-state” renewables
- PCC2 – RPS Portfolio Content Category 2** – Bundled renewables where the energy and REC are from out-of-state and not dynamically scheduled to a CBA.
- PCC3 – RPS Portfolio Content Category 3** – Unbundled REC
- PSPS – Public Safety Power Shutoff** – An event in which the IOUs purposely turn off segments of the grid due to high risk of ignition and wildfires.
- PCIA or “exit fee”** – Power Charge Indifference Adjustment (PCIA) is an “exit fee” based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.
- Power Content Label (PCL)** – A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Statute of 2009) and Senate Bill 1305 (Statutes of 1997).
- PPA – Power Purchase Agreement** – A contract used to purchase the energy, capacity and attributes from a renewable resource project.
- Prepay** – payment in advance by a municipal utility for a number of years of contracted energy, and this prepayment with tax-exempt debt
- RA – Resource Adequacy** – Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities—both independently owned utilities and electric service providers—to demonstrate in both monthly and annual filings that they have purchased capacity commitments to contribute their share of system reliability. Today LSEs must procure no less than 115% of the peak hour load. In 2023 and 2024, this will increase to 116% and 117% respectively. Beginning in 2025 a new RA program will be implemented requiring LSEs show capacity to meet their hourly reliability needs, the “PRM” adder is still undetermined.
- RE – Renewable Energy** – Energy from a source that is not depleted when used, such as wind or solar power.
- REC – Renewable Energy Certificate** – A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar electricity are credited with 1 solar REC for every MWh of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.
- RPS – Renewable Portfolio Standard** – Law that requires CA utilities and other load serving entities (including CCAs) to provide an escalating percentage of CA qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

SB 100 – California Senate Bill 100 established a landmark policy requiring renewable energy and zero-carbon resources supply 100 percent of electric retail sales to end-use customers by 2045.

SMUD – Sacramento Municipality Utility District

SCE – Southern California Edison

SDG&E – San Diego Gas & Electric

TOB – Tariff On-bill – Tariff On-Bill Financing is a model in which utilities use a tariff to enable customers to pay back the cost of a solar panel without credit or income level conditions.

TOU – Time-of-Use Rates – The pricing of delivered electricity based on the estimated cost of electricity during a particular time-block. Time-of-use rates are usually divided into three or four time-blocks per 24 hour period (on-peak, midpeak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.

Unbundled RECs – Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are “unbundled” and sold to different buyers.

VPP – Virtual Power Plant – A cloud-based energy supply made up of a collection of an aggregation of distributed energy resources (DERs), such as smart EV chargers, smart thermostats, building energy management systems, battery storage systems, solar PV and smart inverters.

24/7 – Goal of supplying consumer energy demand with 100% carbon-free energy at all hours of the day



Silicon Valley Clean Energy Authority

Board of Directors Meeting

Wednesday, February 12, 2025

7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

Morgan Hill City Hall
17575 Peak Ave.
Morgan Hill, CA 95037

DRAFT MEETING MINUTES

Call to Order:

Vice Chair Klein called the meeting to order at 7:02 p.m.

Chair Tyson provided a statement regarding his remote participation pursuant to AB 2449 under the "Just Cause" provision due to a physical disability that could not be accommodated and there was no one else 18 or over present in the location.

Director Showalter provided a statement regarding her remote participation for a personal medical issue and requested to participate in the meeting remotely due to emergency circumstances under Government Code Section 54953 (f), and noted no one over the age of 18 was present in the location.

Roll Call

Present:

George Tyson (Chair), Los Altos Hills (participated remotely)
Larry Klein (Vice Chair), Sunnyvale
Elliot Scozzola, Campbell
Sally Meadows, Los Altos
Rob Rennie, Los Gatos
Garry Barbadillo, Milpitas
Lisa Shannon, Monte Sereno
Yvonne Martinez Beltran, Morgan Hill (participated remotely)
Pat Showalter, Mountain View (participated remotely)
Otto Lee, Santa Clara County
Tina Walia, Saratoga

Absent:

J.R. Fruen, Cupertino
Zach Hilton, Gilroy

Public Comment on Matters Not Listed on the Agenda

No speakers.

Adopt Resolution Commending Melody Tovar for her Dedication in the Formation of Silicon Valley Clean Energy

Vice Chair Klein introduced the item and provided historical background on the formation of Silicon Valley Clean Energy (SVCE), including the City of Sunnyvale and Melody Tovar's contributions.

Directors Walia and Showalter provided supportive comments and thanked Melody Tovar for her efforts in the formation of Silicon Valley Clean Energy and her career.

Vice Chair Klein opened Public Comment.

Ramana Chinnakotla, Environmental Services Director, City of Sunnyvale, acknowledged Melody Tovar for her efforts in helping form SVCE and her involvement in other various environmental initiatives at the City of Sunnyvale.

Don Bray, Director of Strategic Development, acknowledged Melody Tovar and provided supportive comments regarding her leadership in forming SVCE.

Anthony Eulo, Senior Manager of Public Sector Services, thanked Melody Tovar for her service and role in forming SVCE and congratulated her on her retirement.

Vice Chair Klein closed Public Comment.

MOTION: Director Walia moved and Director Lee seconded the motion to adopt Resolution 2025-03 Commending Melody Tovar for her dedicated service in the formation of the Joint Powers Authority in 2016 and as city staff of a founding member agency of Silicon Valley Clean Energy Authority.

The motion carried by verbal roll call vote with Director Fruen and Director Hilton absent.

Vice Chair Klein presented Melody Tovar with a plaque and resolution on behalf of the SVCE Board of Directors and acknowledged her contributions toward the formation of SVCE.

Melody Tovar acknowledged the Board of Directors and expressed her gratitude for their supportive comments.

Consent Calendar

Vice Chair Klein opened the floor for questions or comments on the Consent Calendar.

Director Showalter noted she would be voting no on Item 1f on the Consent Calendar; Andrea Pizano, Board Clerk, reconfirmed the item number.

Director Barbadillo requested Consent Calendar Items 1e and 1h be pulled.

Vice Chair Klein opened Public Comment.

No speakers.

Vice Chair Klein closed Public Comment.

- 1a) Approve Minutes of the February 12, 2025, Board of Directors Meeting
- 1b) Receive December 2024 Treasurer Report
- 1c) Receive January 2025 Update for All Retail Rates
- 1d) Approve 2025 Updates to Exhibit C, Annual Energy Use, and Exhibit D, Voting Shares, of the SVCE Joint Powers Agreement
- 1f) Adopt Resolution No 2025-04 Updating SVCE's Annual Net Surplus Compensation Cash-Out Terms Effective May 2025
- 1g) Receive December 2024 Decarbonization Strategy and Programs Quarterly Report

- 1i) Receive Executive Committee Report
- 1j) Receive Additional Committees Report
- 1k) Receive California Community Power Report

MOTION: Director Walia moved and Director Barbadillo seconded the motion to approve the Consent Calendar with the exception of Items 1e and 1h.

The motion carried by verbal roll call vote with Director Fruen and Director Hilton absent, and a no vote from Director Showalter on Item 1f.

1e) Approve Increase to SVCE's Payments to California Community Choice Association in the Amount of \$200,000 for Special Assessments

Monica Padilla, Chief Executive Officer, provided information to the Board of Directors (Board) regarding Consent Calendar Item 1e, and stated that the CalCCA \$200,000 special assessment fee will provide SVCE and CalCCA members with consulting services relating to rate proceeding studies, and California Public Utility Commission and Pacific Gas & Electric rates.

Staff responded to questions and comments regarding SVCE's membership in CalCCA and its supportive role in providing joint action advocacy to CalCCA members relating to regulatory and legislative matters.

Board members provided supportive comments regarding SVCE's CalCCA membership.

Vice Chair Klein opened Public Comment.

No speakers.

Vice Chair Klein closed Public Comment.

MOTION: Director Lee moved and Director Walia seconded the motion to approve Consent Calendar Item 1e.

The motion carried by verbal roll call vote with Director Fruen and Director Hilton absent.

1h) Authorize the Chief Executive Officer to Finalize and Execute an Amendment to an Agreement with Optony Inc. for One Additional Year and to Increase the Not to Exceed Amount from \$300,000 to \$512,000 for Fleet Electrification Planning Support Consulting Services

Zoe Elizabeth, Director of Decarbonization Policy and Community Strategy, and Anthony Eulo, Senior Manager of Public Sector Services, provided information regarding electrification transition planning services provided by Optony Inc. and the need to extend the program to meet increasing demands for technical consulting services.

Vice Chair Klein opened public comment.

No speakers.

Vice Chair Klein closed public comment.

MOTION: Director Barbadillo moved and Director Walia seconded the motion to approve Consent Calendar Item 1h.

The motion carried by verbal roll call vote with Director Fruen and Director Hilton absent.

Regular Calendar

2) CEO Report (Discussion)

CEO Monica Padilla addressed the following in her report:

- 1) An update on the new administration's federal executive orders
 - Bena Chang, Director of Government and Legislative Affairs, provided information regarding to the temporarily halted funding and its direct impact on customers and partners, including: a temporary halt on federal off-shore and on-shore wind leasing permitting and loans, a directive to federal agencies to examine streamline permitting for fossil fuel, hydro power, bio-fuel and nuclear projects, and a temporary pause on disbursement of funding allocated for some Inflation Reduction Act and Infrastructure Investment Jobs Act;
- 2) An introduction to SVCE's Strategic Goals and Accomplishments Quarterly Report
 - Andrea Pizano, Senior Executive Assistant and Board Clerk, provided information relating to SVCE's progress on Board approved initiatives.

Staff responded to questions and comments regarding SVCE's strategic goals and priorities and ongoing organizational alignment.

- 3) An update on SVCE's battery energy storage portfolio
 - Britta Bradshaw, Power Resource Manager, provided information relating to safety measures implemented at battery storage sites, which included: a discussion regarding containerized outdoor storage locations and their full compliance with industry safety standards.

Vice Chair Klein opened Public Comment.

No speakers.

Vice Chair Klein closed Public Comment.

3) Appoint Members to SVCE's 2025 Committees (Action)

Senior Executive Assistant and Board Clerk Andrea Pizano introduced the item and reviewed the members interested in serving on SVCE's 2025 committees as follows:

2025 Legislative Ad Hoc Committee

1. Dir. Elliot Scozzola, Campbell
2. Dir. Zach Hilton, Gilroy
3. Dir. Bryan Mekechuk, Monte Sereno
4. Dir. Yvonne Beltran Martinez, Morgan Hill
5. Dir. Pat Showalter, Mountain View
6. Dir. Tina Walia, Saratoga

Finance and Administration Committee

1. Dir. Elliot Scozzola, Campbell
2. Alt. Dir. Sheila Mohan, Cupertino
3. Alt. Dir. Maria Ristow, Los Gatos
4. Dir. Pat Showalter, Mountain View
5. Alt. Dir. Murali Srinivasan, Sunnyvale

Audit Committee

1. Alt. Dir. Sergio Lopez, Campbell
2. Harjot Sangha, Finance Director, Gilroy * nominated by Dir. Zach Hilton
3. Dir. George Tyson, Los Altos Hills
4. Dir. Bryan Mekechuk, Monte Sereno

Vice Chair Klein opened the floor for additional Board members interested in serving on committees to express their interest.

Director Barbadillo expressed his interest in serving on the 2025 Legislative Ad Hoc Committee.

Vice Chair Klein opened Public Comment.

No speakers

Vice Chair Klein closed Public Comment.

Board members provided comments regarding Director Barbadillo's interest in serving on the Legislative Ad Hoc Committee, with a recommendation from Vice Chair Klein that Director Barbadillo consider serving on an alternate committee. Following discussion, Director Barbadillo withdrew his interest in serving on the 2025 Legislative Ad Hoc Committee.

Director Walia provided a comment in support of an additional Board member potentially serving on the Finance and Administration Committee in 2025; there was no additional interest from board members.

MOTION: Director Lee moved and Director Scozzola seconded the motion to appoint committee members as presented by staff to serve on SVCE's 2025 committees.

The motion carried by verbal roll call vote with Director Fruen and Director Hilton absent.

4) Programs Impact Summary – January 1, 2024 to December 31, 2024 (Discussion)

Justin Zagunis, Director of Customer Success, provided a presentation regarding 2024 SVCE programs. The presentation included an update on the following:

- Six major program launches in 2024, which included: Multi-family Affordable Housing Electrification Program, Turnkey Single-Family Electrification Service, Commercial and Industrial Decarbonization Program, Innovation Onramp Cycle Program, Income Qualified Electric Vehicle (EV) Rebates Program, and eHub 2.0, an online resource center for customers in SVCE territories.
- Highlights from programs included: increased installations of EV chargers at residential and multi-family properties, with 47 additional properties receiving charging technical plans, and increased customer usage of the GridShift App for managing EV loads.

Staff responded to questions and comments regarding electric panel upgrades, contractor training program enrollment, future single and multi-family direct-program installation results, and availability of community impact summaries for SVCE agencies.

Vice Chair Klein opened Public Comment.

No speakers.

Vice Chair Klein closed Public Comment.

Board members provided supportive comments to staff regarding SVCE's customer support programs and comments on potential future programs.

5) Local Agency Action Planning (Informational)

Zoe Elizabeth, Director of Decarbonization Policy and Community Strategies, provided information on member agency partnerships and action planning updates, which included: the launch of two complimentary SVCE programs to provide member agencies with \$4 million in technical resources and grants to support local permitting policies and processes; and a three-tier action plan for agencies to scale their permitting processes.

Vice Chair Klein opened Public Comment.

No speakers.

Vice Chair Klein closed Public Comment.

Board members provided supportive comments to SVCE staff for their work on local agency action planning initiatives.

Board Member Announcements and Future Agenda Items

Chair Tyson expressed his gratitude to the Board for his appointment as Chair to the 2025 SVCE Board of Directors and stated his interest regarding best practices and governance of local CalCCA members.

Vice Chair Klein announced an EV shuttle program ribbon-cutting ceremony in Sunnyvale on Tuesday, March 4, 2025.

Adjourn

Vice Chair Klein adjourned the meeting at 9:00 p.m.

ATTEST:

Andrea Pizano, Board Secretary



TREASURER REPORT

**Fiscal Year to Date
As of January 31, 2025**

(Preliminary & Unaudited)

Issue Date: March 12, 2025

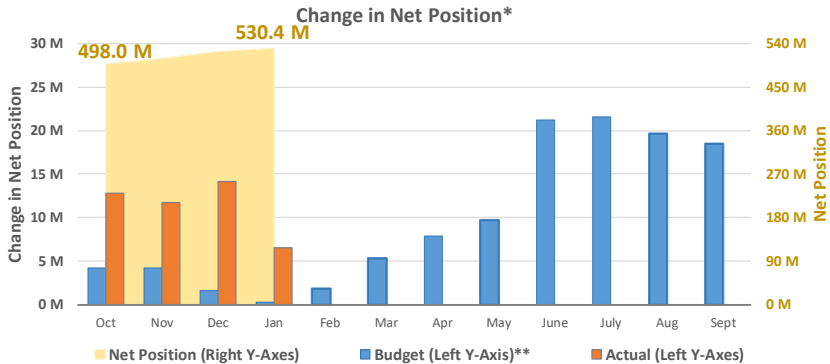
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SILICON VALLEY CLEAN ENERGY AUTHORITY
Financial Statement Highlights* (\$ in millions)
January 31, 2025

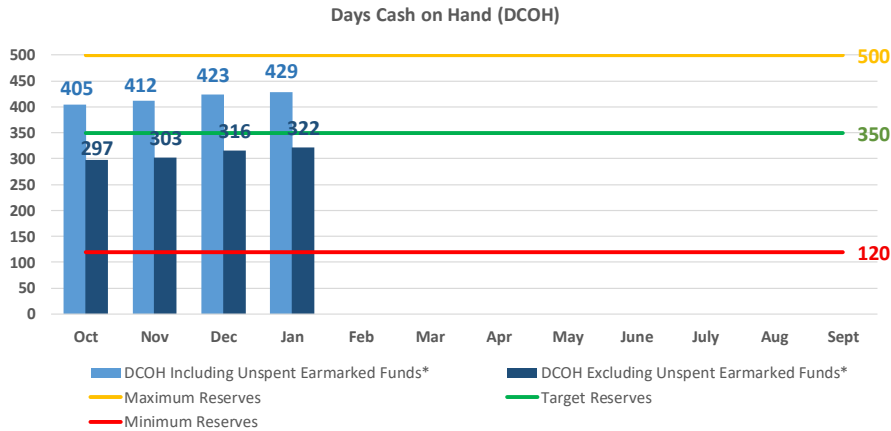
Balance Sheet Highlights:

- > SVCE operations resulted in a change in net position of \$6.6 million for the month of January and \$45.2 million for fiscal-year-to-date (FYTD).*
- > Total Net Position increased further to \$530.4 million.
- > SVCE is investing ~97.6% of available funds, recognizing interest/dividend income of \$6M FYTD.



*Does not yet recognize unspent program dollars

**For reconciliation purposes, budget numbers include actual program expenses and depreciation, excludes GASP 87 expenses.



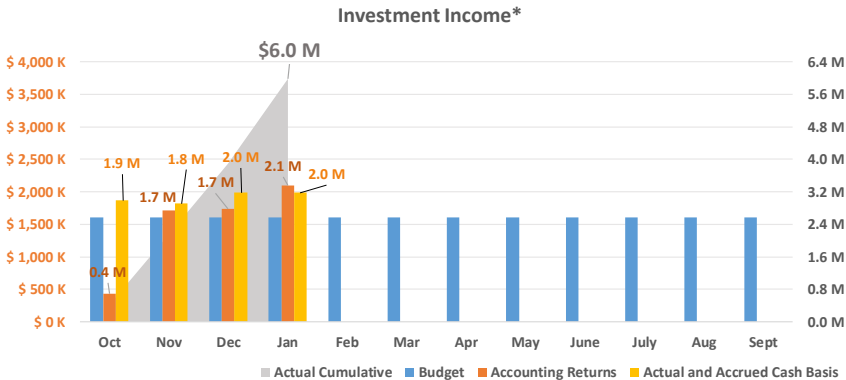
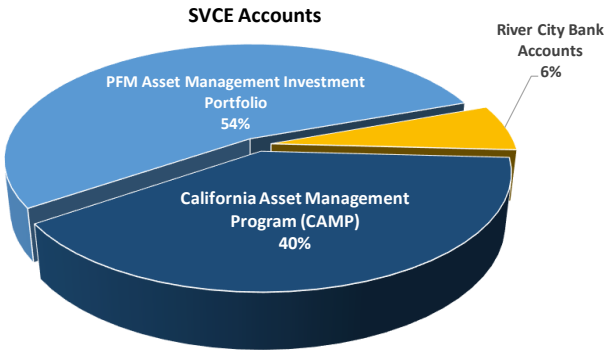
* Earmarked funds are unspent SVCE program and the building funds.
October results are updated per the budget revisions adopted in Dec 2024.

SVCE Yield-bearing Accounts:

Combined Ending Balance*	527.3 M
Total Interest/Div. Earned FYTD	6.0 M
Average Yield to Maturity**	4.47%

* Includes River Bank accounts - Money Market, Collateral and ICS; CAMP; PFM Portfolio

** Average annualized yield for the current month. Investment yields are measured to maturity at market.



* Accounting returns investment of income includes unrealized mark-to-market gain or loss of the total investment portfolio as per US GAAP, Actual and Accrued Cash Basis excludes mark-to-market gains (losses).

SILICON VALLEY CLEAN ENERGY AUTHORITY
Financial Statement Highlights (\$ in millions)**
January 31, 2025

Page 3

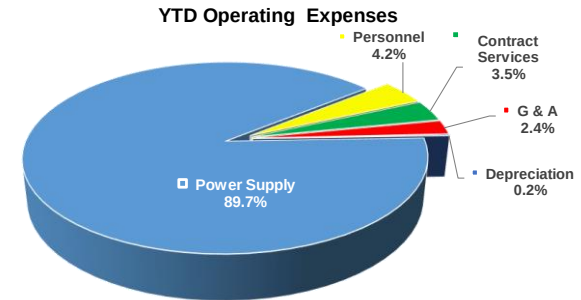
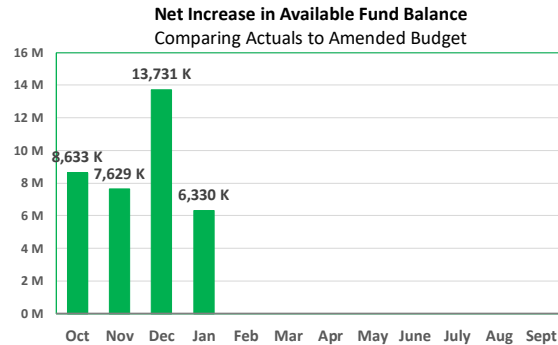
Summary of Actual Results vs. Adopted Budget (includes allocated but unspent program dollars):

- > FYTD operating margin of \$51.6 million or 32% is above the Amended Budget expectations of \$19.2M (11%) operating margin for the fiscal year to date.
- > FYTD Power Supply costs are -27% below Amended Budget.
- > Retail GWh sales for the month of January and FYTD landed -6% and -3% below budget respectively.

Variance Explanation:

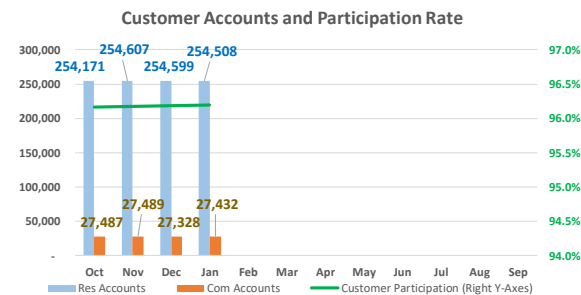
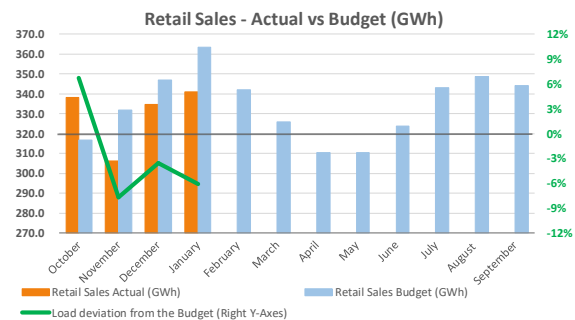
October - customer demand and revenues exceeded SVCE's forecast, driven by higher-than-average temperatures in October. Additionally, lower power supply costs and reduced operating expenses further improved the net position.

November-January - Weaker customer demand was offset by lower power supply cost and reduced operating expenses.



\$ in millions	January			Fiscal YTD			Main Drivers:
	Actual	Amd. Budget	% Dif	Actual	Amd. Budget	% Dif	
Revenue	37.4 M	44.9 M	-16.7%	159.6 M	167.1 M	-4.5%	- Lower November-January customer demand and a negative true-up settlement, partly offset by liquidated damage payments. - Lower YTD costs is mostly due to lower energy consumption and decline in energy/attribute prices.
Power Supply Cost	30.3 M	42.7 M	-29.1%	108.0 M	147.9 M	-27.0%	
Operating Margin	7.2 M	2.2 M	220.5%	51.6 M	19.2 M	169.0%	Staffing vacancies, underrunning professional services, and lower marketing expenses
Operating Expenses (ex Power)	2.2 M	3.0 M	-26.8%	9.3 M	12.1 M	-23.7%	
Other Non-Op. Expen. (Income)	-2.1 M	-1.5 M	38.9%	14.3 M	15.4 M	-6.7%	Reflects budgetary transfers to program and other funds
Net Increase in Available Fund Balance	7.0 M	0.7 M	887.4%	28.0 M	-8.3 M	-437.3%	

Customer Load Statistics:



Total Accounts	281,940
Opt-Out Accounts (Month)	66
Opt-Out Accounts (FYTD)	163
Opt-Up Accounts (Month)	(9)
Opt-Up Accounts (FYTD)	(22)

Program Funds:

	Beginning Balance	End Balance	YTD Contributions	YTD Expenditures
General Program Fund	\$ 77,436,658	\$ 85,383,655	\$ 10,530,000	\$ 2,583,003
CRCR Fund*	\$ 5,437,984	\$ 9,345,062	\$ 5,370,000	\$ 1,462,922
Electrification Discount Fund	\$ 9,159,383	\$ 9,030,919	\$ -	\$ 128,464
Nuclear & Hanford Prog. Funds	\$ 2,188,000	\$ 7,696,000	\$ 5,508,000	\$ -
Building Fund	\$ 20,000,000	\$ 19,994,800	\$ -	\$ 5,200

* Customer Relief and Community Resilience Fund

** The financial results in this report are preliminary and subject to change pending closing of the books for the fiscal year. Any potential changes are not expected to be significant.

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of January 31, 2025

ASSETS

Current Assets

Cash & Cash Equivalents*	\$	272,874,338
Accounts Receivable, net of allowance		36,920,172
Investments		75,322,615
Accrued Revenue		22,328,392
Other Receivables		13,034,184
Prepaid Expenses		1,552,475
Deposits		704,806

Total Current Assets		422,736,982
-----------------------------	--	--------------------

Noncurrent assets

Capital assets, net of depreciation		966,609
Investments**		195,298,574
Deposits		45,130

Total Noncurrent Assets		196,310,313
--------------------------------	--	--------------------

Total Assets		619,047,295
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LIABILITIES

Current Liabilities

Accounts Payable		1,817,585
Accrued Cost of Electricity		59,031,688
Other accrued liabilities		2,476,369
User Taxes and Energy Surcharges due to other gov'ts		1,202,010
Supplier security deposits		225,000
Lease liability		226,967

Total Current Liabilities		64,979,619
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Noncurrent Liabilities

Supplier security deposits		23,678,125
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Total noncurrent liabilities		23,678,125
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Total Liabilities		88,657,744
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NET POSITION

Net investment in capital assets		739,642
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Unrestricted (deficit)		529,649,909
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Total Net Position	\$	530,389,551
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* May not account for securities acquired towards the end of the month but not yet paid.

** May include securities acquired towards the end of the month but not yet paid.

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

October 1, 2024 through January 31, 2025

OPERATING REVENUES

Electricity Sales, Net	\$ 156,011,947
GreenPrime electricity premium	774,439
Liquidated damages	<u>2,804,610</u>

TOTAL OPERATING REVENUES **159,590,996**

OPERATING EXPENSES

Cost of Electricity	107,974,146
Contract services	4,263,142
Staff compensation and benefits	5,060,252
Other operating expenses	2,846,117
Depreciation	<u>238,511</u>

TOTAL OPERATING EXPENSES **120,382,168**

OPERATING INCOME(LOSS) **39,208,828**

NONOPERATING REVENUES (EXPENSES)

Investment Income	5,986,196
Financing costs	<u>(2,347)</u>

TOTAL NONOPERATING REVENUES (EXPENSES) **5,983,849**

CHANGE IN NET POSITION

	45,192,677
Net Position at beginning of period	<u>485,196,874</u>
Net Position at end of period	<u>\$ 530,389,551</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS

October 1, 2024 through January 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 173,012,230
Receipts of liquidated damages	2,804,610
Receipts of security deposits	10,492,100
Payments of security deposits	(2,250,000)
Payments to suppliers for electricity	(110,426,793)
Payments for other goods and services	(7,976,523)
Payments for staff compensation and benefits	(4,809,569)
Tax and surcharge payments to other governments	(3,313,292)
Net cash provided (used) by operating activities	<u>57,532,763</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments of lease liability	(178,120)
Acquisition of capital assets	<u>(224,163)</u>
Net cash provided (used) by capital and related financing activities	<u>(402,283)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(104,375,792)
Proceeds from investment sales	52,163,413
Investment income received	<u>6,482,365</u>
Net cash provided (used) by investing activities	<u>(45,730,014)</u>

Net change in cash and cash equivalents	11,400,466
Cash and cash equivalents at beginning of year	<u>261,473,872</u>
Cash and cash equivalents at end of period	<u>\$ 272,874,338</u>

NONCASH INVESTING ACTIVITIES

Unrealized appreciation (depreciation) and timing differences in investment income	\$ (496,169)
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SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (Continued)

October 1, 2024 through January 31, 2025

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (loss)	\$ 39,208,828
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	238,511
(Increase) decrease in accounts receivable	6,141,274
(Increase) decrease in other receivables	3,471,534
(Increase) decrease in accrued revenue	7,251,093
(Increase) decrease in prepaid expenses	(926,146)
(Increase) decrease in current deposits	14,600
Increase (decrease) in accounts payable	44,540
Increase (decrease) in accrued cost of electricity	(5,402,264)
Increase (decrease) in accrued liabilities	(256,892)
Increase (decrease) in taxes and surcharges due to other governments	(477,315)
Increase (decrease) in supplier security deposits	8,225,000
Net cash provided (used) by operating activities	<u>\$ 57,532,763</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
BUDGETARY COMPARISON SCHEDULE
October 1, 2024 through January 31, 2025

	FYTD	FYTD	Variance		FY 2024-25	FY 2024-25
	<u>Actual</u>	<u>Amended Budget</u>	<u>\$</u>	<u>%</u>	<u>Amended Budget</u>	<u>Remaining Budget</u>
OPERATING REVENUES						
Energy Sales	\$156,006,015	\$166,328,567	-\$10,322,552	-6%	\$524,078,000	\$368,071,985
Green Prime Premium	774,439	779,088	-\$4,649	-1%	2,434,000	1,659,561
Other Income	2,810,542		2,810,542			(2,810,542)
TOTAL OPERATING REVENUES	159,590,996	167,107,655	(7,516,659)	-4.5%	526,512,000	366,921,004
ENERGY EXPENSES						
Power Supply	107,974,146	147,918,303	(39,944,157)	-27%	390,091,000	282,116,854
Operating Margin	51,616,850	19,189,352	32,427,498	169%	136,421,000	84,804,150
OPERATING EXPENSES						
Data Management	1,082,525	1,244,565	(162,040)	-13%	3,734,000	2,651,475
PG&E Fees	399,613	505,470	(105,857)	-21%	1,516,000	1,116,387
Salaries & Benefits	5,060,252	5,796,144	(735,892)	-13%	17,388,000	12,327,748
Professional Services	1,339,423	3,123,190	(1,783,767)	-57%	9,370,000	8,030,577
Marketing & Promotions	236,257	539,000	(302,743)	-56%	1,617,000	1,380,743
General & Administrative	1,152,274	936,061	216,213	23%	2,808,000	1,655,726
TOTAL OPERATING EXPENSES	9,270,344	12,144,430	(2,874,086)	-24%	36,433,000	27,162,656
OPERATING INCOME/(LOSS)	42,346,506	7,044,922	35,301,584	501%	99,988,000	57,641,494
NON-OPERATING REVENUES						
Investment Income	5,986,196	6,412,739	(426,543)	-7%	19,238,000	13,251,804
TOTAL NON-OPERATING REVENUES	5,986,196	6,412,739	(426,543)	-7%	19,238,000	13,251,804
NON-OPERATING EXPENSES						
Financing	-	23,445	(23,445)	-100%	70,000	70,000
CAPITAL EXPENDITURES, TRANSFERS, & OTHER						
Capital Outlay	6,361	334,000	(327,639)	-98%	1,002,000	995,639
Transfer to Programs Fund	10,530,000	10,530,000	-	0%	10,530,000	-
Nuclear Allocation	3,708,000	3,708,000	-	0%	3,708,000	-
Transfer to Hanford Emissions Mitigation Fund	1,800,000	1,800,000	-		1,800,000	-
Transfer to CRCR Fund	5,370,000	5,370,000	-	0%	5,370,000	-
Transfer from Electrification Discount Fund	(128,464)	-	(128,464)	n/a	-	128,464
Transfer from CRCR Fund - customer bill relief	(973,838)	-	(973,838)	n/a	-	973,838
TOTAL OTHER USES	20,312,059	21,742,000	(1,429,941)	-7%	22,410,000	2,097,941
NET INCREASE(DECREASE) IN AVAILABLE FUND BALANCE	\$ 28,020,643	\$ (8,307,784)	\$ 36,328,427	-437%	\$96,746,000	8

**SILICON VALLEY CLEAN ENERGY AUTHORITY
GENERAL PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
October 1, 2024 through January 31, 2025**

REVENUE & OTHER SOURCES:	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET REMAINING</u>	<u>ACTUAL/ BUDGET</u>
Transfers in - General Programs	\$ 10,530,000	\$ 10,530,000	\$ -	100.0%
Total	\$ 10,530,000	\$ 10,530,000	\$ -	
EXPENDITURES & OTHER USES:				
Program expenditures	17,552,064	2,583,003	14,969,061	14.7%
Net increase (decrease) in fund balance	<u>\$ (7,022,064)</u>	<u>\$7,946,997</u>		
Fund balance at beginning of period		<u>77,436,658</u>		
Fund balance at end of period		<u>\$85,383,655</u>		

**CUSTOMER RELIEF & COMMUNITY RESILIENCY FUND
BUDGETARY COMPARISON SCHEDULE
October 1, 2024 through January 31, 2025**

REVENUE & OTHER SOURCES:	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET REMAINING</u>	<u>ACTUAL/ BUDGET</u>
Transfer from Operating Fund	\$ 5,370,000	\$ 5,370,000	\$ -	100.0%
EXPENDITURES & OTHER USES:				
Customer bill relief credit	4,411,000	973,838	3,437,162	22.1%
Other program expenditures	825,000	489,084	335,916	59.3%
Total Program expenditures	<u>5,236,000</u>	<u>1,462,922</u>	<u>3,773,078</u>	
Net increase (decrease) in fund balance	<u>\$ 134,000</u>	<u>3,907,078</u>		
Fund balance at beginning of period		<u>5,437,984</u>		
Fund balance at end of period		<u>\$9,345,062</u>		

**ELECTRIFICATION DISCOUNT FUND
BUDGETARY COMPARISON SCHEDULE
October 1, 2024 through January 31, 2025**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET REMAINING</u>	<u>ACTUAL/ BUDGET</u>
REVENUE & OTHER SOURCES:				
Transfer from Operating Fund	\$ -	\$ -	\$ -	n/a
EXPENDITURES & OTHER USES:				
Program expenditures	850,000	128,464	721,536	15.1%
Net increase (decrease) in fund balance	<u>\$ (850,000)</u>	<u>(128,464)</u>		
Fund balance at beginning of period		9,159,383		
Fund balance at end of period		<u>\$9,030,919</u>		

**BUILDING FUND
BUDGETARY COMPARISON SCHEDULE
October 1, 2024 through January 31, 2025**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET REMAINING</u>	<u>ACTUAL/ BUDGET</u>
REVENUE & OTHER SOURCES:				
Transfer from Operating Fund *			\$ -	n/a
EXPENDITURES & OTHER USES:				
Expenditures	-	5,200	(5,200)	
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>(5,200)</u>		
Fund balance at beginning of period		20,000,000		
Fund balance at end of period		<u>\$19,994,800</u>		

**NUCLEAR AND HANFORD PROGRAM FUNDS
BUDGETARY COMPARISON SCHEDULE
October 1, 2024 through January 31, 2025**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET REMAINING</u>	<u>ACTUAL/ BUDGET</u>
REVENUE & OTHER SOURCES:				
Transfers in - Nuclear Allocation	\$ 3,708,000	\$ 3,708,000		
Transfer in - Hanford Emissions Mitigation Fund	\$ 1,800,000	\$ 1,800,000	\$ -	100.0%
Total	\$ 5,508,000	\$ 5,508,000	\$ -	
EXPENDITURES & OTHER USES:				
Program expenditures	-	-	-	
Net increase (decrease) in fund balance	<u>\$ 5,508,000</u>	<u>\$5,508,000</u>		
Fund balance at beginning of period		2,188,000		
Fund balance at end of period		<u>\$7,696,000</u>		

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
October 1, 2024 through January 31, 2025

	October	November	December	January	February	March	April	May	June	July	August	September	YTD
OPERATING REVENUES													
Electricity sales, net	\$ 42,272,261	\$ 36,066,964	\$ 40,444,049	\$ 37,228,673									\$ 156,011,947
Green electricity premium	\$ 216,009	\$ 177,897	\$ 192,481	\$ 188,052									774,439
Liquidated damages	\$ 2,400,000	\$ 404,610											2,804,610
Other Income													-
Total operating revenues	44,888,270	36,649,471	40,636,530	37,416,725	-	-	-	-	-	-	-	-	159,590,996
OPERATING EXPENSES													
Cost of electricity	29,690,455	\$ 23,435,665	\$ 24,597,864	\$ 30,250,162									107,974,146
Staff compensation and benefits	1,153,708	\$ 1,135,297	\$ 1,503,015	\$ 1,268,232									5,060,252
Data manager	270,465	\$ 270,551	\$ 270,449	\$ 271,060									1,082,525
Service fees - PG&E	100,000	\$ 96,085	\$ 104,098	\$ 99,430									399,613
Consultants and other professional fees	806,956	\$ 771,641	\$ 713,688	\$ 488,719									2,781,004
Other operating expenses	462,895	\$ 852,622	\$ 1,008,087	\$ 522,513									2,846,117
Depreciation	53,537	\$ 53,341	\$ 65,816	\$ 65,817									238,511
Total operating expenses	32,538,016	26,615,202	28,263,017	32,965,933	-	-	-	-	-	-	-	-	120,382,168
Operating income (loss)	12,350,254	10,034,269	12,373,513	4,450,792	-	-	-	-	-	-	-	-	39,208,828
NONOPERATING REVENUES (EXPENSES)													
Grant income	-	\$ -											-
Interest income	428,694	\$ 1,712,666	\$ 1,742,311	\$ 2,102,525									5,986,196
Financing costs	(701)	\$ (625)	\$ (549)	\$ (472)									(2,347)
Total nonoperating revenues (expenses)	427,993	1,712,041	1,741,762	2,102,053	-	-	-	-	-	-	-	-	5,983,849
CHANGE IN NET POSITION	\$ 12,778,247	\$ 11,746,310	\$ 14,115,275	\$ 6,552,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,192,677

**SILICON VALLEY CLEAN ENERGY AUTHORITY
INVESTMENTS SUMMARY
October 1, 2024 through January 31, 2025**

Ending Balance of SVCE Accounts:	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
River City Bank Accounts	\$ 33,363,756	\$ 28,561,690	\$ 48,885,983	\$ 23,794,276								
California Asset Management Program (CAMP)	\$ 206,767,899	\$ 229,607,825	\$ 216,507,939	\$ 249,409,396								
PFM Asset Management Investment Portfolio	\$ 281,807,003	\$ 270,469,593	\$ 271,357,416	\$ 273,147,693								
Total Ending Balance	\$ 521,938,658	\$ 528,639,108	\$ 536,751,338	\$ 546,351,364								

Return On Investments:

Annual % Yield	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
River City Bank Accounts	4.58%	4.58%	4.55%	4.53%								
California Asset Management Program (CAMP)	5.03%	4.87%	4.73%	4.55%								
PFM Asset Management Investment Portfolio *	4.45%	4.45%	4.45%	4.40%								
Average Return On Investments:	4.69%	4.64%	4.57%	4.47%								

* Yield to Maturity at Market.

Accounting Returns	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
River City Bank Accounts	\$ 14,385	\$ 26,036	\$ 36,682	\$ 38,759								
California Asset Management Program (CAMP)	\$ 908,552	\$ 839,926	\$ 900,114	\$ 901,457								
Other Interest Income	\$ 4,447	\$ 2,470	\$ 2,313	\$ 2,322								
PFM Asset Management Investment Portfolio *	\$ (498,690)	\$ 844,234	\$ 803,202	\$ 1,159,987								
Total Interest and Investment Gains	\$ 428,694	\$ 1,712,666	\$ 1,742,311	\$ 2,102,525								

* Includes change in current market value (month over month), accrued interest and money market dividends (as per US GAAP).

Actual and Accrued Cash Basis Returns	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
River City Bank Accounts	\$ 14,385	\$ 26,036	\$ 36,682	\$ 38,759								
Camp Pool Composition (based on market value):	\$ 908,552	\$ 839,926	\$ 900,114	\$ 901,457								
Other Interest Income	\$ 4,447	\$ 2,470	\$ 2,313	\$ 2,322								
PFM Asset Management Investment Portfolio *	\$ 945,927	\$ 954,874	\$ 1,046,439	\$ 1,048,124								
Total Interest and Investment Gains	\$ 1,873,311	\$ 1,823,305	\$ 1,985,548	\$ 1,990,662								

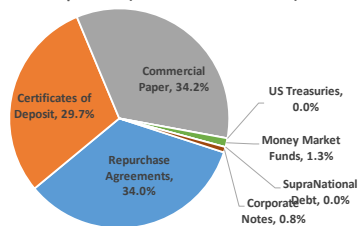
* Includes interest/dividends/coupons received, net realized gains/losses and monthly change in accrued interest.

CAMP Portfolio Statistics

As of January 31, 2025

Beginning of the Month Market Value	\$ 216,507,939
Ending of The Month Market Value	\$ 249,409,396
Monthly Distribution Yield	4.55%
Weighted Average Maturity (days)	43

Camp Pool Composition (based on market value)



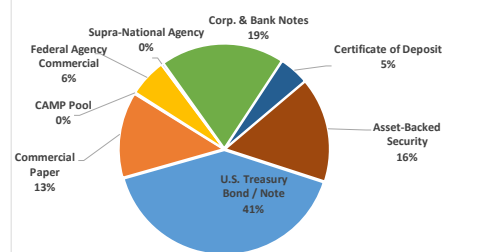
PFM Portfolio Statistics

As of January 31, 2025

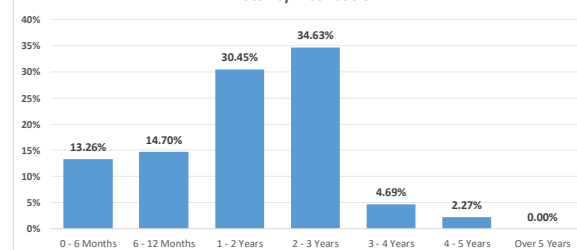
Portfolio Par Value	\$ 272,651,381
Portfolio Market Value (incl. Accrued Interest)	\$ 273,147,693
Yield to Maturity at Cost	4.60%
Yield to Maturity at Market	4.40%
Benchmark Yield*	4.16%
Portfolio Effective Duration (years)	1.31
Weighted Average Maturity (days)	638

*ICE BofA 0-3 Year U.S. Treasury Index

SVCE PFM Portfolio Investments



Maturity Distribution



SVCE Investment Policy:

https://svcleanenergy.org/wp-content/uploads/2018/10/FP-08_Investments-Policy-F.pdf

**SILICON VALLEY CLEAN ENERGY AUTHORITY
RETAIL SALES, CUSTOMER ACCOUNTS AND AGING REPORT**

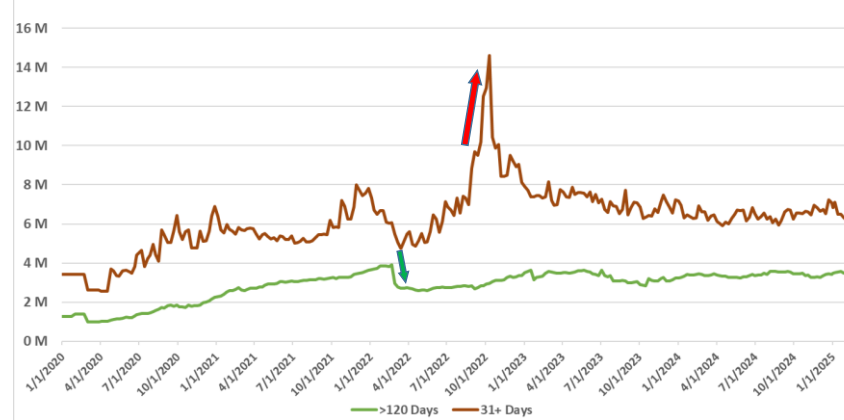
	October	November	December	January	February	March	April	May	June	July	August	September	YTD
Retail Sales Actual (GWh)	338.0	306.3	334.6	341.1									1,320
Retail Sales Budget (GWh)	316.8	331.8	346.9	363.3	341.8	326.0	310.5	310.3	323.6	342.9	348.8	344.1	1,359
Load deviation from the Budget	6.7%	-7.7%	-3.5%	-6.1%									-2.9%
Customer Participation Rate Res	96.1%	96.1%	96.2%	96.1%									
Customer Participation Rate Com	96.5%	96.5%	96.4%	96.5%									
Total Accounts	281,658	282,096	281,927	281,940									281,940
Opt-Out Accounts	41	25	31	66									163
Opt-Up Accounts	-7	17	-23	-9									-22

Age Summary (as of 2/1/2025)

<30 days	\$33,586,377
<60 days	\$1,334,194
<90 days	\$762,572
<120 days	\$600,184
Older	\$3,549,550

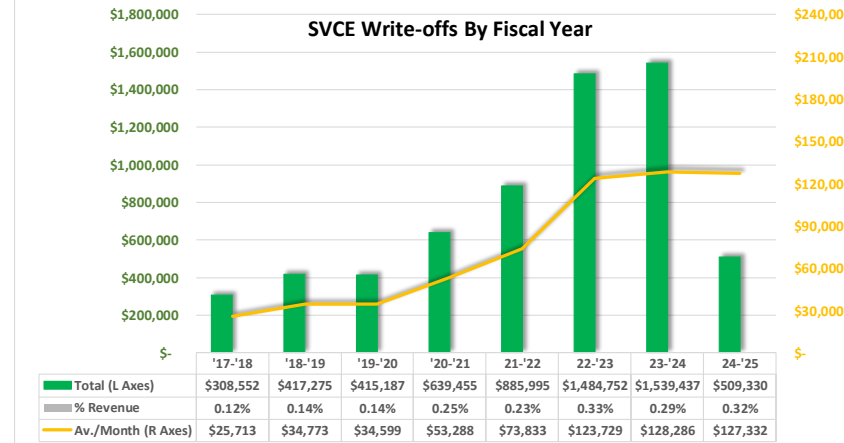
Accounts Receivable Days**28 Days****\$39,832,878****TOTAL DUE****Bad Debt % (Budget)****0.75%****Bad Debt % (Actual)**

January 2025 FYTD

0.32%**SVCE Arrearager Total for customers 31+ days late and 120+ days late**

	Date	Amount
High	11/29/2021	\$7.99M
Low	4/17/2020	\$2.54M
Current	7/31/2023	\$6.2 M

- Green arrow indicates receipt of \$1.3M in Federal CAPP funds.
- An additional \$717K in CAPP funding provided in Winter 2023.
- Growth at red arrow indicates short-term PG&E billing-hold issue in Fall 2022 that was quickly resolved.

SVCE Write-offs By Fiscal Year

Silicon Valley Clean Energy

January 31, 2025

Certificate of Compliance

During the reporting period for the month ended January 31, 2025, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*

Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Financial LP Asset and Investment Management ("AIM").



Managed Account Security Transactions & Interest

For the Month Ending January 31, 2025

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
BUY											
	01/02/25	01/03/25	NATIXIS NY BRANCH DTD 01/02/2025 0.000% 09/03/2025	63873JW30	2,000,000.00	(1,941,140.00)	0.00	(1,941,140.00)			
	01/06/25	01/08/25	CATERPILLAR FINL SERVICE (CALLABLE) DTD 01/08/2025 4.500% 01/07/2027	14913UAV2	1,000,000.00	(999,550.00)	0.00	(999,550.00)			
	01/06/25	01/09/25	JOHN DEERE CAPITAL CORP DTD 01/09/2025 4.500% 01/08/2027	24422EXY0	600,000.00	(599,862.00)	0.00	(599,862.00)			
	01/06/25	01/10/25	UBS AG STAMFORD CT (CALLABLE) DTD 01/10/2025 4.864% 01/10/2028	90261AAD4	580,000.00	(580,000.00)	0.00	(580,000.00)			
	01/09/25	01/10/25	BANK OF MONTREAL CHICAGO DTD 01/10/2025 4.470% 12/08/2025	06367DNW1	5,000,000.00	(5,000,000.00)	0.00	(5,000,000.00)			
	01/09/25	01/15/25	US TREASURY N/B DTD 01/15/2025 4.250% 01/15/2028	91282CMF5	1,400,000.00	(1,396,554.69)	0.00	(1,396,554.69)			
	01/09/25	01/15/25	GMCA 2025-1 A2A DTD 01/15/2025 4.440% 01/18/2028	362955AB2	1,455,000.00	(1,454,861.34)	0.00	(1,454,861.34)			
	01/13/25	01/21/25	COOPERAT RABOBANK UA/NY DTD 01/21/2025 4.883% 01/21/2028	21688ABK7	1,350,000.00	(1,350,000.00)	0.00	(1,350,000.00)			
	01/14/25	01/17/25	ADOBE INC (CALLABLE) DTD 01/17/2025 4.750% 01/17/2028	00724PAH2	1,340,000.00	(1,339,289.80)	0.00	(1,339,289.80)			
	01/14/25	01/23/25	MBART 2025-1 A2A DTD 01/23/2025 4.500% 02/15/2028	58773DAB0	2,025,000.00	(2,024,951.20)	0.00	(2,024,951.20)			
	01/16/25	01/21/25	MORGAN STANLEY BANK NA (CALLABLE) DTD 01/21/2025 5.016% 01/12/2029	61690DK72	680,000.00	(680,000.00)	0.00	(680,000.00)			
	01/22/25	01/29/25	WOART 2025-A A2A DTD 01/29/2025 4.730% 04/17/2028	98164YAB7	1,150,000.00	(1,149,968.03)	0.00	(1,149,968.03)			
	01/22/25	01/29/25	TAOT 2025-A A2A DTD 01/29/2025 4.480% 11/15/2027	89240JAB7	1,770,000.00	(1,769,917.87)	0.00	(1,769,917.87)			
	01/31/25	02/05/25	FHMS KJ28 A2 DTD 02/01/2020 2.308% 10/01/2027	3137FREE7	1,665,065.32	(1,603,731.60)	(427.00)	(1,604,158.60)			
Transaction Type Sub-Total					22,015,065.32	(21,889,826.53)	(427.00)	(21,890,253.53)			

INTEREST

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Managed Account Security Transactions & Interest

For the Month Ending January 31, 2025

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L	Realized G/L	Sale Method
Trade	Settle							Cost	Amort Cost	
INTEREST										
01/01/25	01/25/25	FHMS K054 A2	3137BNGT5		0.00	2,454.75	2,454.75			
		DTD 04/01/2016 2.745% 01/01/2026								
01/01/25	01/25/25	FHMS K733 A2	3137FJXQ7		0.00	1,667.23	1,667.23			
		DTD 11/01/2018 3.750% 08/01/2025								
01/01/25	01/25/25	FHMS K057 A2	3137BRQJ7		0.00	2,516.46	2,516.46			
		DTD 09/01/2016 2.570% 07/01/2026								
01/01/25	01/25/25	FHMS K736 A2	3137FNWX4		0.00	1,421.36	1,421.36			
		DTD 09/01/2019 2.282% 07/01/2026								
01/01/25	01/25/25	FHMS K065 A1	3137F1G36		0.00	1,240.31	1,240.31			
		DTD 07/01/2017 2.864% 10/01/2026								
01/01/25	01/25/25	FHMS K069 A2	3137FBU79		0.00	1,974.94	1,974.94			
		DTD 11/01/2017 3.187% 09/01/2027								
01/01/25	01/25/25	FHMS K068 A2	3137FBBX3		0.00	2,297.83	2,297.83			
		DTD 10/01/2017 3.244% 08/01/2027								
01/01/25	01/25/25	FNA 2024-M6 A2	3136BTGM9		0.00	4,842.30	4,842.30			
		DTD 11/01/2024 2.905% 07/01/2027								
01/01/25	01/25/25	FHMS K739 A2	3137F64P9		0.00	2,672.00	2,672.00			
		DTD 11/01/2020 1.336% 09/01/2027								
01/01/25	01/25/25	FNA 2015-M11 A2	3136APSZ6		0.00	1,246.49	1,246.49			
		DTD 07/01/2015 2.861% 04/01/2025								
01/01/25	01/25/25	FHMS K737 A2	3137FOXJ7		0.00	2,209.37	2,209.37			
		DTD 01/01/2020 2.525% 10/01/2026								
01/01/25	01/25/25	FHMS K058 A1	3137BSP64		0.00	647.32	647.32			
		DTD 11/01/2016 2.340% 07/01/2026								
01/01/25	01/25/25	FHMS K059 A2	3137BSRE5		0.00	1,820.00	1,820.00			
		DTD 11/01/2016 3.120% 09/01/2026								
01/01/25	01/25/25	FHMS K063 A2	3137BVZ82		0.00	6,359.79	6,359.79			
		DTD 03/01/2017 3.430% 01/01/2027								
01/08/25	01/08/25	CATERPILLAR FINL SERVICE	14913UAE0		0.00	7,087.50	7,087.50			
		DTD 01/08/2024 4.500% 01/08/2027								
01/08/25	01/08/25	JOHN DEERE CAPITAL CORP	24422EXF1		0.00	9,000.00	9,000.00			
		DTD 01/08/2024 4.500% 01/08/2027								
01/09/25	01/09/25	MERCEDES-BENZ FIN NA	58769JAP2		0.00	19,600.00	19,600.00			
		DTD 01/11/2024 4.900% 01/09/2026								

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Managed Account Security Transactions & Interest

 For the Month Ending **January 31, 2025**
Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	01/09/25	01/09/25	AMERICAN HONDA FINANCE DTD 07/10/2024 4.900% 07/09/2027	02665WFK2		0.00	19,491.11	19,491.11			
	01/09/25	01/09/25	COOPERAT RABOBANK UA/NY DTD 01/09/2024 4.850% 01/09/2026	21688ABA9		0.00	14,550.00	14,550.00			
	01/10/25	01/10/25	COOPERAT RABOBANK UA/NY DTD 01/12/2022 1.375% 01/10/2025	21688AAS1		0.00	2,750.00	2,750.00			
	01/13/25	01/13/25	AMERICAN HONDA FINANCE DTD 01/13/2022 1.500% 01/13/2025	02665WEA5		0.00	3,000.00	3,000.00			
	01/15/25	01/15/25	KCOT 2024-1A A2 DTD 02/21/2024 5.390% 01/15/2027	50117BAB6		0.00	3,290.59	3,290.59			
	01/15/25	01/15/25	FORDO 2024-C A2A DTD 09/20/2024 4.320% 08/15/2027	34532UAB5		0.00	2,322.00	2,322.00			
	01/15/25	01/15/25	ALLYA 2023-1 A3 DTD 07/19/2023 5.460% 05/15/2028	02007WAC2		0.00	2,275.00	2,275.00			
	01/15/25	01/15/25	FORDO 2023-C A3 DTD 11/21/2023 5.530% 09/15/2028	344940AD3		0.00	1,566.83	1,566.83			
	01/15/25	01/15/25	ALLYA 2024-2 A3 DTD 09/27/2024 4.140% 07/16/2029	02007NAC2		0.00	2,277.00	2,277.00			
	01/15/25	01/15/25	CHAIT 2023-A1 A DTD 09/15/2023 5.160% 09/15/2028	161571HT4		0.00	3,461.50	3,461.50			
	01/15/25	01/15/25	FORDO 2024-D A2A DTD 11/22/2024 4.590% 10/15/2027	34535VAB0		0.00	1,969.88	1,969.88			
	01/15/25	01/15/25	BAAT 2024-1A A3 DTD 05/22/2024 5.350% 11/15/2028	09709AAC6		0.00	557.29	557.29			
	01/15/25	01/15/25	BAAT 2023-2A A3 DTD 11/21/2023 5.740% 06/15/2028	06054YAC1		0.00	4,018.00	4,018.00			
	01/15/25	01/15/25	HART 2023-C A2A DTD 11/13/2023 5.800% 01/15/2027	44918CAB8		0.00	1,603.61	1,603.61			
	01/15/25	01/15/25	USAOT 2024-A A2 DTD 07/30/2024 5.250% 03/15/2027	90327VAB4		0.00	4,987.50	4,987.50			
	01/15/25	01/15/25	TAOT 2024-B A2A DTD 04/30/2024 5.410% 03/15/2027	89237NAB3		0.00	2,291.92	2,291.92			
	01/15/25	01/15/25	WELLS FARGO BANK NA (CALLABLE) DTD 01/23/2024 4.811% 01/15/2026	94988J6H5		0.00	24,055.00	24,055.00			

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Managed Account Security Transactions & Interest

For the Month Ending January 31, 2025

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	01/15/25	01/15/25	FORDO 2024-A A2A DTD 03/19/2024 5.320% 01/15/2027	34535EAB8		0.00	1,434.27	1,434.27			
	01/15/25	01/15/25	DCENT 2023-A1 A DTD 04/11/2023 4.310% 03/15/2028	254683CY9		0.00	4,669.17	4,669.17			
	01/15/25	01/15/25	CARMX 2022-2 A3 DTD 04/28/2022 3.490% 02/16/2027	14317HAC5		0.00	872.64	872.64			
	01/15/25	01/15/25	HART 2024-C A2A DTD 10/16/2024 4.530% 09/15/2027	448976AB6		0.00	3,340.88	3,340.88			
	01/15/25	01/15/25	HAROT 2024-1 A2 DTD 02/21/2024 5.360% 09/15/2026	437918AB1		0.00	3,518.46	3,518.46			
	01/15/25	01/15/25	CHAIT 2024-A1 A DTD 01/31/2024 4.600% 01/16/2029	161571HV9		0.00	2,664.17	2,664.17			
	01/15/25	01/15/25	HDMOT 2023-B A3 DTD 09/27/2023 5.690% 08/15/2028	41285YAC9		0.00	4,433.46	4,433.46			
	01/15/25	01/15/25	FORDO 2024-B A2A DTD 06/24/2024 5.400% 04/15/2027	34531QAB5		0.00	7,425.00	7,425.00			
	01/15/25	01/15/25	HAROT 2024-4 A2 DTD 10/24/2024 4.560% 03/15/2027	43816DAB1		0.00	5,966.00	5,966.00			
	01/15/25	01/15/25	HART 2024-B A2A DTD 07/24/2024 5.150% 06/15/2027	44934QAB7		0.00	2,403.33	2,403.33			
	01/15/25	01/15/25	TAOT 2024-D A2A DTD 10/17/2024 4.550% 08/16/2027	89239TAB8		0.00	2,312.92	2,312.92			
	01/15/25	01/15/25	WFCIT 2024-A1 A DTD 03/01/2024 4.940% 02/15/2029	92970QAA3		0.00	3,807.92	3,807.92			
	01/15/25	01/15/25	NAROT 2023-B A2A DTD 10/25/2023 5.950% 05/15/2026	65480MAB9		0.00	2,218.76	2,218.76			
	01/15/25	01/15/25	TAOT 2024-C A2A DTD 07/30/2024 5.160% 05/17/2027	89237QAB6		0.00	1,440.50	1,440.50			
	01/15/25	01/15/25	KCOT 2024-2A A2 DTD 06/25/2024 5.450% 04/15/2027	50117DAB2		0.00	1,362.50	1,362.50			
	01/15/25	01/15/25	BACCT 2023-A2 A2 DTD 12/14/2023 4.980% 11/15/2028	05522RDH8		0.00	1,473.25	1,473.25			
	01/15/25	01/15/25	MASTERCARD INC (CALLABLE) DTD 09/05/2024 4.100% 01/15/2028	57636QBA1		0.00	5,478.06	5,478.06			

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Managed Account Security Transactions & Interest

For the Month Ending January 31, 2025

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	01/15/25	01/15/25	AMXCA 2024-1 A DTD 04/23/2024 5.230% 04/16/2029	02582JKH2		0.00	3,116.21	3,116.21			
	01/15/25	01/15/25	WFCIT 2024-A2 A DTD 10/24/2024 4.290% 10/15/2029	92970QAE5		0.00	2,341.63	2,341.63			
	01/15/25	01/15/25	WOART 2024-B A2A DTD 05/22/2024 5.480% 09/15/2027	98164HAB4		0.00	1,621.20	1,621.20			
	01/15/25	01/15/25	WOART 2023-D A2A DTD 11/08/2023 5.910% 02/16/2027	98164DAB3		0.00	840.17	840.17			
	01/15/25	01/15/25	UNITEDHEALTH GROUP INC DTD 07/25/2024 4.750% 07/15/2026	91324PFF4		0.00	6,168.40	6,168.40			
	01/15/25	01/15/25	US TREASURY N/B DTD 01/17/2023 3.875% 01/15/2026	91282CGE5		0.00	65,875.00	65,875.00			
	01/15/25	01/15/25	MBART 2023-2 A2 DTD 10/25/2023 5.920% 11/16/2026	58769FAB1		0.00	632.30	632.30			
	01/15/25	01/15/25	JOHN DEERE CAPITAL CORP DTD 09/06/2024 4.200% 07/15/2027	24422EXV6		0.00	8,804.25	8,804.25			
	01/15/25	01/15/25	TAOT 2024-A A3 DTD 01/30/2024 4.830% 10/16/2028	89238DAD0		0.00	1,348.38	1,348.38			
	01/15/25	01/15/25	TAOT 2023-D A3 DTD 11/14/2023 5.540% 08/15/2028	89239FAD4		0.00	1,108.00	1,108.00			
	01/15/25	01/15/25	WOART 2024-A A2A DTD 02/14/2024 5.050% 04/15/2027	98164RAB2		0.00	972.61	972.61			
	01/15/25	01/15/25	WOART 2024-C A2A DTD 08/20/2024 4.780% 01/18/2028	98164NAB1		0.00	4,102.83	4,102.83			
	01/15/25	01/15/25	COPAR 2024-1 A2A DTD 11/26/2024 4.610% 10/15/2027	14043NAB5		0.00	1,536.67	1,536.67			
	01/15/25	01/15/25	NAROT 2024-A A2A DTD 05/22/2024 5.470% 12/15/2026	65479UAB4		0.00	2,932.22	2,932.22			
	01/15/25	01/15/25	HART 2022-C A3 DTD 11/09/2022 5.390% 06/15/2027	44933DAD3		0.00	1,935.25	1,935.25			
	01/15/25	01/15/25	AMXCA 2023-3 A DTD 09/19/2023 5.230% 09/15/2028	02582JKD1		0.00	3,595.62	3,595.62			
	01/15/25	01/15/25	US TREASURY N/B DTD 07/15/2024 4.375% 07/15/2027	91282CKZ3		0.00	21,875.00	21,875.00			

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Managed Account Security Transactions & Interest

 For the Month Ending **January 31, 2025**
Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type		Security Description	CUSIP	Par	Principal	Accrued	Total	Realized G/L	Realized G/L	Sale
Trade	Settle				Proceeds	Interest		Cost	Amort Cost	Method
INTEREST										
01/15/25	01/15/25	COPAR 2023-2 A2A DTD 10/11/2023 5.910% 10/15/2026	14044EAB4		0.00	2,225.45	2,225.45			
01/15/25	01/15/25	COMET 2024-A1 A DTD 09/24/2024 3.920% 09/15/2029	14041NGE5		0.00	4,736.67	4,736.67			
01/15/25	01/15/25	US TREASURY N/B DTD 01/16/2024 4.000% 01/15/2027	91282CJT9		0.00	70,000.00	70,000.00			
01/15/25	01/15/25	US TREASURY N/B DTD 07/17/2023 4.500% 07/15/2026	91282CHM6		0.00	78,750.00	78,750.00			
01/15/25	01/15/25	NAROT 2024-B A2A DTD 10/23/2024 4.510% 06/15/2027	65479WAB0		0.00	3,965.04	3,965.04			
01/15/25	01/15/25	BACCT 2024-A1 A DTD 06/13/2024 4.930% 05/15/2029	05522RDJ4		0.00	4,231.58	4,231.58			
01/15/25	01/15/25	ALLYA 2024-1 A3 DTD 03/13/2024 5.080% 12/15/2028	02008FAC8		0.00	1,629.83	1,629.83			
01/16/25	01/16/25	GMCAR 2024-2 A2A DTD 04/10/2024 5.330% 03/16/2027	379931AB4		0.00	903.72	903.72			
01/16/25	01/16/25	GMCAR 2024-4 A2A DTD 10/16/2024 4.530% 10/18/2027	38014AAB7		0.00	2,472.63	2,472.63			
01/16/25	01/16/25	GMCAR 2023-4 A3 DTD 10/11/2023 5.780% 08/16/2028	379930AD2		0.00	2,263.83	2,263.83			
01/16/25	01/16/25	GMCAR 2024-1 A3 DTD 01/17/2024 4.850% 12/18/2028	36268GAD7		0.00	444.58	444.58			
01/16/25	01/16/25	GMCAR 2024-3 A2A DTD 07/10/2024 5.350% 06/16/2027	38013KAB6		0.00	3,165.42	3,165.42			
01/20/25	01/20/25	VALET 2023-2 A2A DTD 11/21/2023 5.720% 03/22/2027	92867YAB0		0.00	1,401.43	1,401.43			
01/20/25	01/20/25	VALET 2024-1 A2A DTD 11/26/2024 4.650% 11/22/2027	92868RAB4		0.00	5,134.38	5,134.38			
01/21/25	01/21/25	HAROT 2024-3 A2 DTD 08/21/2024 4.890% 02/22/2027	43813YAB8		0.00	3,341.50	3,341.50			
01/21/25	01/21/25	HAROT 2023-4 A3 DTD 11/08/2023 5.670% 06/21/2028	438123AC5		0.00	921.38	921.38			
01/22/25	01/22/25	PFAST 2024-1A A2A DTD 12/13/2024 4.450% 01/24/2028	73328EAB7		0.00	3,229.96	3,229.96			

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Managed Account Security Transactions & Interest
For the Month Ending **January 31, 2025**

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	01/22/25	01/22/25	PFAST 2023-2A A2A DTD 11/10/2023 5.880% 11/23/2026	732916AB7		0.00	975.54	975.54			
	01/23/25	01/23/25	PNC FINANCIAL SERVICES (CALLABLE) DTD 07/23/2024 5.102% 07/23/2027	693475BY0		0.00	21,045.75	21,045.75			
	01/25/25	01/25/25	BMWOT 2024-A A3 DTD 06/11/2024 5.180% 02/26/2029	096919AD7		0.00	3,086.42	3,086.42			
	01/25/25	01/25/25	CHAOT 2024-2A A2 DTD 04/25/2024 5.660% 05/26/2027	16144CAB2		0.00	2,308.63	2,308.63			
	01/25/25	01/25/25	CHAOT 2024-5A A2 DTD 09/24/2024 4.400% 11/26/2027	16144QAB1		0.00	1,100.00	1,100.00			
	01/25/25	01/25/25	CHAOT 2024-3A A2 DTD 06/27/2024 5.530% 09/27/2027	16144LAB2		0.00	3,359.95	3,359.95			
	01/25/25	01/25/25	CHAOT 2024-4A A2 DTD 07/30/2024 5.250% 09/27/2027	16144YAB4		0.00	2,235.18	2,235.18			
	01/25/25	01/25/25	CHAOT 2024-1A A2 DTD 03/27/2024 5.480% 04/26/2027	16144BAB4		0.00	566.01	566.01			
	01/26/25	01/26/25	BANK OF NY MELLON CORP (CALLABLE) DTD 01/26/2022 2.050% 01/26/2027	06406RBA4		0.00	12,812.50	12,812.50			
	01/26/25	01/26/25	GOLDMAN SACHS GROUP INC (CALLABLE) DTD 01/26/2017 3.850% 01/26/2027	38141GWB6		0.00	16,362.50	16,362.50			
	01/26/25	01/26/25	BLACKROCK FUNDING INC (CALLABLE) DTD 07/26/2024 4.600% 07/26/2027	09290DAH4		0.00	11,385.00	11,385.00			
	01/27/25	01/27/25	MORGAN STANLEY DTD 07/25/2016 3.125% 07/27/2026	61761J3R8		0.00	14,062.50	14,062.50			
	01/30/25	01/30/25	HONEYWELL INTERNATIONAL (CALLABLE) DTD 08/01/2024 4.650% 07/30/2027	438516CX2		0.00	11,213.60	11,213.60			
	01/31/25	01/31/25	US TREASURY N/B DTD 01/31/2024 4.250% 01/31/2026	91282CJV4		0.00	212,500.00	212,500.00			
	01/31/25	01/31/25	US TREASURY N/B DTD 07/31/2024 4.375% 07/31/2026	91282CLB5		0.00	164,062.50	164,062.50			
Transaction Type Sub-Total						0.00	1,013,045.39	1,013,045.39			

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Managed Account Security Transactions & Interest

For the Month Ending January 31, 2025

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
MATURITY											
	01/10/25	01/10/25	COOPERAT RABOBANK UA/NY DTD 01/12/2022 1.375% 01/10/2025	21688AAS1	400,000.00	400,000.00	0.00	400,000.00	22,000.00	0.00	
	01/13/25	01/13/25	AMERICAN HONDA FINANCE DTD 01/13/2022 1.500% 01/13/2025	02665WEA5	400,000.00	400,000.00	0.00	400,000.00	20,924.00	0.00	
Transaction Type Sub-Total					800,000.00	800,000.00	0.00	800,000.00	42,924.00	0.00	
PAYDOWNS											
	01/01/25	01/25/25	FNA 2015-M11 A2 DTD 07/01/2015 2.861% 04/01/2025	3136APSZ6	233,937.18	233,937.18	0.00	233,937.18	9,147.31	2,069.33	
	01/01/25	01/25/25	FHMS K733 A2 DTD 11/01/2018 3.750% 08/01/2025	3137FJXQ7	244.26	244.26	0.00	244.26	8.03	2.83	
	01/01/25	01/25/25	FHMS K069 A2 DTD 11/01/2017 3.187% 09/01/2027	3137FBU79	1,201.66	1,201.66	0.00	1,201.66	58.12	49.36	
	01/01/25	01/25/25	FHMS K054 A2 DTD 04/01/2016 2.745% 01/01/2026	3137BNGT5	33,223.26	33,223.26	0.00	33,223.26	1,680.63	814.85	
	01/01/25	01/25/25	FHMS K736 A2 DTD 09/01/2019 2.282% 07/01/2026	3137FNWX4	1,025.16	1,025.16	0.00	1,025.16	73.96	41.55	
	01/01/25	01/25/25	FHMS K058 A1 DTD 11/01/2016 2.340% 07/01/2026	3137BSP64	13,581.12	13,581.12	0.00	13,581.12	696.03	376.01	
	01/01/25	01/25/25	FHMS K065 A1 DTD 07/01/2017 2.864% 10/01/2026	3137F1G36	21,876.54	21,876.54	0.00	21,876.54	944.28	590.20	
	01/15/25	01/15/25	HART 2023-C A2A DTD 11/13/2023 5.800% 01/15/2027	44918CAB8	40,958.11	40,958.11	0.00	40,958.11	1.92	1.24	
	01/15/25	01/15/25	WOART 2023-D A2A DTD 11/08/2023 5.910% 02/16/2027	98164DAB3	23,247.75	23,247.75	0.00	23,247.75	1.96	1.28	
	01/15/25	01/15/25	CARMX 2022-2 A3 DTD 04/28/2022 3.490% 02/16/2027	14317HAC5	29,111.24	29,111.24	0.00	29,111.24	756.21	455.43	
	01/15/25	01/15/25	HART 2022-C A3 DTD 11/09/2022 5.390% 06/15/2027	44933DAD3	32,739.56	32,739.56	0.00	32,739.56	251.94	167.45	
	01/15/25	01/15/25	MBART 2023-2 A2 DTD 10/25/2023 5.920% 11/16/2026	58769FAB1	22,568.16	22,568.16	0.00	22,568.16	1.01	0.63	
	01/15/25	01/15/25	HAROT 2024-1 A2 DTD 02/21/2024 5.360% 09/15/2026	437918AB1	93,015.93	93,015.93	0.00	93,015.93	8.58	5.62	

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Managed Account Security Transactions & Interest

For the Month Ending January 31, 2025

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
PAYDOWNS											
	01/15/25	01/15/25	KCOT 2024-1A A2 DTD 02/21/2024 5.390% 01/15/2027	50117BAB6	57,238.53	57,238.53	0.00	57,238.53	0.75	0.43	
	01/15/25	01/15/25	WOART 2024-A A2A DTD 02/14/2024 5.050% 04/15/2027	98164RAB2	27,257.07	27,257.07	0.00	27,257.07	2.14	1.51	
	01/15/25	01/15/25	TAOT 2024-B A2A DTD 04/30/2024 5.410% 03/15/2027	89237NAB3	48,514.07	48,514.07	0.00	48,514.07	3.49	2.67	
	01/15/25	01/15/25	FORDO 2024-A A2A DTD 03/19/2024 5.320% 01/15/2027	34535EAB8	33,048.82	33,048.82	0.00	33,048.82	1.16	0.81	
	01/15/25	01/15/25	NAROT 2023-B A2A DTD 10/25/2023 5.950% 05/15/2026	65480MAB9	77,575.29	77,575.29	0.00	77,575.29	1.14	0.60	
	01/15/25	01/15/25	TAOT 2024-C A2A DTD 07/30/2024 5.160% 05/17/2027	89237QAB6	5,593.44	5,593.44	0.00	5,593.44	0.05	0.04	
	01/15/25	01/15/25	WOART 2024-C A2A DTD 08/20/2024 4.780% 01/18/2028	98164NAB1	15,717.14	15,717.14	0.00	15,717.14	0.34	0.27	
	01/15/25	01/15/25	HART 2024-B A2A DTD 07/24/2024 5.150% 06/15/2027	44934QAB7	8,977.12	8,977.12	0.00	8,977.12	0.37	0.31	
	01/15/25	01/15/25	COPAR 2023-2 A2A DTD 10/11/2023 5.910% 10/15/2026	14044EAB4	67,681.77	67,681.77	0.00	67,681.77	5.97	3.59	
	01/15/25	01/15/25	NAROT 2024-A A2A DTD 05/22/2024 5.470% 12/15/2026	65479UAB4	61,359.92	61,359.92	0.00	61,359.92	0.64	0.44	
	01/15/25	01/15/25	WOART 2024-B A2A DTD 05/22/2024 5.480% 09/15/2027	98164HAB4	35,161.67	35,161.67	0.00	35,161.67	3.54	2.88	
	01/15/25	01/15/25	FORDO 2024-B A2A DTD 06/24/2024 5.400% 04/15/2027	34531QAB5	83,864.06	83,864.06	0.00	83,864.06	6.28	4.97	
	01/16/25	01/16/25	GMCAR 2024-3 A2A DTD 07/10/2024 5.350% 06/16/2027	38013KAB6	40,177.83	40,177.83	0.00	40,177.83	0.10	0.00	
	01/16/25	01/16/25	GMCAR 2024-2 A2A DTD 04/10/2024 5.330% 03/16/2027	379931AB4	21,267.44	21,267.44	0.00	21,267.44	1.41	1.04	
	01/20/25	01/20/25	VALET 2023-2 A2A DTD 11/21/2023 5.720% 03/22/2027	92867YAB0	31,253.51	31,253.51	0.00	31,253.51	1.82	1.21	
	01/22/25	01/22/25	PFAST 2023-2A A2A DTD 11/10/2023 5.880% 11/23/2026	732916AB7	82,131.78	82,131.78	0.00	82,131.78	2.52	1.57	
	01/25/25	01/25/25	CHAOT 2024-2A A2 DTD 04/25/2024 5.660% 05/26/2027	16144CAB2	52,842.01	52,842.01	0.00	52,842.01	1.91	1.91	

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Managed Account Security Transactions & Interest

For the Month Ending January 31, 2025

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
PAYDOWNS											
	01/25/25	01/25/25	CHAOT 2024-4A A2 DTD 07/30/2024 5.250% 09/27/2027	16144YAB4	43,438.17	43,438.17	0.00	43,438.17	4.06	3.46	
	01/25/25	01/25/25	CHAOT 2024-1A A2 DTD 03/27/2024 5.480% 04/26/2027	16144BAB4	15,000.11	15,000.11	0.00	15,000.11	1.26	0.92	
	01/25/25	01/25/25	CHAOT 2024-3A A2 DTD 06/27/2024 5.530% 09/27/2027	16144LAB2	63,175.81	63,175.81	0.00	63,175.81	0.55	0.32	
Transaction Type Sub-Total					1,418,005.49	1,418,005.49	0.00	1,418,005.49	13,669.48	4,604.73	
SELL											
	01/02/25	01/03/25	NATIXIS NY BRANCH DTD 07/11/2024 0.000% 01/31/2025	63873JNX4	2,000,000.00	1,993,155.56	0.00	1,993,155.56	51,822.23	1,368.89	FIFO
	01/07/25	01/08/25	US TREASURY N/B DTD 06/30/2023 4.625% 06/30/2025	91282CHL8	725,000.00	726,557.62	741.02	727,298.64	6,796.88	2,884.69	FIFO
	01/08/25	01/08/25	US TREASURY N/B DTD 08/31/2023 5.000% 08/31/2025	91282CHV6	200,000.00	200,929.69	3,591.16	204,520.85	1,289.06	1,048.47	FIFO
	01/08/25	01/09/25	US TREASURY N/B DTD 08/31/2023 5.000% 08/31/2025	91282CHV6	550,000.00	552,578.13	9,951.66	562,529.79	3,566.41	2,903.39	FIFO
	01/09/25	01/10/25	US TREASURY N/B DTD 08/31/2023 5.000% 08/31/2025	91282CHV6	4,000,000.00	4,018,281.25	72,928.18	4,091,209.43	25,468.75	20,636.65	FIFO
	01/09/25	01/10/25	CITIGROUP GLOBAL MARKETS DTD 04/24/2024 0.000% 01/17/2025	17327ANH6	1,700,000.00	1,698,552.17	0.00	1,698,552.17	65,754.59	314.03	FIFO
	01/14/25	01/15/25	US TREASURY N/B DTD 08/31/2023 5.000% 08/31/2025	91282CHV6	1,000,000.00	1,004,179.69	18,922.65	1,023,102.34	4,804.69	4,514.52	FIFO
	01/14/25	01/15/25	US TREASURY N/B DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	1,250,000.00	1,251,660.16	9,478.59	1,261,138.75	(1,953.12)	(764.00)	FIFO
	01/14/25	01/15/25	US TREASURY N/B DTD 08/31/2023 5.000% 08/31/2025	91282CHV6	250,000.00	251,044.92	4,730.66	255,775.58	1,494.14	1,188.97	FIFO
	01/17/25	01/21/25	US TREASURY N/B DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	3,000,000.00	3,005,625.00	24,986.19	3,030,611.19	(3,046.88)	(78.49)	FIFO
	01/21/25	01/22/25	US TREASURY N/B DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	175,000.00	175,280.27	1,479.28	176,759.55	(225.59)	(51.32)	FIFO
	01/22/25	01/23/25	US TREASURY N/B DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	175,000.00	175,266.60	1,501.04	176,767.64	(239.26)	(63.88)	FIFO



Managed Account Security Transactions & Interest

For the Month Ending January 31, 2025

Silicon Valley Clean Energy - SVCE Investment Portfolio - 4025-002 - (12517950)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
SELL											
	01/24/25	01/27/25	US TREASURY N/B DTD 11/30/2023 4.875% 11/30/2025	91282CJL6	2,000,000.00	2,010,000.00	15,535.71	2,025,535.71	13,515.62	12,046.35	FIFO
	01/24/25	01/27/25	US TREASURY N/B DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	400,000.00	400,671.88	3,629.83	404,301.71	(484.37)	(73.32)	FIFO
	01/31/25	02/05/25	US TREASURY N/B DTD 08/15/2023 4.375% 08/15/2026	91282CHU8	800,000.00	801,687.50	16,548.91	818,236.41	8,906.25	5,393.52	FIFO
	01/31/25	02/05/25	US TREASURY N/B DTD 12/15/2022 4.000% 12/15/2025	91282CGA3	75,000.00	74,856.45	428.57	75,285.02	1,312.50	399.00	FIFO
Transaction Type Sub-Total					18,300,000.00	18,340,326.89	184,453.45	18,524,780.34	178,781.90	51,667.47	
Managed Account Sub-Total						(1,331,494.15)	1,197,071.84	(134,422.31)	235,375.38	56,272.20	
Total Security Transactions						(\$1,331,494.15)	\$1,197,071.84	(\$134,422.31)	\$235,375.38	\$56,272.20	

Bolded items are forward settling trades.



Staff Report – Item 1c

Item 1c: Authorize the Chief Executive Officer to Enter into Agreements Between SVCE and Customers Participating in the On-Bill Financing Pilot

From: Monica Padilla, CEO

Prepared by: Justin Zagunis, Director of Customer Success
Jessamyn Allen, Programs Lead

Date: 3/12/2025

RECOMMENDATION

Staff recommends the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) authorize the Chief Executive Officer (CEO) to enter into loan agreements between SVCE and customers participating in the forthcoming On-Bill Financing Pilot. A draft agreement is attached for reference, and as staff learns from the program’s evolution its terms may be adjusted accordingly at the discretion of the CEO.

BACKGROUND

In the Building Decarbonization Joint Action Plan (November 2020), SVCE identified accessible financing as a key priority, recognizing that financial barriers, such as high upfront costs or access to credit, limit the ability of customers to access electrification and energy efficiency upgrades. The SVCE Board of Directors (Board) further allocated funding for accessible financing in March 2022, to pursue financing approaches that can support lower-income customers and renters. SVCE is preparing to launch an On-Bill Financing (OBF) Pilot in support of accessible financing for residential electrification upgrades (primarily water heating and space conditioning) and efficiency measures. OBF is a type of financing in which the loan cost recovery charges are recorded and repaid via the utility bill, and the repayment obligation is tied to the utility account holder.

At the August 2024 Board meeting, the SVCE Board approved contracts with Cohen Ventures, Inc. dba Energy Solutions (“Energy Solutions”) and Franklin Energy Services, LLC (“Franklin Energy”) for advisory, implementation, and evaluation support for the OBF pilot. The staff report and presentation at that meeting included specifics about how the OBF pilot would work and the importance to SVCE’s customers (Item 3: [August 14, 2024 SVCE Agenda Packet](#)). The agreements were executed, and SVCE staff has been working with the consultants to prepare for a spring 2025 pilot launch.

ANALYSIS & DISCUSSION

The OBF pilot will install electrification and efficiency measures in the homes of selected moderate-income customers with a potential for high-energy savings. After making the upgrades, the customer will enter into a loan agreement with SVCE and loan amount will be repaid by the customer via their monthly utility bill.

For each OBF customer, the pilot will limit the amount that can be financed such that the monthly loan repayment is fully offset by bill savings across gas and electric usage due to the upgrade on an annual basis. This is a key and novel element of SVCE’s pilot that will ensure customer costs do not increase due to the electrification upgrades, while maximizing the amount of upgrade costs that can be financed. Energy models and analysis of energy usage data will ensure that bill savings exceed the loan repayment on an annual basis. The loan term is 10 years but may be extended if customer payments need to be paused.

Agenda Item: 1c**Agenda Date: 3/12/2025**

To be eligible for SVCE's OBF pilot, among other criteria, customers must have a zero-dollar past-due balance on their three most recent PG&E billing statements. Customers are required to pay off the loan balance if they close their SVCE account.

The OBF pilot implementer, Franklin Energy, will collect customer data and populate loan terms in the loan agreement template. SVCE staff will review prior to issuing the loan agreement for signatures. The loan agreement is executed after both the customer and SVCE sign it.

The attached sample OBF loan agreement establishes the loan terms and customers' obligations for the loan repayment. Staff referenced another CCA's OBF program loan agreements as a starting point. SVCE staff and legal team completed reviews and maximized alignment with existing program participation agreements.

While SVCE has administered program funds to customers in the past through incentives and other mechanisms, this will mark the first time SVCE has loaned money to its residential customers with a long-term repayment obligation. As this is a new frontier for SVCE's customer and community reinvestment, staff thought it prudent to share a sample loan agreement with the Board for awareness concurrently with authorizing the CEO to enter into those agreements with participating customers. As mentioned above, the loan agreement will likely need to evolve over time based on customer feedback or to improve program performance. To support efficient administration, staff recommends that the CEO be empowered to approve any modifications as needed and to execute these agreements.

STRATEGIC PLAN

The OBF pilot program supports SVCE's Strategic Plan Goal 7, to "Support all SVCE communities to decarbonize through local investments that reduce barriers and demonstrate sensible, scalable, and equitable solutions." The loan agreement is essential to the OBF pilot.

ALTERNATIVE

The Board could decide not to give authority to the CEO to execute or modify the loan agreements, which would result in additional Board authorizations for each participation agreement and any modifications to the sample agreement.

FISCAL IMPACT

There is no fiscal impact as a result of approving the CEO to enter into and modify the loan agreement as needed. Program funding for the OBF pilot is already reflected in the total Board-approved programs allocation and includes an estimated project capital budget of \$2,730,000 for approximately 200-250 customer loans. The majority of loans (currently estimated at 80%) will have loan amounts less than \$15,000. Remaining loans are intended to support electrification upgrades paired with solar and battery storage technologies to maximize bill savings; these may have loan amounts in the \$25,000-35,000 range.

ATTACHMENTS

1. Sample Loan Agreement between SVCE and Customers Participating in the On-Bill Financing Pilot



On-Bill Financing Loan Agreement

The Silicon Valley Clean Energy Loan Agreement ("Loan Agreement") dated as of _____ ("Effective Date") is made by and between the Silicon Valley Clean Energy Authority ("SVCE"), a California Joint Powers Authority located at 333 West El Camino Real #330, Sunnyvale, CA 94087, and _____ ("Property Owner") residing at _____, _____, CA _____ ("Residence").

Account Number¹ ("Service Account"): _____

Recitals

- A. SVCE has developed the Loan Program ("Loan Program"), administered by Franklin Energy Services, LLC ("Franklin Energy") and its installation subcontractors ("Subcontractor(s)") on behalf of SVCE. The Loan Program provides qualified residential property owners of single-family homes with four or fewer dwelling units with turnkey installation of eligible equipment ("Measures"). Turnkey installation means start-to-finish installation of Measures.
- B. Through the Loan Program, qualified customers may receive zero percent (0%) interest, no-fee, unsecured financing which is repaid on their electric utility bill.
- C. Property Owner has completed a Loan Application ("Application") and submitted associated documentation as required by SVCE, a copy of which is attached hereto and incorporated herein by this reference as Exhibit C and was approved by SVCE to participation in the Loan Program.
- D. This Loan Agreement defines the terms & conditions of this voluntary Loan Program that the Property Owner may use to install and finance the Measures identified in Exhibit D ("Installation Scope of Work and Loan Terms"), which is attached hereto and incorporated herein by this reference.

It is mutually agreed as follows:

Terms and Conditions

1. DEFINITIONS:

- a. **Installation Scope of Work ("Scope of Work"):** List of Measures and installation specifications to be installed at the Residence as determined by SVCE, Franklin Energy, and Subcontractors.

¹ Represents the Pacific Gas & Electric ("PG&E") Account Number at Customer's Property where the Upgrades will take place. SVCE utilizes the same Account Number for electricity service and loan billing purposes.

- b. Project Cost:** The total cost of the project as determined by SVCE, Franklin Energy, and Subcontractors.
 - c. Rebates/Credits:** Funds from SVCE or other entities flowing to Franklin Energy or its Subcontractor(s), which reduce the amount of the Project Cost. The applicable Rebate/Credit shall be deducted from the total Project Cost and, therefore, will reduce the amount paid by the Property Owner.
 - d. Property Owner Cost:** The amount of the Project Cost less Rebates and the loan flowing to Franklin Energy or its Subcontractors. The Property Owner Cost is the cost that the Property Owner must pay to the Program at the time of Measures installation.
- 2. **ELIGIBILITY:** Property Owner understands and attests that they: (1) must abide by the terms and conditions listed herein; (2) own the Residence subject to the installed Measures and have an active SVCE Service Account at said Residence; and (3) meet all Program eligibility requirements (Exhibit B) to receive installation and service. If at any time SVCE and/or Franklin Energy determines Property Owner did not meet eligibility requirements prior to installation of Measures, SVCE may remove Property Owner from the Program and may require the Property Owner to repay the full cost of installing Measures within thirty (30) days of such notice.
 - a. _____ Property Owner acknowledges and agrees that they are the legal owner of the Residence where installed Measures are planned as per Exhibit D.
- 3. **LOAN TERMS**
 - a. Exhibit D of this Loan Agreement identifies the Installation Scope of Work and Loan Terms.
 - b. **Loan Cap:** Maximum loan available to the Property Owner through the Loan Program is capped at eighty percent (80%) of the potential annual utility bill savings due to the installed Measures(s) multiplied by the ten (10) year term, as calculated below.
 - i. Utility bill includes gas and electricity utility charges.
 - ii. Annual utility bill savings are estimated based on building-specific modeled energy usage for the upgraded Measure(s) and current electricity and gas rates. The simulated savings takes into account available and provided information about the Property Owner's existing home equipment and conditions. Property Owner may need to enroll in a different electric rate schedule to realize the utility bill savings. Actual utility bill savings may be impacted by multiple factors, including but not limited to: changes in customer behavior, weather, and utility rates.
 - iii. The estimate is based on current energy usage, rates and other information available at the time the estimate is made and is not a guarantee of energy savings or future conditions.
 - c. **Loan Amount:** The loan amount ("Loan Amount") issued to the Property Owner is calculated on the basis of the lesser of (a) Project Costs, minus all applicable Rebates, or (b) the maximum loan amount. Property Owner agrees to assign all applicable incentives to Franklin Energy to defray installation costs not covered by the loan.

- d. **Additional Property Owner Cost:** If the Loan Amount is insufficient to cover all Project Costs, after deducting all applicable Rebates, then Property Owner has the option to contribute a voluntary Property Owner Cost payment to cover remaining Project Costs to receive Measures. Any voluntary Property Owner Cost payments shall be payable directly to the Subcontractor at the time of installation.
- e. The loan repayment period ("Loan Term") is 120 monthly payments over no less than 10 years.
- f. Property Owner may qualify for up to one (1) loan under the Loan Program per Service Account

4. LOAN REPAYMENT

- a. **Promise To Pay:** Property Owner promises to pay SVCE the Loan Amount in equal monthly installments ("Loan Installment Payment(s)") as set forth in Exhibit D in accordance with the terms set forth in the Loan Agreement. Property Owner understands that, pursuant to mutual execution of this Agreement, SVCE shall finance the Measures pursuant to the terms contained herein. The first Loan Installment Payment charge shall appear on the Property Owner's PG&E billing statement within one to three (1 to 3) billing cycles following the verification of completion of the installation of the Measures on the Residence. Loan Installment Payments will continue for the term of the loan or until the loan balance is paid off.
- b. **Changes To Payment Charge:** Under no circumstances shall SVCE increase the Loan Installment Payment monthly charge at any time during the Loan Term; however, due to accounting or technical reasons, the monthly charge may not appear on one month and appear on the subsequent month's bill.
- c. **Delinquent Loan Installment Payments:** Loan Installment Payments will be due on the Due Date listed in the month's PG&E billing statement, pursuant to the terms of each Property Owner's PG&E Service Account. Failure to pay, including for non- or partial payment of the Loan Installment Payments, will be treated as a default under the Property Owner's Loan Agreement and may result in Property Owner's removal from SVCE service, adverse credit reporting, and/or collection procedures, including, without limitation, legal action.
- d. **Partial Payments:** Property Owner must pay the Total Amount Due on their PG&E billing statement, including all electricity and gas charges, in order to pay the Loan Installment Payment in full. Underpayment of the Total Amount Due will result in non or partial payment of the Loan Installment payment, per the stipulations in PG&E Electric Rule 23².
- e. **Prepayment:** Property Owner may pre-pay the entire loan balance amount in one lump sum without penalty, but pre-payments for less than the remaining balance are not permitted. Property Owners who wish to pre-pay the full loan balance must do so directly to SVCE; pre-payment is not allowed through the PG&E billing statements. Property Owner should contact Franklin Energy via the Communications Section below to coordinate the loan balance pay off and removal of the Loan Installment Payments from the PG&E bill. Loan prepayments shall be accepted via a check to Silicon Valley Clean

² See: page 47 of PG&E's Electric Rule 23: https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_RULES_23.pdf
SVCE Loan Agreement (Version 2.0), updated 2/20/25
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Energy, 333 West El Camino Real #330, Sunnyvale, CA 94087 or via direct bank transfer coordinated with SVCE.

- f. **Loan Installment Payment Issues:** Property Owner acknowledges that it is possible for one month's PG&E billing statement to skip a Loan Installment Payment and the following month to include two payments (that month's and the previous month's that was skipped). In rare circumstances, there may be PG&E billing issues that cause the Loan Installment Payments to pause for longer than one month. If that occurs, Franklin Energy and SVCE will work with Property Owner to extend the Loan Term as necessary. In no event shall the total Loan Amount and the Number of Loan Installment Payments exceed what is outlined in Exhibit D.
- g. **Extending Loan Term For Repayment Suspension:** If for any reason the SVCE finds it necessary to suspend the monthly charges, then SVCE shall extend the total loan term by the same number of suspended billing periods. If that occurs, SVCE will work with Customer to extend the Loan Term as necessary. In no event shall the total Loan Amount and Number of Loan Installment Payments exceed what is outlined in Exhibit D.

5. **DISCONTINUANCE OF SERVICE ACCOUNT; RENTAL OF PROPERTY**

- a. If Property Owner terminates their SVCE Service Account at the Residence for any reason, Property Owner shall pay the entire outstanding Loan Amount balance within thirty (30) days of the date of termination. Payment of the loan balance shall be accepted via check or bank transfer per 4a.
- b. If Property Owner rents the Residence to a tenant, Property Owner shall remain liable for compliance with the terms of this Loan Agreement, including but not limited to keep the Service Account open and under the Property Owner's name and the requirement to pay all Loan Installment Payments when due. It is the obligation of the Property Owner, not the tenant, to pay of the Loan Installment Payments until the Loan Amount is paid in full. Transfer of the PG&E bill for the Residence to the tenant may only occur after the Loan Amount balance is paid in full.
- c. _____ Property Owner acknowledges and agrees the Loan Amount must be paid in full upon SVCE Service Account termination.

6. **BREACH AND ACCELERATION**

- a. Any breach by Property Owner under the Loan Agreement will constitute a breach under all of the referenced agreements in the terms and agreement. SVCE may determine the Loan Agreement to be breached and Property Owner to be in default if Property Owner: fails to pay the Loan Installment Payment amount when due, closes, discontinues, or otherwise causes the termination of the SVCE Service Account, or otherwise breaches the Loan Agreement, and the breach is not cured as specified therein.
- b. Following a breach as set forth in this section, SVCE shall have the right to declare the entire unpaid balance of the Loan Amount immediately due and payable. Upon Property Owner's breach of the Loan Agreement and failure to cure such breach after thirty (30) days' written notice to Property Owner, SVCE may pursue any of the of the following remedies:
 - i. Drop Property Owner from SVCE electric service and return Property Owner to Pacific Gas & Electric ("PG&E") bundled service

- ii. Refer the Property Owner to SVCE's collection agency, or
- iii. Any and all other remedies provided to SVCE under law or equity, including, but not limited to, filing a lien

7. AGREEMENT TERM, ASSIGNMENTS, AND TERMINATION:

- a. This Agreement shall remain in full force and effect until Property Owner has paid the Loan Amount in full
- b. This Agreement is personal to Property Owner. Property Owner may not assign or transfer rights or delegate obligations under this Loan Agreement without SVCE's express written consent
- c. Property Owner may request at any time that SVCE terminate this Loan Agreement provided that Property Owner shall first pay the outstanding balance of the Loan Amount due to SVCE. To receive notice of or verify the outstanding balance of the Loan Amount, Property Owner may contact SVCE as provided in the Communications section below.

8. DISPUTES: The Loan Agreement shall not limit Property Owner's rights regarding the liability of manufacturers, vendors, or Subcontractor for the installed Measures.

9. INSURANCE: The Property Owner will insure the Residence and arrange for sufficient coverage to pay for replacement of Measures in the event of destruction of or damage to the Residence and Measures or pay any balance of the Loan Amount due to SVCE if the Residence is not restored. The Property Owner agrees to use any insurance claim payments to pay for replacement or repair of damaged Measures with comparable Measures approved by SVCE and to pay any costs not covered by insurance. If Property Owner fails to replace or repair the Measures as described above, Property Owner agrees to pay off any Loan Amount balance and any other Loan Program costs for the Measures owed to SVCE for installed Measures.

10. ADDITIONAL TERMS:

- a. **Conflict Of Law:** This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, with venue in Santa Clara County, without reference to its principles on conflicts of laws.
- b. The Loan Agreement is not subject to modification or amendment, except in writing executed by both Property Owner and SVCE, which writing shall expressly state that it is intended by the parties to amend the terms and conditions of the Loan Agreement.
- c. If any term of the Loan Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.
- d. No member, official, employee or agent of SVCE shall be personally liable to Property Owner in the event of any default or breach by SVCE under the terms of the Loan Agreement.
- e. There shall be no third-party beneficiaries of the Loan Agreement.
- f. Any reference to days shall mean calendar days for purposes of the Loan Agreement

11. **ATTORNEY'S FEES** Should any action be brought to enforce any provision hereof, the prevailing party in such action shall be entitled to reasonable attorneys' fees, court costs and other litigation expenses, including expenses incurred for preparation and discovery. The right to recover such fees, costs and expenses shall accrue upon the commencement of the action regardless of whether the action is prosecuted to final judgment.
12. **EXHIBITS** Exhibit A- Program Participation Agreement; Exhibit B-Program Eligibility and Requirements; Exhibit C- Loan Application; Exhibit D- Installation Scope of Work and Loan Terms; Exhibit E- Truth in Lending Disclosure Statement; and Exhibit F- The Housing Financial Discrimination Act Of 1977 Fair Lending Notice are incorporated herein by this reference.
13. **COMMUNICATIONS** Except as otherwise required by law, any notice, request, direction, demand, consent, waiver, approval or other communication required or permitted to be given hereunder shall not be effective unless it is given in writing and shall be delivered (a) by certified mail, postage prepaid, return receipt requested, or (b) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and addressed to the parties at the addresses stated below, or at such other address as either party may hereafter notify the other in writing.

For all customer assistance:	For questions addressed to the Property Owner:
Franklin Energy	Name:
Attn: <i>Program Name</i>	
Address:	Address:
Phone number:	Phone number:
Email Contact:	Email contact:

SILICON VALLEY CLEAN ENERGY

CUSTOMER (Property Owner)

BY:

Signature

BY:

Signature

Print Name

Print Name

Title

Birthdate

DATE: _____

DATE: _____

EXHIBITS

- A. Program Participation Agreement
- B. Program Eligibility and Requirements
- C. Loan Application
- D. Installation Scope of Work and Loan Terms
- E. Truth in Lending Disclosure Statement
- F. The Housing Financial Discrimination Act Of 1977 Fair Lending Notice

Exhibit A Loan Program Participant Agreement

1. **SITE ACCESS:** Within one (1) year of the Loan Agreement Effective Date, Property Owner authorizes the Subcontractor to enter the Residence for the purposes of installing any Measure(s) agreed to in this Loan Agreement, inspecting installed Measures, evaluating the performance of the Measures and any Loan Program-related activities. Property Owner authorizes SVCE, Franklin Energy, building officials, and/or SVCE-approved consultant(s) to enter the Residence for the purposes of evaluating the performance of Measures and conducting inspections as needed past the one year period following the Loan Agreement Effective Date but the time for inspection shall not exceed the Loan Term specified in Exhibit D. Inspections may include taking photos of the Measures and completed work. Property Owner agrees to cooperate with SVCE and its agents as requested by SVCE and in the timeframe requested by SVCE. Property Owner also agrees to remedy any issue identified by auditing and monitoring by SVCE or other SVCE-contracted entity at no additional cost to SVCE within the timeframe provided by the Program
2. **COMPLIANCE WITH LAWS:** Property Owner, Franklin Energy and Subcontractor(s) shall comply with all federal, state, and municipal laws, ordinances, rules, orders, and regulations, which apply to its actions at the Residence and installation of Measures.
3. **WORK AUTHORIZATION AND PROJECT WORK PLAN:** Franklin Energy will meet with the Property Owner to discuss individual property objectives, provide information on options, discuss process, recommend Measures for installation, and create a work project and schedule. Subcontractor will schedule and/or monitor the Measure(s) installation.
4. **INSTALLATION SCOPE OF WORK:** Property Owner agrees to the Installation Scope of Work attached herein as Exhibit D, which defines Measures eligible for installation by Franklin Energy, or Subcontractor(s). The Program shall not cover any equipment, installations, warranties, or services not defined in the Installation Scope of Work. Property Owner shall be solely responsible for all costs associated with any work outside of the Scope of Work. In the event of a change in the Scope of Work, Subcontractor(s) will confirm changes with Franklin Energy and installation can be completed upon review and approval. Property Owner will work directly with the Subcontractor through this process.
5. **PROPERTY OWNER COST OBLIGATIONS:** Property Owner Cost is the sole responsibility of Property Owner and must be paid by Property Owner directly to the Subcontractor. SVCE is not responsible for, and will not refund, any Property Owner Cost paid to Subcontractor.
6. **NO DOUBLE-DIPPING:** Property Owner understands that Property Owner cannot receive incentives for the same product, equipment, or service from more than one SVCE program.
7. **THIRD-PARTY REBATES AND INCENTIVES:** To assist Property Owner in getting the most rebates and incentives possible, eligible projects may be enrolled in third-

party incentive programs. These programs may include but are not limited to: TECH Clean CA, California Energy Smart Homes, and Equitable Building Decarbonization. Property Owner agrees to support Franklin Energy and Subcontractor(s) in enrolling their Residence in these third-party programs where Property Owner's actions are needed for the purpose of applying for rebates, incentives, equipment, supplies, or other benefits, providing required documentation to third party program representatives, and executing related third-party program agreements. Franklin Energy agrees to provide support and technical assistance to Property Owner throughout this process. Any third-party incentives will be paid directly to Franklin Energy to reduce the Property Owner Cost as described in Exhibit D. Any third-party incentives requiring payment directly to the Property Owner will not be accounted for in the Property Owner Costs in Exhibit D. Property Owner understands that SVCE, Franklin Energy and Subcontractor(s) cannot guarantee which incentives may apply or be granted and disclaim all liability thereto.

8. **STANDARD AND EXTENDED WARRANTIES:** All installations include a manufacturer's standard ten (10) year parts warranty ("10-Year Warranty"), in addition to the standard one (1) year parts and labor warranty with the installing Subcontractor(s). All manufacturer equipment warranties shall be transferred to the Property Owner upon installation and a copy of the warranty shall be provided to the Property Owner. SVCE, Franklin Energy, and Subcontractor(s) shall not be responsible for any warranty remedies which are the responsibility of the manufacturers. Property Owner may contact Franklin Energy to seek assistance coordinating eligible equipment repairs provided in the 10-Year Warranty.
9. **PROPERTY OWNER NOTIFICATION:** Franklin Energy intends to send Property Owner an annual letter reminding them that the Residence has been improved for resource efficiency, outlining the Property Owner's benefits to date by participating in the Loan Program.
10. **TAX LIABILITY and CREDITS:** Neither SVCE, Franklin Energy, nor Subcontractor are responsible for any taxes that may be imposed on the Property Owner as a result of the Measures installed under this Program. Property Owner is responsible for determining and applying for any tax credits for which they may be eligible.
11. **OWNERSHIP OF INFORMATION:** Franklin Energy may provide the Property Owner with information about its findings regarding this Residence, but SVCE shall have all ownership rights, including exclusive copyright ownership, in all data reports, research results, summaries, information, or other written, recorded, photographic, or visual materials (hereinafter "Information") produced and collected during the term of this Agreement.
12. **PROPERTY OWNER INFORMATION:** Property Owner agrees that SVCE, Franklin Energy, and Subcontractor(s) may review the Residence's historic and future energy usage to evaluate, measure, and verify actual energy savings. Property Owner agrees that SVCE may provide their information including Property Owner's name, Service Account number, electric and gas data, and Measures' installation details to a third-party(ies) for the purposes of program evaluation, measurement and

verification and/or claiming third party incentives. Any third-party(ies) receiving this information will keep this information confidential.

13. **ADVERTISING:** Property Owner agrees, for no compensation, to provide testimonials or interviews, provide visual materials (photos, videos, etc.), allow a photo of equipment to be taken, and contribute to other marketing and promotional activities related to the Program. SVCE agrees not to use the names or identifying characteristics of the Property Owner's Residence for published Project reports, advertising, sales promotion, or other publicity without the Property Owner's written approval.
14. **PROGRAM DATES:** All installations must be completed by March 1, 2026, unless otherwise notified by SVCE.
15. **PROGRAM CHANGES:** SVCE reserves the right to change, modify, or terminate this Program at any time without any liability except as expressly stated herein. Subcontractor(s) will honor all written commitments made in the Installation Scope of Work provided to Property Owner prior to the date of any change, modification, or termination of this Program, provided that Measure installations are fully completed within the time specified in a Scope of Work.
16. **DISCLAIMER:** SVCE and Franklin Energy make no representations or warranties, express or implied, regarding the design, construction, installation, reliability, performance, operation, maintenance or any use of the Measures discussed, selected, rejected, purchased or otherwise considered by Property Owner and does not guarantee that implementation or use of the Measures purchased or installed pursuant to this Program will result in energy cost savings. Any estimate or projection provided by SVCE, Franklin Energy, or the Subcontractor(s) is not a guarantee or promise and shall not be relied upon by Property Owner for any purpose. SVCE hereby expressly disclaims all warranties, whether express, implied, oral or written, statutory or otherwise, regarding any subject matter of this Agreement. Any decisions regarding the selection, design, purchase, installation use, and operation of any Measures shall be at the sole discretion and are Property Owner's sole responsibility. In no event shall SVCE, Franklin Energy, or the Subcontractor(s) be liable for failure of the Measures to achieve energy savings.
17. **RELEASE OF CLAIMS AGAINST, AND HOLD HARMLESS:** Property Owner discharges and releases SVCE, Franklin Energy, and Subcontractor(s) and their officers, employers, employees, and agents ("Indemnitees") from and against any and all claims, demands, liabilities, obligations, damages or chose in action, legal or equitable, of whatever kind or nature, including negligence by Indemnitees, in which Property Owners successors in interest, heirs, estates or personal representatives, or family members, now may have or assert, or may have had in the past or may have in the future, against Indemnitees as the result of, based upon, arising out of, or connected with Indemnitees involvement with the Project. Property Owner is on notice of and hereby specifically and expressly waive the provisions of California Civil Code § 1542, which provides that a "general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have

materially affected his or her settlement with the debtor or released party.” Property Owner also agrees to indemnify and hold harmless Indemnitees from any and all claims, actions, suits, procedures, costs, expenses, damages, and liabilities, including attorney’s fees and costs, brought as a result of Indemnitees’ involvement with the Project, and to reimburse Indemnitees for any such expenses incurred.

18. POST INSTALLATION PROPERTY OWNER RESPONSIBILITIES

- a. Property Owner agrees to allow SVCE to claim carbon credits for installed Final Measures (Exhibit F) as applicable
- b. Property Owner agrees to make a good faith effort to participate in follow-up surveys and provide requested information to SVCE to assist in evaluating the effectiveness of the Loan Program.

19. PROGRAM ONE-YEAR ENERGY SAVINGS REASSESSMENT Loan Program

includes an energy savings reassessment (“Energy Savings Reassessment”), where Franklin Energy and SCE will determine if the energy savings verified one-year after Measures installation are less than the utility bill savings potential used to determine the Loan Amount (as per section 3 “Loan Terms” in the terms and conditions), after controlling for exogenous variations. Franklin Energy will access Residence gas and electricity usage for at least one (1) calendar year following the Measures installation.

- a. If the Loan Program determines the verified energy savings from the installed Measures are less than the estimated potential savings, then SVCE may provide a credit or loan forgiveness for the discrepancy between the estimated potential savings and actual savings after one year.

20. MAINTENANCE: Property Owner is responsible for maintaining the installed Measures for the useful life of the Measure in good condition and repair. Property Owner is responsible for incidental maintenance of all Measures, including routine cleaning and care as needed per manufacturer’s recommendations to maintain proper function and validity of any warranty. Property Owner is responsible for costs incurred from failure to properly maintain Measures and costs associated with damage caused by Property Owner or Property Owner’s agents, tenants, or invitees.

21. DISPUTES: If Property Owner notifies Franklin Energy of problems with installation of the Measures, Property Owner will work with Franklin Energy to resolve identified and reported problems, subject to the limitations set forth in the Loan Agreement.

- a. In the event there are any disputes regarding the performance of a Subcontractor, SVCE, or Property Owner, Property Owner agrees to meet with the involved parties in good faith at no charge to any of the parties and at a mutually acceptable time, to amicably resolve the dispute, if possible.
- b. Except where otherwise limited by law, SVCE reserves the right, at its sole discretion, to make the final determination regarding any disputes between SVCE and Property Owner related to the Loan Agreement. In the event of a dispute that cannot be remedied by the parties, any court filings and/or proceedings shall be venued in Santa Clara County, California. SVCE shall in no case be responsible for the legal costs of Property Owner and/or Subcontractor

Exhibit B – Loan Program Eligibility and Requirements

1. Property Owner Eligibility

The following requirements must be met by Property Owner to qualify for the Program:

- a. Property Owner must be a SVCE residential customer;
- b. Property Owner must be the legal owner of the Residence. If Property Owner is an entity, entity must provide proof of signatory's ability to bind the entity;
- c. Residence is a single-family home with 4 or less dwelling units and existing gas-fired equipment.
- d. Have a zero-dollar (\$0.00) past-due balance on its three most recent PG&E billing statements.
- e. Have no other active loan with SVCE.
- f. Have high utility bill savings potential as determined by the Loan Program.

SVCE determines eligibility at its sole discretion and may request verification of eligibility requirements as needed.

2. Participation Requirements

To participate in the Loan Program, eligible Property Owners must:

- a. Complete a free home assessment with a Loan Program Subcontractor and receive an Installation Scope of Work itemizing the eligible Measures (Exhibit D).
- b. Enroll in the HomeIntel program with Home Energy Analytics ("HEA") and agree to share data with HEA to ensure the Franklin Energy can track the impact of Measures on Property Owner's gas and electric utility bills.
- c. Submit a Loan Application, sign the Loan Agreement, and abide by the terms and conditions in the Loan Agreement.
- d. Agree to work with Subcontractor to schedule an appointment for the Measures installation.
- e. Work with a Program Subcontractor to install the Measures after Loan Agreement is executed submit required documentation for rebates
- f. Ensure installations comply with all federal, state, and municipal laws, ordinances, rules, codes, standards, and regulations.
- g. Provide Franklin Energy with completed copy of city permit(s) for installed upgrades

Exhibit C – Loan Application

PROPERTY OWNER INFORMATION	
Property Owner Name: <i>First Name and Last Name, or Entity Name (as stated on PG&E bill):</i>	
Property Owner Name <i>First Name and Last Name, or Entity Name (as stated on property record):</i>	
Property Owner Representative (if Property Owner is an entity): <i>First Name and Last Name:</i>	
Property Address: <i>Street, City, and Zip Code (as stated on PG&E bill and where project will take place):</i>	
Email:	Phone:
Number of years and months at property: ____ Years ____ Months	
Proof of identify verification provided: ____ Yes ____ No	
PROPERTY OWNER AGREEMENT AND ACCEPTANCE	
<i>I attest that I am the PG&E account holder of record, the owner of the property, and all the above information is accurate</i>	
Property Owner Name (printed):	
Property Owner or Representative Signature:	Date:

Exhibit D – Installation Scope of Work and Loan Terms*

A) List of eligible Measures to be installed	
B) Project Cost	\$
C) Silicon Valley Clean Energy rebates	\$
D) Rebates paid to Subcontractor or Franklin Energy (e.g. TECH, etc.), if any	\$
E) Property Owner Cost - cost paid directly to Subcontractor, if any	\$
F) Loan Amount	\$
G) Loan Term (years)	10 years
H) Interest rate	0%
I) Loan Installment Payment (F divided by G and 12)	\$

Exhibit E – Truth in Lending Disclosure Statement

Creditor Silicon Valley Clean Energy		Applicant(s)	
Mailing Address 333 West El Camino Real #330, Sunnyvale, CA 94087		Property Address	
Loan Number		Preparation Date	
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. E 0.00%	FINANCE CHARGE The dollar amount the credit will cost you. E \$0.00	Amount Financed The amount of credit provided to you on your behalf. E \$	Total of Payments The amount you will have paid after you have made all payments as scheduled. E \$
PAYMENT SCHEDULE			
NUMBER OF PAYMENTS	* AMOUNT OF PAYMENTS	MONTHLY PAYMENTS ARE DUE BEGINNING	NUMBER OF PAYMENTS
		1st day of month per interest accrual on note	
* All amounts and payments are estimated. After final upgrades disbursement, a statement will be provided showing final principal and payment amounts. * Excludes taxes or insurance. DEMAND FEATURE: ☐ This loan does not have a Demand Feature. ☒ This loan has a Demand Feature. ITEMIZATION: You have a right at this time to an ITEMIZATION OF AMOUNT FINANCED. I/We ☐ do ☒ do not want an itemization. REQUIRED DEPOSIT: £ The annual percentage rate does not take into account your required deposit. VARIABLE RATE FEATURE: £ NONE SECURITY: You are giving a security interest in: NONE LATE CHARGES: NONE PREPAYMENT: If you prepay this loan in full or in part, you ☐ may ☒ will not have to pay a penalty. ☐ may ☒ will not be entitled to a refund of part of the finance charge. See your contract documents for any additional information regarding non-payment, default, required repayment in full before scheduled date, and payment refunds and penalties. E means estimate.			
I/We hereby acknowledge reading and receiving a complete copy of this disclosure. I/We understand there is no commitment for the creditor to make this loan and there is no obligation for me/us to accept this loan upon delivery of signing of this disclosure.			
Borrower's Signature _____		Borrower's Signature _____	
Date _____		Date _____	
Borrower's Signature _____		Borrower's Signature _____	
Date _____		Date _____	

Exhibit F – The Housing Financial Discrimination Act Of 1977 Fair Lending Notice

It is illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:

1. Trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice; or
2. Race, color, religion, sex, marital status, domestic partnership, national origin or ancestry.

It is illegal to consider the racial, ethnic, religious or national origin composition of a neighborhood or geographic area surrounding a housing accommodation or whether or not such composition is undergoing change, or is expected to undergo change, in appraising a housing accommodation or in determining whether or not, or under what terms and conditions, to provide financial assistance.

These provisions govern financial assistance for the purpose of the purchase, construction, rehabilitation or refinancing of one- to four-unit family residences occupied by the owner and for the purpose of the home improvement of any one- to four-unit family residence.

If you have any questions about your rights, or if you wish to file a complaint, contact the management of this financial institution or the Department of Real Estate at one of the following locations:

1515 Clay Street, Suite 702, Oakland, CA 94612-1402

320 West 4th Street, Suite 350, Los Angeles, CA 90013-1105

OR the Secretary of Business, Transportation and Housing at the following location:

980 9th Street, Suite 2450, Sacramento, CA 95814

ACKNOWLEDGEMENT OF RECEIPT

I/We received a copy of this notice.

Signature of Applicant

Date

Signature of Applicant

Date



Staff Report – Item 1d

Item 1d: Authorize the Chief Executive Officer to Execute Agreements with the Cities of Milpitas and Mountain View to Administer City Rebates for Home Electrification

From: Monica Padilla, CEO

Prepared by: Justin Zagunis, Director of Decarbonization Programs and Policy
Nupur Hiremath, Manager of Decarbonization Programs and Policy
Oswaldo Martinez, Senior Programs Specialist

Date: 3/12/2025

RECOMMENDATION

Staff recommends the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) authorize the Chief Executive Officer (CEO) to execute the attached agreements with the Cities of Milpitas and Mountain View (collectively the "Cities") to administer building electrification rebate adders, as funded by the Cities, to SVCE customers residing in these member jurisdictions.

BACKGROUND

SVCE has been successfully administering building electrification rebates to customers in single-family residences since 2019 through its initial Heat Pump Water Heater (HPWH) programs and, currently, through its Home Rebates program. To date, SVCE has disbursed more than \$6.3 million to upgrade 1,038 HPWHs, 1,175 heat pump heating ventilation and air conditioning systems (HP HVACs), 94 induction cooking ranges, 208 electrical panels, and 625 pre-wired electrical circuits across its service territory, with significant participation growth in 2024. The strong uptake of this program signifies a clear need for rebates as more customers learn about electrification and make the transition in their homes.

Recognizing that rebates are critical in aiding the transition to all-electric appliances, the Cities of Milpitas and Mountain View have worked to secure the following funding to provide rebates (hereafter "City Rebates") for their residents:

- In 2024, the City of Milpitas secured grant funding from the U.S. Department of Energy's State and Community Energy Program Award No. DE-SE0000736.0000 in the amount of \$3 million to provide rebates to residents for building electrification. The City has allocated \$2.655 million in funds from this grant to provide rebates for electric HPWHs, HP HVACs, electric induction ranges/cooktops, and electric service panels. Funds allocated are required to be expended by September 2026, per the City's grant agreement.
- In 2024, the City of Mountain View allocated \$249,999 to provide building electrification rebates to its residents as a part of its "Year of the Water Heater" marketing campaign launching in calendar year 2025. Funds allocated are intended to be expended by December 2025.

These City Rebates will enable residents in Milpitas and Mountain View to electrify more easily by further reducing the out-of-pocket costs of electrification upgrades.

ANALYSIS & DISCUSSION

SVCE and its member agencies aim to support customers in transitioning from fossil fuel to all-electric appliances. However, the up-front cost of all-electric appliances is still significantly higher than that of their

Agenda Item: 1d**Agenda Date: 3/12/2025**

fossil fuel counterparts. A large portion (42%) of customers making electrification upgrades through SVCE's Home Rebates program are leveraging multiple programs to drive down the up-front capital cost, including SVCE's rebates as well as other programs (e.g., TECH Clean California, Golden State Rebates, tax credits).

The Cities of Milpitas and Mountain View have each secured funding to augment rebates for their residents and help lower the out-of-pocket costs of transitioning to electric appliances. Customers in these member jurisdictions are likely to want to stack SVCE rebates, City Rebates, and other rebate programs that may apply. Stacking rebates from multiple sources can be a time-consuming and confusing process for customers and contractors, so minimizing this effort has great value for SVCE customers.

Given its long-running Home Rebates program, SVCE has significant experience in providing residential building electrification rebates to customers. The program's structure includes:

- an SVCE program lead who oversees the management of the program's budget, rebate deployment, and customer experience;
- a dedicated third-party program implementer who has deep experience with high-quality customer service and rebate processing;
- a simplified customer journey to reserve and claim rebates, which has been fine-tuned over years of learnings and customer feedback;
- a program webpage that provides consistent and clear instructions, eligibility criteria, equipment specifications, and additional resources; and
- a new Salesforce-based program data management tool launched in late 2024, which allows streamlined applications and claims, facilitating an improved customer and implementer experience.

This well-established program administration process has led to the successful deployment of program funds and a positive customer experience, as evidenced by the recent growth in participation as well as customer surveys showing an overall satisfaction rating of 92%.

Given the common goal of helping customers transition from fossil fuel to all-electric appliances, SVCE has interest in leveraging its current Home Rebates program's structure to also provide the City Rebates to customers in these jurisdictions. Partnering with the Cities on rebate administration offers the following benefits:

- *Creates a simple process for customers to apply for both SVCE and City rebates:* Customers will only need to complete an SVCE rebate reservation application form and the SVCE program implementer will automatically apply the additional City Rebate to that customer's application. A Milpitas or Mountain View resident will not need to do any additional work to reserve or claim their City Rebate. SVCE will issue a check for the combined value of the SVCE rebate and City Rebate when the project is complete.
- *Leverage economies of scale to help funds go further:* Leveraging SVCE's program administration structure avoids the burden of each jurisdiction setting up its own administrative process. This enables most or all of the funding from each City to be distributed as incentives, thereby improving efficiency and benefiting customers directly. Staff's estimates that it will add approximately 15 minutes per customer of total administrative time to process City Rebates, which is not significant – and will save customers and the Cities many hours of work.
- *Helps SVCE learn how to thread external funds through its existing program:* SVCE has not yet secured funding from external sources to augment its Home Rebate programs. The proposed approach allows SVCE to experience what it is like to thread a different entity's rebates through its existing program. This may be relevant for the future if SVCE has an opportunity to leverage significant grant funding from local, state, or other regional programs.
- *Establishes a template for additional jurisdictions to partner with SVCE and layer rebates:* Setting up the necessary mechanisms for tracking and deploying the City Rebates will create a standard process for allowing other interested member agencies to partner with SVCE in a similar manner. This will enable interested agencies to much quickly and simply add relevant rebates for their residents and aligns with SVCE's role as a community benefits enabler.

Agenda Item: 1d**Agenda Date: 3/12/2025****Impact to Customers**

The City Rebates rebate amounts will be set by mutual agreement between SVCE and the Cities. The table below shows currently planned rebate amounts; these are subject to adjustment by the Cities and SVCE. City Rebates will be additive to SVCE's rebates and total rebates paid to a customer will not exceed the project cost. Program eligibility and equipment specifications for administering rebates will be aligned with SVCE's existing Home Rebates program. SVCE will also collaborate with each agency on marketing these rebates to their residents. Rebates will be available to Milpitas residents through September 2026 and for Mountain View residents through December 2025, respectively, or as long as funds are available.

Appliance Upgrade	SVCE Rebate	Milpitas City Rebate	Mountain View City Rebate
Gas to HPWH	\$2,000	\$850	\$850
Gas furnace to HP HVAC	\$2,500	\$2,000	None
Gas to Induction Cooktop/Range	\$500	\$500	None
Electrical Panel Upgrade	\$1,000	\$250	None

*Note: Rebate amounts are subject to change and may be modified by mutual agreement between SVCE and the Cities.

Impact to SVCE

SVCE anticipates that the City Rebates will add no more than an estimated \$4,160 per month in added costs for both Cities or a 1.4% increase in administrative costs, which is not significant. Actual costs will largely depend on the rate of uptake of the rebates in each City and any additional questions from these customers beyond what they would normally have asked SVCE. Initially, all (100%) of total funds contributed by each agency will be spent on customer rebates, as SVCE plans to absorb the added administrative costs of providing City Rebates. Staff will monitor administrative costs closely. If SVCE's administrative costs significantly increase due to administering the City Rebates, SVCE has reserved the right in the Agreements to charge the Cities a mutually agreed-upon administrative fee that will not exceed more than 3.7% of the total incentive funds available in each City's program. This structure maximizes the value a city can see when layering onto SVCE's existing rebates while also protecting SVCE if this coordination unexpectedly increases the administrative burden.

SVCE's support of City Rebate administration will facilitate an accelerated transition away from fossil fuels in the Cities, even beyond what is occurring under SVCE's existing Home Rebates, enabling progress towards their climate action goals as well as SVCE's decarbonization goals.

STRATEGIC PLAN

The Innovation Onramp program supports SVCE's Strategic Plan Goal 7 to "Support all SVCE communities to decarbonize through local investments that reduce barriers and demonstrate sensible, scalable, and equitable solutions."

ALTERNATIVE

The proposed approach offers benefits to achieving SVCE's and the Cities' climate and programmatic goals.

Alternatively, the Board may direct staff to:

1. Not partner with the Cities to administer City Rebates
2. Charge an administrative fee to the Cities from the outset for administering City Rebates

FISCAL IMPACT

SVCE will pay the value of the City Rebates up-front to customers and be reimbursed by the Cities monthly for the total cost of the City Rebates provided to customers within their respective jurisdictions. The anticipated fiscal impact is, therefore, to SVCE's administrative expenses for the Home Rebates program.

Agenda Item: 1d**Agenda Date: 3/12/2025**

The Home Rebates total program budget is \$10.05 million as reflected in the total Board-approved programs allocation. To date, \$6 million has been expended on incentives and an additional \$665,000 has been expended on administrative costs for the third-party program implementer (10.5% of the expended program budget). The proposed effort will be absorbed within the remaining Board-approved allocation for this program.

ATTACHMENTS

1. Reimbursement Agreement between SVCE and City of Milpitas
2. Reimbursement Agreement between SVCE and City of Mountain View

**REIMBURSEMENT AGREEMENT
BETWEEN SILICON VALLEY CLEAN ENERGY
AND
CITY OF MILPITAS**

THIS AGREEMENT is made and entered into as of _____, 202_, (“Effective Date”) between Silicon Valley Clean Energy (“SVCE”) and City of Milpitas (“City”). SVCE and City are referred to below individually as a “Party” and collectively as the “Parties”. In consideration of the mutual promises and covenants contained herein, the Parties hereto mutually agree as follows:

1. Purpose of the Agreement. The City was awarded funding by Department of Energy’s State and Community Energy Program’s (SCEP) Award No. DE-SE0000736.0000 and it desires to use \$2,655,000 of grant funds to provide rebates (“City Rebates”) to City residents who purchase electric heat pump water heaters (HPWH), electric heat pump heating ventilation and air conditioning (HVAC) systems, electric range/cooktops and/or electrical service panels. The Parties have determined that it will be mutually beneficial for SVCE and City to include the City Rebates with the rebates SVCE provides to its customers (“SVCE Rebates”) residing within the City’s jurisdiction through its Home Rebates Program (“SVCE Program”). The Parties desire to take advantage of the economies to the Parties and convenience to SVCE customers of providing both City Rebates and SVCE Rebates to SVCE customers in one transaction. The purpose of this Agreement is to set forth the terms by which SVCE will provide the City Rebate to its customers, and by which City will reimburse SVCE for the payment of the City Rebate to the customers.

2. Term and Termination. This Agreement shall commence on the Effective Date and terminate on January 31, 2027, unless earlier terminated (“Term”). Either Party may terminate the Agreement without cause upon 30 days’ written notice to the other Party. The Date of Termination shall be the 31st day after this written notice is issued. City shall remit payment to SVCE for any Reimbursable Expenses (defined below) incurred by SVCE for City Rebate claims submitted prior to the Date of Termination. SVCE shall complete and provide City Rebates for all rebate claims submitted after project completion by customers before the Date of Termination. On the Date of Termination, SVCE shall provide the City with all documentation for all rebate applications for City Rebates that have not yet submitted rebate claims after project completion. SVCE shall communicate and coordinate with the City regarding each organizations’ responsibilities for all rebate applications and claims to ensure rebates and claims are properly handled.

3. Administrative Fee. The Parties do not anticipate that there will be a measurable cost to SVCE to administer the City Reimbursements. SVCE agrees to charge no fee to the City for administering the City Rebates (“Administrative Fee”) for at least the first 120 days of the Term. At the conclusion of the 120 days, or any time thereafter, SVCE may by written notice to the City request a written Amendment to this Agreement allowing SVCE to charge an Administrative Fee to the City. SVCE shall submit documentation with this request supporting the proposed Administrative Fee. Such Amendment may require approval by the Milpitas City Council. Nothing contained herein obligates the City to approve any requested Amendment. Any Amendment shall be in writing and signed by both Parties. In no event will the total Administrative Fees charged exceed (NTE) \$100,000 over the Term of this Agreement. SVCE accepts the risk that under the terms of this Agreement it may not be able to fully recover its actual cost in administering the City Rebates.

4. SVCE Responsibilities. SVCE shall provide City Rebates to its customers who receive SVCE Rebates through the SVCE Program and are also eligible for City Rebates. Wherever practical, SVCE shall indicate the City Rebate amount it is providing to its customers and attribute that rebate to the City’s program. The amount of the City Rebates a customer is eligible for shall be set forth in Exhibit A, attached hereto and incorporated by this reference (“City Rebate Schedule”). The City Rebate Schedule may be updated no more than once every 180 days by mutual agreement of City and SVCE, without amending this Agreement. SVCE shall use the most recent City Rebates Schedule provided by the City to issue City Rebates to customers. SVCE shall not provide any rebates that exceed the total individual project cost for

a customer. If the sum of the SVCE Rebate and City Rebate exceeds the customer's total project cost, the SVCE Rebates will be provided in full and the City Rebate will be discounted accordingly, such that the maximum rebate amount provided does not exceed the total individual project cost of the customer. SVCE shall provide an invoice to the City in a monthly basis, which documents the City Rebates paid in the previous month and any Administrative Fee. SVCE shall at all times, at its sole cost, comply with all applicable laws in administering City Rebates. SVCE will work with the City to comply with any applicable contractor flow-down terms and conditions, set forth in Exhibit B, which are required under the City's grant agreement with the U.S. Department of Energy.

5. Reimbursement by City. City agrees to reimburse SVCE for any Administrative Fees, if approved, and the City Rebates paid by SVCE, ("Reimbursable Expenses") within thirty (30) days of receipt of invoice by City. SVCE will incur the Reimbursable Expenses in reliance on City's representation that it will reimburse SVCE for such Reimbursable Expenses as set forth in this Agreement.

6. Indemnification. SVCE shall defend, indemnify and hold harmless the City (including its officers, employees and agents) against any claim, loss or liability arising out of SVCE's negligence or misconduct in the performance of this Agreement. SVCE's obligation to indemnify the City shall not apply to any claim, loss or liability arising out of City's negligence or misconduct in City's administration of City Rebates outside of this Agreement.

7. Miscellaneous.

A. Notices. Any notices which either Party may desire to give to the other Party under this Agreement must be in writing and may be given either by (i) personal service with return receipt or affidavit of delivery, (ii) delivery by a reputable document delivery service, such as, but not limited to, FedEx, that provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the Party as set forth below or at any other address as that Party may later designate by a written notice provided in accordance with this Section. Notice shall be effective upon delivery to the addresses specified below or on the third business day following deposit with the document delivery service or United States Mail as provided above.

SVCE: Silicon Valley Clean Energy
333 W. El Camino Real, Suite 330
Sunnyvale, CA 94087
Attn:
Nupur Hiremath, Manager of Decarbonization Programs
Nupur.hiremath@svcleanenergy.org

City: City of Milpitas
1265 N Milpitas Blvd.
Milpitas, CA 95035
Attn: Elaine Marshall, Deputy Public Works Director
408-586-2600
emarshall@milpitas.gov

Either Party may change its address for notices by notifying the other Party.

B. Applicable Law/Venue. This Agreement shall be deemed to have been entered into and shall, in all respects, be interpreted, construed, enforced and governed by and under the laws of the State of California. The venue of any legal action relating to this Agreement shall be the Superior Court of California, County of Santa Clara.

C. Entire Agreement, Modifications. This Agreement and the documents referenced herein contain the complete expression of the whole agreement between the Parties with respect to the obligations set forth herein, and there are no promises, representations, agreements, warranties or inducements, either

expressed verbally or implied, except as are fully set forth herein. No alteration, supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both Parties.

D. Independent Advice of Legal Counsel. Each Party acknowledges that it has retained independent legal counsel of its own choice to review this Agreement and that prior to the execution hereof each Party has had the opportunity to review the terms of this Agreement with its counsel and is entering into this Agreement after such review.

E. Authority to Execute Agreement. The person or persons executing this Agreement on behalf of a Party warrants and represents that he or she has the authority to execute this Agreement on behalf of the Party and has the authority to bind that Party to the performance of its obligations hereunder.

F. Validity of Agreement. All Parties agree that this Agreement is legal, valid and binding on each Party and enforceable in accordance with its terms.

G. Binding on Successors. Except as further provided in this paragraph, this Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors, assigns, executors and administrators.

H. No Third-Party Rights. This Agreement shall not create or be construed to create any rights in, or inure to the benefit of, any third party.

I. Ambiguity. This Agreement is deemed to have been prepared by all of the Parties hereto, and any uncertainty or ambiguity herein shall not be interpreted against the drafter, but rather, if such ambiguity or uncertainty exists, shall be interpreted according to applicable rules of interpretation of contracts under the laws of the State of California.

J. Assignment. This Agreement shall not be assignable by either Party in whole or in part without the prior written consent of the other Party. The assigning Party shall provide to the other Party thirty (30) days' advanced notice of any such proposed assignment.

K. Severability. If any provision or portion of this Agreement shall be adjudged invalid or unenforceable by a court or tribunal of competent jurisdiction or by operation of any applicable laws, such provision or portion of this Agreement shall be deemed omitted and the remaining provisions and portions shall remain in full force and effect.

L. Counterparts/Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Moreover, electronic, scanned or facsimile copies of signatures shall be accepted as valid and binding.

M. Waiver. No term or provision hereof will be considered waived by either Party, and no breach is excused or consented to by either Party, unless such waiver or consent is in writing and signed on behalf of the Party against whom the waiver is asserted. No express or implied consent by either Party to, waiver of, or failure of a Party to enforce its rights with respect to a breach by the other Party shall constitute consent to or, waiver of any subsequent or other breach by the other Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement below on the date first written above.

SILICON VALLEY CLEAN ENERGY

RECOMMENDED FOR APPROVAL:

By: _____
Justin Zagunis, Director of Customer Success

Date: _____

By: _____
Monica Padilla, Chief Executive Officer

Date: _____

APPROVED AS TO FORM BY COUNSEL FOR SVCE:

By: _____
Michael Callahan, General Counsel

Date: _____

CITY OF MILPITAS

Date: _____

By: _____
Ned Thomas, City Manager

Date: _____

APPROVED AS TO FORM BY COUNSEL FOR CITY OF MILPITAS:

By: _____
Christopher Creech, Acting City Attorney

Date: _____

EXHIBIT A CITY REBATE SCHEDULE

SVCE will provide City Rebates to SVCE customers who are residents of the City in the following amounts:

Customer Category	Appliance Type		Value of City Rebate (per appliance)
Market-rate and Income-qualified ¹ customers	Heat Pump Water Heater (HPWH)	Replacing gas water heater	\$850
		Replacing electric resistance water heater	\$0
	Heat Pump Heating Ventilation, and Air Conditioning (HP HVAC)	Replacing gas furnace	\$2,000
	Induction Cooktop/Range	Replacing gas cooktop/range	\$500
	Electrical panel upgrade ²		\$250

This exhibit may be updated no more than once every 180 days by mutual agreement of City and SVCE, without amending this Agreement.

¹ Latest income-qualifications from May 2024 (https://svcleanenergy.org/wp-content/uploads/FFH_Income_Qualifications_May2024.pdf).

² As specified in SVCE's Electrical Infrastructure Upgrade specifications: <https://svcleanenergy.org/wp-content/uploads/6-Appliance-Specifications-Jun-2024-English.pdf>

EXHIBIT B
UNITED STATES DEPARTMENT OF ENERGY GRANT AGREEMENT
TERMS AND CONDITIONS

Terms and Conditions begin on next page.

DRAFT

Special Terms and Conditions

City of Milpitas, which is identified in Block 5 of the Assistance Agreement, and the State and Community Energy Program (“SCEP”), an office within the United States Department of Energy (“DOE”), enter into this Award, referenced above, to achieve the project objectives and the technical milestones and deliverables stated in the Attachments to this Award.

This Award consists of the following documents, including all terms and conditions therein:

	Assistance Agreement
	Special Terms and Conditions
Attachment 1	Statement of Project Objectives and Milestone Summary Table
Attachment 2	Federal Assistance Reporting Checklist and Instructions
Attachment 3	Budget Information SF-424A
Attachment 4	Intellectual Property Provisions
Attachment 5	NEPA Determination

The following are incorporated into this Award by reference:

- DOE Assistance Regulations, 2 CFR Part 200 as amended by 2 CFR Part 910 at <http://www.eCFR.gov>.
- National Policy Requirements (November 12, 2020) at <http://www.nsf.gov/awards/managing/rtc.jsp>.
- The Recipient’s application/proposal as approved by SCEP.

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Subpart A. General Provisions

Term 1. Legal Authority and Effect

A DOE financial assistance award is valid only if it is in writing and is signed, either in writing or electronically, by a DOE Contracting Officer.

The Recipient may accept or reject the Award. A request to draw down DOE funds or acknowledgement of award documents by the Recipient's authorized representative through electronic systems used by DOE, specifically FedConnect, constitutes the Recipient's acceptance of the terms and conditions of this Award. Acknowledgement via FedConnect by the Recipient's authorized representative constitutes the Recipient's electronic signature.

Term 2. Flow Down Requirement

The Recipient agrees to apply the terms and conditions of this Award, including the Intellectual Property Provisions, to all subrecipients (and contractors, as appropriate). See, 2 CFR 200.101(b)(2), 2 CFR 200.327, and 2 CFR 200.332.

Term 3. Compliance with Federal, State, and Municipal Law

The Recipient is required to comply with applicable federal, state, and local laws and regulations for all work performed under this Award. The Recipient is required to obtain all necessary federal, state, and local permits, authorizations, and approvals for all work performed under this Award.

Term 4. Inconsistency with Federal Law

Any apparent inconsistency between federal statutes and regulations and the terms and conditions contained in this Award must be referred to the DOE Award Administrator for guidance.

Term 5. Federal Stewardship

SCEP will exercise normal federal stewardship in overseeing the project activities performed under this Award. Stewardship activities include, but are not limited to, conducting site visits; reviewing performance and financial reports; providing technical assistance and/or temporary intervention in unusual circumstances to address deficiencies that develop during the project; assuring compliance with terms and conditions; and reviewing technical performance after project completion to ensure that the project objectives have been accomplished.

Term 6. Federal Involvement

A. Review Meetings

The Recipient, including but not limited to, the principal investigator (or, if applicable, co-principal investigators), is required to participate in periodic review meetings with SCEP. Review meetings enable SCEP to assess the work performed under this Award and determine whether

the Recipient has timely achieved the technical milestones and deliverables stated in Attachment 1 to this Award.

SCEP shall determine the frequency of review meetings and select the day, time, and location of each review meeting and shall do so in a reasonable and good faith manner. SCEP will provide the Recipient with reasonable notice of the review meetings.

For each review meeting, the Recipient is required to provide a comprehensive overview of the project, including:

- The Recipient's technical progress compared to the Milestone Summary Table stated in Attachment 1 to this Award.
- The Recipient's actual expenditures compared to the approved budget in Attachment 3 to this Award.
- Other subject matter specified by the DOE Technology Manager/Project Officer.

B. Project Meetings

The Recipient is required to notify SCEP in advance of scheduled tests and internal project meetings that would entail discussion of topics that could result in major changes to the baseline project technical scope/approach, cost, or schedule. Upon request by SCEP, the Recipient is required to provide SCEP with reasonable access (by telephone, webinar, or otherwise) to the tests and project meetings. The Recipient is not expected to delay any work under this Award for the purpose of government insight.

C. Site Visits

SCEP's authorized representatives have the right to make site visits at reasonable times to review project accomplishments and management control systems and to provide technical assistance, if required. The Recipient must provide, and must require subrecipients to provide, reasonable access to facilities, office space, resources, and assistance for the safety and convenience of the government representatives in the performance of their duties. All site visits and evaluations must be performed in a manner that does not unduly interfere with or delay the work.

D. Technical Milestones and Deliverables

Attachment 1 to this Award establishes technical milestones and deliverables. If the Recipient fails to achieve two or more technical milestones and deliverables, SCEP may renegotiate the Statement of Project Objectives and/or Milestone Summary Table in Attachment 1 to this Award. In the alternative, SCEP may deem the Recipient's failure to achieve these technical milestones and deliverables to be material noncompliance with the terms and conditions of this Award and take action to suspend or terminate the Award.

E. SCEP Access

The Recipient must provide any information, documents, site access, or other assistance requested by SCEP for the purpose of its federal stewardship or substantial involvement.

Term 7. Foreign National Participation

A “foreign national” is defined as any person who is not a U.S. citizen by birth or naturalization.

If the Recipient (including any of its subrecipients and contractors) anticipates involving foreign nationals in the performance of the Award, the Recipient must, upon DOE’s request, provide DOE with specific information about each foreign national to ensure compliance with the requirements for participation and access approval. The volume and type of information required may depend on various factors associated with the Award. The DOE Contracting Officer will notify the Recipient if this information is required.

DOE may elect to deny a foreign national’s participation in the Award. Likewise, DOE may elect to deny a foreign national’s access to a DOE sites, information, technologies, equipment, programs, or personnel. DOE’s determination to deny participation or access is not appealable.

Term 8. Post-Award Due Diligence Reviews

During the period of performance of the Award, DOE may conduct ongoing due diligence reviews, through Government resources, to identify potential risks of undue foreign influence. In the event a risk is identified, DOE may require risk mitigation measures, including but not limited to, requiring an individual or entity not participate in the Award.

Term 9. NEPA Requirements

DOE must comply with the National Environmental Policy Act (NEPA) prior to authorizing the use of federal funds. Based on all information provided by the Recipient, SCEP has made a NEPA determination by issuing a categorical exclusion (CX) for all activities listed in the Statement of Project Objectives (SOPO) approved by the Contracting Officer and the DOE NEPA Determination. The Recipient is thereby authorized to use federal funds for the defined project activities, except where such activity is subject to a restriction set forth elsewhere in this Award.

This authorization is specific to the project activities and locations as described in the SOPO approved by the Contracting Officer and the DOE NEPA Determination.

If the Recipient later intends to add to or modify the activities or locations as described in the approved SOPO and the DOE NEPA Determination, those new activities/locations or modified activities/locations are subject to additional NEPA review and are not authorized for federal funding until the Contracting Officer provides written authorization on those additions or modifications. Should the Recipient elect to undertake activities or change locations prior to written authorization from the Contracting Officer, the Recipient does so at risk of not receiving federal funding for those activities, and such costs may not be recognized as allowable cost share.

DOE must consider the effects on historic properties, pursuant to Section 106 of the National Historic Preservation Act (NHPA). Section 106 applies to historic properties that are listed in or eligible for listing in the National Register of Historic Places. DOE and recipients selected for an

award must consider the effects of project activities on historic properties, pursuant to Section 106 of the NHPA

Awardees in States or Territories with a DOE-executed Programmatic Agreement (PA) must adhere to all the Stipulations outlined in the PA, including reporting requirements. Executed PAs are available on this website: <https://www.energy.gov/scep/historic-preservation-executed-programmatic-agreements>. So long as the proposed project/undertaking is within a State or Territory that has executed a Programmatic Agreement, the terms of the Programmatic Agreement will apply to all SCEP Recipients and subrecipients within the applicable state, and their activities. Applicants that do NOT have a PA which includes Guam and tribal governments, must follow the added restrictions in a NEPA determination to ensure Section 106 compliance.

Term 10. Performance of Work in United States

A. Requirement

All work performed under this Award must be performed in the United States unless the Contracting Officer provides a waiver. This requirement does not apply to the purchase of supplies and equipment; however, the Recipient should make every effort to purchase supplies and equipment within the United States. The Recipient must flow down this requirement to its subrecipients.

B. Failure to Comply

If the Recipient fails to comply with the Performance of Work in the United States requirement, the Contracting Officer may deny reimbursement for the work conducted outside the United States and such costs may not be recognized as allowable Recipient cost share of if the work is performed by the Recipient, subrecipients, contractors or other project partners.

C. Waiver for Work Outside the U.S.

All work performed under this Award must be performed in the United States. However, the Contracting Officer may approve the Recipient to perform a portion of the work outside the United States under limited circumstances. The Recipient must obtain a waiver from the Contracting Officer prior to conducting any work outside the U.S. To request a waiver, the Recipient must submit a written waiver request to the Contracting Officer, which includes the information as required in the FOA that the Award was selected under.

For the rationale, the Recipient must demonstrate to the satisfaction of the Contracting Officer that the performance of work outside the United States would further the purposes of the FOA that the Award was selected under and is in the economic interests of the United States. The Contracting Officer may require additional information before considering such request.

Term 11. Notice Regarding the Purchase of American-Made Equipment and Products – Sense of Congress

It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under this Award should be American-made.

Term 12. Reporting Requirements

A. Requirements

The reporting requirements for this Award are identified on the Federal Assistance Reporting Checklist, attached to this Award. Failure to comply with these reporting requirements is considered a material noncompliance with the terms of the Award. Noncompliance may result in withholding of future payments, suspension, or termination of the current award, and withholding of future awards. A willful failure to perform, a history of failure to perform, or unsatisfactory performance of this and/or other financial assistance awards, may also result in a debarment action to preclude future awards by federal agencies.

B. Dissemination of Scientific and Technical Information

Scientific and Technical Information (STI) generated under this Award will be submitted to DOE via the Office of Scientific and Technical Information's Energy Link ([E-Link](#)) system. STI submitted under this Award will be disseminated via DOE's [OSTI.gov](#) website subject to approved access limitations. Citations for journal articles produced under the Award will appear on the [DOE PAGES](#) website.

C. Restrictions

Scientific and Technical Information submitted to E-Link must not contain any Protected Personal Identifiable Information (PII), limited rights data (proprietary data), classified information, information subject to export control classification, or other information not subject to release.

Term 13. Lobbying

By accepting funds under this Award, the Recipient agrees that none of the funds obligated on the Award shall be expended, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in 18 U.S.C. § 1913. This restriction is in addition to those prescribed elsewhere in statute and regulation.

Term 14. Publications

The Recipient is required to include the following acknowledgement in publications arising out of, or relating to, work performed under this Award, whether copyrighted or not:

- *Acknowledgment:* "This material is based upon work supported by the U.S. Department of Energy's State and Community Energy Program (SCEP) Award Number DE-

SE0000736.”

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The Award may be subject to a Data Management Plan as part of the Intellectual Property clause set that explains how data generated in the course of the work performed under this Award will be shared or preserved or, when justified, explains why data sharing or preservation is not possible or scientifically appropriate.

Term 15. No-Cost Extension

As provided in 2 CFR 200.308, the Recipient must provide the Contracting Officer with notice in advance if it intends to utilize a one-time, no-cost extension of this Award. The notification must include the supporting reasons and the revised period of performance. The Recipient must submit this notification in writing to the Contracting Officer and DOE Technology Manager/Project Officer at least 30 days before the end of the current budget period.

Any no-cost extension will not alter the project scope, milestones, deliverables, or budget of this Award.

Term 16. Property Standards

The complete text of the Property Standards can be found at 2 CFR 200.310 through 200.316. Also see 2 CFR 910.360 for additional requirements for real property and equipment for for-profit recipients.

Term 17. Insurance Coverage

See 2 CFR 200.310 for insurance requirements for real property and equipment acquired or improved with federal funds. Also see 2 CFR 910.360(d) for additional requirements for real property and equipment for for-profit recipients.

Term 18. Real Property

Subject to the conditions set forth in 2 CFR 200.311, title to real property acquired or improved under a federal award will conditionally vest upon acquisition in the non-federal entity. The non-federal entity cannot encumber this property and must follow the requirements of 2 CFR 200.311 before disposing of the property.

Except as otherwise provided by federal statutes or by the federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose. When real property is no longer needed for the originally authorized purpose, the non-federal entity must obtain disposition instructions from DOE or pass-through entity.

See 2 CFR 200.311 for additional requirements pertaining to real property acquired or improved under a federal award. Also see 2 CFR 910.360 for additional requirements for real property for for-profit recipients.

Term 19. Supplies

See 2 CFR 200.314 for requirements pertaining to supplies acquired under a federal award. See also 2 CFR 200.453 Materials and supplies costs, including costs of computing devices.

Term 20. Property Trust Relationship

Real property, equipment, and intangible property, that are acquired or improved with a federal award must be held in trust by the non-federal entity as trustee for the beneficiaries of the project or program under which the property was acquired or improved. See 2 CFR 200.316 for additional requirements pertaining to real property, equipment, and intangible property acquired or improved under a federal award.

Term 21. Record Retention

Consistent with 2 CFR 200.334 through 200.338, the Recipient is required to retain records relating to this Award.

Term 22. Audits

A. Government-Initiated Audits

The Recipient must provide any information, documents, site access, or other assistance requested by SCEP, DOE or federal auditing agencies (e.g., DOE Inspector General, Government Accountability Office) for the purpose of audits and investigations. Such assistance may include, but is not limited to, reasonable access to the Recipient's records relating to this Award.

Consistent with 2 CFR part 200 as amended by 2 CFR part 910, DOE may audit or review the Recipient's financial records or administrative records relating to this Award at any time. Audits or reviews may be performed to determine if the Recipient has an adequate financial management system to estimate, bill, and record federal government expenditures in accordance with the criteria in 2 CFR 200.302, Generally Accepted Accounting Principles (GAAP), Generally Accepted Government Accounting Standards (GAGAS), and Standard Form 1408. Government-initiated audits are generally paid for by DOE.

DOE may conduct a final audit at the end of the project period (or the termination of the Award, if applicable). Upon completion of the audit, the Recipient is required to refund to DOE any payments for costs that were determined to be unallowable. If the audit has not been performed or completed prior to the closeout of the award, DOE retains the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

DOE will provide reasonable advance notice of audits and will minimize interference with ongoing work, to the maximum extent practicable.

B. Annual Independent Audits (Single Audit or Compliance Audit)

The Recipient must comply with the annual independent audit requirements in 2 CFR 200.500 through .521 for institutions of higher education, nonprofit organizations, and state and local governments (Single audit), and 2 CFR 910.500 through .521 for for-profit entities (Compliance audit).

The annual independent audits are separate from Government-initiated audits discussed in part A. of this Term and must be paid for by the Recipient. To minimize expense, the Recipient may have a Compliance audit in conjunction with its annual audit of financial statements. The financial statement audit is **not** a substitute for the Compliance audit. If the audit (Single audit or Compliance audit, depending on Recipient entity type) has not been performed or completed prior to the closeout of the award, DOE may impose one or more of the actions outlined in 2 CFR 200.339, Remedies for Noncompliance.

Term 23. Site Visits and Recipient Administrative Organizational Reviews

SCEP's authorized representatives have the right to make site visits and conduct Recipient Administrative Organizational Reviews to review the project and management control systems and to provide technical assistance, as appropriate. The Recipient must provide, and must require its subrecipients and contractors to provide, reasonable access to facilities, office space, resources, and assistance for the safety and convenience of the government representatives in the performance of their duties. SCEP will make reasonable efforts to ensure these site visits do not interfere with or unduly delay project work.

Subpart B. Financial Provisions

Term 24. Maximum Obligation

The maximum obligation of DOE for this Award is the total “Funds Obligated” stated in Block 13 of the Assistance Agreement to this Award.

Term 25. Refund Obligation

The Recipient must refund any excess payments received from SCEP, including any costs determined unallowable by the Contracting Officer. At the end of the project period (or the termination of the Award, if applicable), the Recipient must refund to SCEP the difference between (1) the total payments received from SCEP, and (2) the federal share of the costs incurred. Refund obligations under this Term do not supersede the annual reconciliation or true up process if specified under the Indirect Cost Term.

Term 26. Allowable Costs

SCEP determines the allowability of costs in accordance with 2 CFR Part 200 as amended by 2 CFR Part 910. All project costs must be allowable, allocable, and reasonable. The Recipient must document and maintain records of all project costs, including, but not limited to, the costs paid by federal funds, costs claimed by its subrecipients and project costs that the Recipient claims as cost sharing, including in-kind contributions. The Recipient is responsible for maintaining records adequate to demonstrate that costs claimed have been incurred, are reasonable, allowable, and allocable, and comply with the appropriate cost principles. Upon request, the Recipient is required to provide such records to SCEP. Such records are subject to audit. Failure to provide SCEP adequate supporting documentation may result in a determination by the Contracting Officer that those costs are unallowable.

The Recipient is required to obtain the prior written approval of the Contracting Officer for any foreign travel costs.

Term 27. Use of Program Income

If the Recipient earns program income during the project period as a result of this Award, the Recipient must add the program income to the funds committed to the Award and used to further eligible project objectives.

Term 28. Payment Procedures

A. Method of Payment

Payment will be made by reimbursement through ACH.

B. Requesting Reimbursement

Requests for reimbursements must be made electronically through Department of Energy’s Oak Ridge Financial Service Center (ORFSC) VIPERS. To access and use

VIPERS, the Recipient must enroll at <https://vipers.doe.gov>. Detailed instructions on how to enroll are provided on the web site.

C. Timing of Submittals

Submittal of the SF-270 or SF-271 should coincide with the Recipient's normal billing pattern, but not more frequently than every two weeks. Requests for reimbursement must be limited to the amount of disbursements made during the billing period for the federal share of direct project costs and the proportionate share of any allowable indirect costs incurred during that billing period.

D. Adjusting Payment Requests for Available Cash

The Recipient must disburse any funds that are available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries, credits, discounts, and interest earned on any of those funds before requesting additional cash payments from SCEP.

E. Payments

The SCEP approving official will approve the invoice as soon as practical, but not later than 30 days after the Recipient's request is received, unless the billing is improper. Upon receipt of an invoice payment authorization from the SCEP approving official, the ORFSC will disburse payment to the Recipient. The Recipient may check the status of payments at the VIPERS web site. All payments are made by electronic funds transfer to the bank account specified on the Bank Information Form that the Recipient filed with the U.S. Department of Treasury.

F. Supporting Documents for Agency Approval of Payments

For non-construction awards, the Recipient must submit a Standard Form SF-270, "Request for Advance or Reimbursement," at <https://vipers.doe.gov> and attach a file containing appropriate supporting documentation.

The following additional items are required:

- Summary cost data, for the billing period and cumulative cost data, showing all categories listed in the SF-424A and identifying federal, non-federal, and total amounts.
- If there are unauthorized phases and/or tasks for the current budget period in the NEPA Requirements term in these Special Terms and Conditions, a statement affirming that no invoiced costs are related to tasks or activities prohibited by the NEPA Requirements term.
- *Applicable to for-profit recipients and subrecipients* UCC filing proof for all equipment acquired with project funds (i.e., federal share or Recipient share) and equipment offered as cost share.

The SCEP payment authorizing official may request additional information from the Recipient to support the payment requests prior to release of funds, as deemed

necessary. The Recipient is required to comply with these requests. Supporting documents include invoices, copies of contracts, contractor quotes, and other expenditure explanations that justify the reimbursement requests.

G. Unauthorized Drawdown of Federal Funds

For each budget period, the Recipient may not spend more than the federal share authorized to that particular budget period, without specific written approval from the Contracting Officer. The Recipient must immediately refund SCEP any amounts spent or drawn down in excess of the authorized amount for a budget period. The Recipient and subrecipients shall promptly, but at least quarterly, remit to DOE interest earned on advances drawn in excess of disbursement needs and shall comply with the procedure for remitting interest earned to the federal government per 2 CFR 200.305, as applicable.

Term 29. Budget Changes

A. Budget Changes Generally

The Contracting Officer has reviewed and approved the SF-424A in Attachment 3 to this Award.

Any increase in the total project cost, whether DOE share or Cost Share, which is stated as "Total" in Block 12 to the Assistance Agreement of this Award, must be approved in advance and in writing by the Contracting Officer.

Any change that alters the project scope, milestones or deliverables requires prior written approval of the Contracting Officer. SCEP may deny reimbursement for any failure to comply with the requirements in this term.

B. Transfers of Funds Among Direct Cost Categories

The Recipient is required to obtain the prior written approval of the Contracting Officer for any transfer of funds among direct cost categories where the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total project cost, which is stated as "Total" in Block 12 to the Assistance Agreement of this Award.

The Recipient is required to notify the DOE Technology Manager/Project Officer of any transfer of funds among direct cost categories where the cumulative amount of such transfers is equal to or below 10 percent of the total project cost, which is stated as "Total" in Block 12 to the Assistance Agreement of this Award.

C. Transfer of Funds Between Direct and Indirect Cost Categories

The Recipient is required to obtain the prior written approval of the Contracting Officer for any transfer of funds between direct and indirect cost categories. If the Recipient's actual allowable indirect costs are less than those budgeted in

Attachment 3 to this Award, the Recipient may use the difference to pay additional allowable direct costs during the project period so long as the total difference is less than 10% of total project costs and the difference is reflected in actual requests for reimbursement to DOE.

Subpart C. Miscellaneous Provisions

Term 30. Environmental, Safety and Health Performance of Work at DOE Facilities

With respect to the performance of any portion of the work under this Award which is performed at a DOE-owned or controlled site, the Recipient agrees to comply with all State and Federal Environmental, Safety and Health (ES&H) regulations and with all other ES&H requirements of the operator of such site.

Prior to the performance on any work at a DOE-owned or controlled site, the Recipient shall contact the site facility manager for information on DOE and site-specific ES&H requirements.

The Recipient is required apply this provision to its subrecipients and contractors.

Term 31. Insolvency, Bankruptcy or Receivership

The Recipient shall immediately, but no later than five days, notify SCEP of the occurrence of any of the following events: (1) the Recipient or the Recipient's parent's filing of a voluntary case seeking liquidation or reorganization under the Bankruptcy Act; (2) the Recipient's consent to the institution of an involuntary case under the Bankruptcy Act against the Recipient or the Recipient's parent; (3) the filing of any similar proceeding for or against the Recipient or the Recipient's parent, or the Recipient's consent to the dissolution, winding-up or readjustment of its debts, appointment of a receiver, conservator, trustee, or other officer with similar powers over the Recipient, under any other applicable state or federal law; or (4) the Recipient's insolvency due to its inability to pay debts generally as they become due.

Such notification shall be in writing and shall: (1) specifically set out the details of the occurrence of an event referenced in paragraph A; (2) provide the facts surrounding that event; and (3) provide the impact such event will have on the project being funded by this Award.

Upon the occurrence of any of the four events described in paragraph A. of this term, SCEP reserves the right to conduct a review of the Recipient's Award to determine the Recipient's compliance with the required elements of the Award (including such items as cost share, progress towards technical project objectives, and submission of required reports). If the SCEP review determines that there are significant deficiencies or concerns with the Recipient's performance under the Award, SCEP reserves the right to impose additional requirements, as needed, including (1) change of payment method; or (2) institute payment controls.

Failure of the Recipient to comply with this term may be considered a material noncompliance of this Award by the Contracting Officer.

Term 32. Reporting Subawards and Executive Compensation

A. Reporting of first-tier subawards

- i. *Applicability.* Unless the Recipient is exempt as provided in paragraph D. of this award term, the Recipient must report each action that equals or exceeds \$30,000 in federal funds for a subaward to an entity (see definitions in paragraph E. of this award term).
- ii. *Where and when to report.*
 1. The Recipient must report each obligating action described in paragraph A.i. of this award term to <https://www.fsrs.gov>.
 2. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7 the obligation must be reported no later than December 31.)
- iii. *What to report.* The Recipient must report the information about each obligating action that the submission instructions posted at <https://www.fsrs.gov> specify.

B. Reporting Total Compensation of Recipient Executives

- i. *Applicability and what to report.* The Recipient must report total compensation for each of its five most highly compensated executives for the preceding completed fiscal year, if:
 1. The total federal funding authorized to date under this Award equals or exceeds \$30,000 as defined in 2 CFR 170.320;
 2. In the preceding fiscal year, the Recipient received:
 - a. 80 percent or more of the Recipient's annual gross revenues from federal procurement contracts (and subcontracts) and federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - b. \$25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts) and federal financial assistance subject to the Transparency Act, as

defined at 2 CFR 170.320 (and subawards).

3. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>).
- ii. *Where and when to report.* The Recipient must report executive total compensation described in paragraph B.i. of this award term:
 1. As part of the Recipient's registration profile at <https://www.sam.gov>.
 2. By the end of the month following the month in which this award is made, and annually thereafter.

C. Reporting of Total Compensation of Subrecipient Executives

- i. *Applicability and what to report.* Unless the Recipient is exempt as provided in paragraph D. of this award term, for each first-tier subrecipient under this award, the Recipient shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if:
 1. In the subrecipient's preceding fiscal year, the subrecipient received:
 - a. 80 percent or more of its annual gross revenues from federal procurement contracts (and subcontracts) and federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - b. \$25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts), and federal financial assistance subject to the Transparency Act (and subawards).
 2. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total

compensation filings at <http://www.sec.gov/answers/execomp.htm>).

- ii. *Where and when to report.* The Recipient must report subrecipient executive total compensation described in paragraph C.i. of this award term:
 - 1. To the recipient.
 - 2. By the end of the month following the month during which the Recipient makes the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (*i.e.*, between October 1 and 31), the Recipient must report any required compensation information of the subrecipient by November 30 of that year.

D. Exemptions

If, in the previous tax year, the Recipient had gross income, from all sources, under \$300,000, it is exempt from the requirements to report:

- i. Subawards; and
- ii. The total compensation of the five most highly compensated executives of any subrecipient.

E. Definitions

For purposes of this Award term:

- i. Entity means all of the following, as defined in 2 CFR Part 25:
 - 1. A Governmental organization, which is a State, local government, or Indian tribe.
 - 2. A foreign public entity.
 - 3. A domestic or foreign nonprofit organization.
 - 4. A domestic or foreign for-profit organization.
 - 5. A federal agency, but only as a subrecipient under an award or subaward to a non-federal entity.
- ii. Executive means officers, managing partners, or any other employees in management positions.
- iii. Subaward:
 - 1. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which the Recipient received this award and that the recipient awards

to an eligible subrecipient.

2. The term does not include the Recipient's procurement of property and services needed to carry out the project or program (for further explanation, see 2 CFR 200.501 Audit requirements, (f) *Subrecipients and Contractors* and/or 2 CFR 910.501 Audit requirements, (f) *Subrecipients and Contractors*).
 3. A subaward may be provided through any legal agreement, including an agreement that the Recipient or a subrecipient considers a contract.
- iv. Subrecipient means an entity that:
1. Receives a subaward from the Recipient under this award; and
 2. Is accountable to the Recipient for the use of the federal funds provided by the subaward.
- v. Total compensation means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):
1. Salary and bonus.
 2. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
 3. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives and are available generally to all salaried employees.
 4. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
 5. Above-market earnings on deferred compensation which is not tax-qualified.
 6. Other compensation, if the aggregate value of all such other compensation (*e.g.*, severance, termination payments, value of life

insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

Term 33. System for Award Management and Universal Identifier Requirements

A. Requirement for Registration in the System for Award Management (SAM)

Unless the Recipient is exempted from this requirement under 2 CFR 25.110, the Recipient must maintain the currency of its information in SAM until the Recipient submits the final financial report required under this Award or receive the final payment, whichever is later. This requires that the Recipient reviews and updates the information at least annually after the initial registration, and more frequently if required by changes in its information or another award term.

B. Unique Entity Identifier (UEI)

SAM automatically assigns a UEI to all active SAM.gov registered entities. Entities no longer have to go to a third-party website to obtain their identifier. This information is displayed on SAM.gov.

If the Recipient is authorized to make subawards under this Award, the Recipient:

- i. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from the Recipient unless the entity has provided its UEI number to the Recipient.
- ii. May not make a subaward to an entity unless the entity has provided its UEI number to the Recipient.

C. Definitions

For purposes of this award term:

- i. System for Award Management (SAM) means the federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the SAM Internet site (currently at <https://www.sam.gov>).
- ii. Unique Entity Identifier (UEI) is the 12-character, alpha-numeric identifier that will be assigned by SAM.gov upon registration.
- iii. Entity, as it is used in this award term, means all of the following, as defined at 2 CFR Part 25, subpart C:
 1. A Governmental organization, which is a State, local government, or Indian Tribe.

2. A foreign public entity.
3. A domestic or foreign nonprofit organization.
4. A domestic or foreign for-profit organization.
5. A federal agency, but only as a subrecipient under an award or subaward to a non-federal entity.

iv. Subaward:

1. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which the Recipient received this Award and that the Recipient awards to an eligible subrecipient.
2. The term does not include the Recipient's procurement of property and services needed to carry out the project or program (for further explanation, see 2 CFR 200.501 Audit requirements, (f) *Subrecipients and Contractors* and/or 2 CFR 910.501 Audit requirements, (f) *Subrecipients and Contractors*).
3. A subaward may be provided through any legal agreement, including an agreement that the Recipient considers a contract.

v. Subrecipient means an entity that:

1. Receives a subaward from the Recipient under this Award; and
2. Is accountable to the Recipient for the use of the federal funds provided by the subaward.

Term 34. Nondisclosure and Confidentiality Agreements Assurances

- A. By entering into this agreement, the Recipient attests that it **does not and will not** require its employees or contractors to sign internal nondisclosure or confidentiality agreements or statements prohibiting or otherwise restricting its employees or contractors from lawfully reporting waste, fraud, or abuse to a designated investigative or law enforcement representative of a federal department or agency authorized to receive such information.
- B. The Recipient further attests that it **does not and will not** use any federal funds to implement or enforce any nondisclosure and/or confidentiality policy, form, or agreement it uses unless it contains the following provisions:
 - i. *“These provisions are consistent with and do not supersede, conflict with, or otherwise alter the employee obligations, rights, or liabilities created by existing statute or Executive order relating to (1) classified information, (2)*

communications to Congress, (3) the reporting to an Inspector General of a violation of any law, rule, or regulation, or mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety, or (4) any other whistleblower protection. The definitions, requirements, obligations, rights, sanctions, and liabilities created by controlling Executive orders and statutory provisions are incorporated into this agreement and are controlling.”

- ii. The limitation above shall not contravene requirements applicable to Standard Form 312, Form 4414, or any other form issued by a federal department or agency governing the nondisclosure of classified information.
- iii. Notwithstanding provision listed in paragraph (a), a nondisclosure or confidentiality policy form or agreement that is to be executed by a person connected with the conduct of an intelligence or intelligence-related activity, other than an employee or officer of the United States Government, may contain provisions appropriate to the particular activity for which such document is to be used. Such form or agreement shall, at a minimum, require that the person will not disclose any classified information received in the course of such activity unless specifically authorized to do so by the United States Government. Such nondisclosure or confidentiality forms shall also make it clear that they do not bar disclosures to Congress, or to an authorized official of an executive agency or the Department of Justice, that are essential to reporting a substantial violation of law.

Term 35. Subrecipient and Contractor Approvals

A. *At Risk Notice.* The Recipient must obtain written approval by the Contracting Officer for reimbursement of costs associated with subrecipients/activities/contractor listed in paragraph B. below. The Recipient is restricted from expending project funds (i.e., federal share and Recipient share) on the subrecipients’ and/or contractors’ supporting the tasks identified in paragraph B. below unless and until the Contracting Officer provides written approval. At its discretion, SCEP may not reimburse costs incurred prior to the date of any such written approval by the Contracting Officer.

B. Contracting Officer approval as set out above is required for the following:

<u>Task #</u>	<u>Activity and Subrecipients / Contractor</u>	<u>Total Amount (\$)</u>
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The Contracting Officer may require additional information concerning these tasks prior to providing written approval.

C. Upon written approval by the Contracting Officer, the Recipient may then receive

payment for the tasks identified in paragraph B. above for allowable costs incurred, or SCEP will recognize costs incurred toward cost share requirements, if any, in accordance with the payment provisions contained in the Special Terms and Conditions of this agreement.

Term 36. Subrecipient Change Notification

Except for subrecipients specifically proposed as part of the Recipient's Application for award, the Recipient must notify the Contracting Officer and Project Manager in writing 30 days prior to the execution of new or modified subrecipient agreements, including naming any To Be Determined subrecipients. This notification does not constitute a waiver of the prior approval requirements outlined in 2 CFR Part 200 as amended by 2 CFR Part 910, nor does it relieve the Recipient from its obligation to comply with applicable federal statutes, regulations, and executive orders.

In order to satisfy this notification requirement, the Recipient documentation must, at a minimum, include the following:

- A description of the research to be performed, the service to be provided, or the equipment to be purchased.
- Cost share commitment letter if the subrecipient is providing cost share to the Award.
- An assurance that the process undertaken by the Recipient to solicit the subrecipient complies with their written procurement procedures as outlined in 2 CFR 200.317 through 200.327.
- An assurance that no planned, actual or apparent conflict of interest exists between the Recipient and the selected subrecipient and that the Recipient's written standards of conduct were followed.¹
- A completed Environmental Questionnaire, if applicable.
- An assurance that the subrecipient is not a debarred or suspended entity.
- An assurance that all required award provisions will be flowed down in the resulting subrecipient agreement.

The Recipient is responsible for making a final determination to award or modify subrecipient agreements under this agreement, but the Recipient may not proceed with the subrecipient agreement until the Contracting Officer determines, and provides the Recipient written notification, that the information provided is adequate.

¹ It is DOE's position that the existence of a "covered relationship" as defined in 5 CFR 2635.502(a)&(b) between a member of the Recipient's owners or senior management and a member of a subrecipient's owners or senior management creates at a minimum an apparent conflict of interest that would require the Recipient to notify the Contracting Officer and provide detailed information and justification (including, for example, mitigation measures) as to why the subrecipient agreement does not create an actual conflict of interest. The Recipient must also notify the Contracting Officer of any new subrecipient agreement with: (1) an entity that is owned or otherwise controlled by the Recipient; or (2) an entity that is owned or otherwise controlled by another entity that also owns or otherwise controls the Recipient, as it is DOE's position that these situations also create at a minimum an apparent conflict of interest.

Should the Recipient not receive a written notification of adequacy from the Contracting Officer within 30 days of the submission of the subrecipient documentation stipulated above, the Recipient may proceed to award or modify the proposed subrecipient agreement.

Term 37. Conference Spending

The Recipient shall not expend any funds on a conference not directly and programmatically related to the purpose for which the grant or cooperative agreement was awarded that would defray the cost to the United States Government of a conference held by any Executive branch department, agency, board, commission, or office for which the cost to the United States Government would otherwise exceed \$20,000, thereby circumventing the required notification by the head of any such Executive Branch department, agency, board, commission, or office to the Inspector General (or senior ethics official for any entity without an Inspector General), of the date, location, and number of employees attending such conference.

Term 38. Recipient Integrity and Performance Matters

A. General Reporting Requirement

If the total value of your currently active Financial Assistance awards, cooperative agreements, and procurement contracts from all federal awarding agencies exceeds \$10,000,000 for any period of time during the period of performance of this federal award, then you as the recipient during that period of time must maintain the currency of information reported to the System for Award Management (SAM) that is made available in the designated integrity and performance system (currently the Federal Awardee Performance and Integrity Information System (FAPIS)) about civil, criminal, or administrative proceedings described in paragraph 2 of this term. This is a statutory requirement under section 872 of Public Law 110-417, as amended (41 U.S.C. 2313). As required by section 3010 of Public Law 111-212, all information posted in the designated integrity and performance system on or after April 15, 2011, except past performance reviews required for federal procurement contracts, will be publicly available.

B. Proceedings About Which You Must Report

Submit the information required about each proceeding that:

- i. Is in connection with the award or performance of a Financial Assistance, cooperative agreement, or procurement contract from the federal government;
- ii. Reached its final disposition during the most recent five-year period; and
- iii. Is one of the following:
 1. A criminal proceeding that resulted in a conviction, as defined in paragraph E of this award term and condition;
 2. A civil proceeding that resulted in a finding of fault and liability and payment of a monetary fine, penalty, reimbursement, restitution, or damages of \$5,000 or more;

3. An administrative proceeding, as defined in paragraph E of this term, that resulted in a finding of fault and liability and your payment of either a monetary fine or penalty of \$5,000 or more or reimbursement, restitution, or damages in excess of \$100,000; or
4. Any other criminal, civil, or administrative proceeding if:
 - a. It could have led to an outcome described in paragraph B.iii.1, 2, or 3 of this term;
 - b. It had a different disposition arrived at by consent or compromise with an acknowledgment of fault on your part; and
 - c. The requirement in this term to disclose information about the proceeding does not conflict with applicable laws and regulations.

C. Reporting Procedures

Enter in the SAM Entity Management area the information that SAM requires about each proceeding described in paragraph B of this term. You do not need to submit the information a second time under assistance awards that you received if you already provided the information through SAM because you were required to do so under federal procurement contracts that you were awarded.

D. Reporting Frequency

During any period of time when you are subject to the requirement in paragraph A of this term, you must report proceedings information through SAM for the most recent five-year period, either to report new information about any proceeding(s) that you have not reported previously or affirm that there is no new information to report. Recipients that have federal contract, Financial Assistance awards, (including cooperative agreement awards) with a cumulative total value greater than \$10,000,000, must disclose semiannually any information about the criminal, civil, and administrative proceedings.

E. Definitions

For purposes of this term:

- i. Administrative proceeding means a non-judicial process that is adjudicatory in nature in order to make a determination of fault or liability (e.g., Securities and Exchange Commission Administrative proceedings, Civilian Board of Contract Appeals proceedings, and Armed Services Board of Contract Appeals proceedings). This includes proceedings at the federal and state level but only in connection with performance of a federal contract or Financial Assistance awards. It does not include audits, site visits, corrective plans, or inspection of deliverables.
- ii. Conviction means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, and includes a conviction entered upon a plea of *nolo contendere*.

- iii. Total value of currently active Financial Assistance awards, cooperative agreements and procurement contracts includes:
 - 1. Only the Federal share of the funding under any Federal award with a recipient cost share or match; and
 - 2. The value of all expected funding increments under a federal award and options, even if not yet exercised.

Term 39. Export Control

The United States government regulates the transfer of information, commodities, technology, and software considered to be strategically important to the U.S. to protect national security, foreign policy, and economic interests without imposing undue regulatory burdens on legitimate international trade. There is a network of federal agencies and regulations that govern exports that are collectively referred to as “Export Controls.”

The Recipient is responsible for ensuring compliance with all applicable United States Export Control laws and regulations relating to any work performed under a resulting award.

The Recipient must immediately report to DOE any export control violations related to the project funded under this Award, at the recipient or subrecipient level, and provide the corrective action(s) to prevent future violations.

Term 40. Current and Pending Support

A. Definitions

For purposes of this term, the following definitions are applicable:

- i. **Current and pending support** – (a) All resources made available, or expected to be made available, to an individual in support of the individual’s RD&D efforts, regardless of (i) whether the source is foreign or domestic; (ii) whether the resource is made available through the entity applying for an award or directly to the individual; or (iii) whether the resource has monetary value; and (b) includes in-kind contributions requiring a commitment of time and directly supporting the individual’s RD&D efforts, such as the provision of office or laboratory space, equipment, supplies, employees, or students. This term has the same meaning as the term Other Support as applied to researchers in NSPM-33: For researchers, Other Support includes all resources made available to a researcher in support of and/or related to all of their professional RD&D efforts, including resources provided directly to the individual or through the organization, and regardless of whether or not they have monetary value (e.g., even if the support received is only in-kind, such as office/laboratory space, equipment, supplies, or employees). This includes resource and/or financial support from all foreign and domestic entities, including but not limited to, gifts provided with terms or conditions, financial support for laboratory personnel, and

participation of student and visiting researchers supported by other sources of funding.

- ii. **Foreign Government-Sponsored Talent Recruitment Program** – An effort directly or indirectly organized, managed, or funded by a foreign government, or a foreign government instrumentality or entity, to recruit science and technology professionals or students (regardless of citizenship or national origin, or whether having a full-time or part-time position). Some foreign government-sponsored talent recruitment programs operate with the intent to import or otherwise acquire from abroad, sometimes through illicit means, proprietary technology or software, unpublished data and methods, and intellectual property to further the military modernization goals and/or economic goals of a foreign government. Many, but not all, programs aim to incentivize the targeted individual to relocate physically to the foreign state for the above purpose. Some programs allow for or encourage continued employment at United States research facilities or receipt of federal research funds while concurrently working at and/or receiving compensation from a foreign institution, and some direct participants not to disclose their participation to United States entities. Compensation could take many forms including cash, research funding, complimentary foreign travel, honorific titles, career advancement opportunities, promised future compensation, or other types of remuneration or consideration, including in-kind compensation.
- iii. **Senior/key personnel** – an individual who contributes in a substantive, meaningful way to the scientific development or execution of a research, development, and demonstration (RD&D) project proposed to be carried out with DOE award.²

B. Disclosure Requirements

Prior to award, the Recipient was required to provide current and pending support disclosure statements and a Curriculum Vitae (CV) or Biosketch for each principal investigator (PI) and senior/key personnel, at the recipient and subrecipient level, regardless of funding source. In accordance with the Federal Assistance Reporting Checklist, throughout the life of the award, the Recipient must submit current and pending support disclosure statements and a CV or Biosketch for any new PI and senior/key personnel at the recipient and subrecipient level, added to the project funded under this Award within thirty (30) calendar days of the individual joining the project. In addition, if there are any changes to current and pending support disclosure

² Typically, these individuals have doctoral or other professional degrees, although individuals at the masters or baccalaureate level may be considered senior/key personnel if their involvement meets this definition. Consultants, graduate students, and those with a postdoctoral role also may be considered senior/key personnel if they meet this definition.

statements previously submitted to DOE, the Recipient must submit updated current and pending disclosure statements within thirty (30) calendar days of the change. The Recipient must ensure all PIs and senior/key personnel at the recipient and subrecipient level, are aware of the requirement to submit updated current and pending support disclosure statements to DOE.

Current and pending support is intended to allow the identification of potential duplication, overcommitment, potential conflicts of interest or commitment, and all other sources of support. All PIs and senior/key personnel at the recipient and subrecipient level must provide a list of all sponsored activities, awards, and appointments, whether paid or unpaid; provided as a gift with terms or conditions or provided as a gift without terms or conditions; full-time, part-time, or voluntary; faculty, visiting, adjunct, or honorary; cash or in-kind; foreign or domestic; governmental or private-sector; directly supporting the individual's research or indirectly supporting the individual by supporting students, research staff, space, equipment, or other research expenses. All involvement with foreign government-sponsored talent recruitment programs must be identified in current and pending support.

For every activity, list the following items:

- The sponsor of the activity or the source of funding.
- The award or other identifying number.
- The title of the award or activity. If the title of the award or activity is not descriptive, add a brief description of the research being performed that would identify any overlaps or synergies with the proposed research.
- The total cost or value of the award or activity, including direct and indirect costs and cost share. For pending proposals, provide the total amount of requested funding.
- The award period (start date – end date).
- The person-months of effort per year being dedicated to the award or activity.

To identify overlap, duplication of effort, or synergistic efforts, append a description of the other award or activity to the current and pending support.

Details of any obligations, contractual or otherwise, to any program, entity, or organization sponsored by a foreign government must be provided to DOE upon request to either the applicant institution or DOE. Supporting documents of any identified source of support must be provided to DOE on request, including certified translations of any document.

The information may be provided in the format approved by the National Science Foundation (NSF), which may be generated by the Science Experts Network Curriculum Vita (SciENCv), a cooperative venture maintained at <https://www.ncbi.nlm.nih.gov/sciencv/>, and is also available at <https://www.nsf.gov/bfa/dias/policy/nsfapprovedformats/cps.pdf>. The use of a format

required by another agency is intended to reduce the administrative burden to researchers by promoting the use of common formats. Currently, the federal research agencies, including DOE, are working on a common disclosure form for current and pending support. At such time that the common disclosure form is published for use, the information may be provided in the common form.

Each PI and senior/key personnel must provide a separate disclosure statement listing the required information above regarding current and pending support. The individual must sign and date their respective disclosure statement and include the following certification statement:

I, [Full Name and Title], certify to the best of my knowledge and belief that the information contained in this Current and Pending Support Disclosure Statement is true, complete and accurate. I understand that any false, fictitious, or fraudulent information, misrepresentations, half-truths, or omissions of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (18 U.S.C. §§ 1001 and 287, and 31 U.S.C. 3729-3733 and 3801-3812). I further understand and agree that (1) the statements and representations made herein are material to DOE's funding decision, and (2) I have a responsibility to update the disclosures during the period of performance of the award should circumstances change which impact the responses provided above.

If the NSF format is used, the individual must still include a signature, date, and a certification statement using the language included in the paragraph above. If the online version is used in SciENCv, a signature, date, and a certification statement must be attached until the SciENCv website automatically attaches a certification statement.

Term 41. Interim Conflict of Interest Policy for Financial Assistance

The DOE interim Conflict of Interest Policy for Financial Assistance (COI Policy) can be found at <https://www.energy.gov/management/departments-energy-interim-conflict-interest-policy-requirements-financial-assistance>. This policy is applicable to all non-federal entities applying for, or that receive, DOE funding by means of a financial assistance award (e.g., a grant, cooperative agreement, or technology investment agreement) and, through the implementation of this policy by the entity, to each Investigator who is planning to participate in, or is participating in, the project funded wholly or in part under this Award. The term "Investigator" means the PI and any other person, regardless of title or position, who is responsible for the purpose, design, conduct, or reporting of a project funded by DOE or proposed for funding by DOE.

The Recipient must flow down the requirements of the interim COI Policy to any subrecipient non-federal entities, with the exception of DOE National Laboratories. Further, the Recipient

must identify all financial conflicts of interests (FCOI), i.e., managed and unmanaged/unmanageable, in its initial and ongoing FCOI reports.

Prior to award, the Recipient was required to: 1) ensure all Investigators on this Award completed their significant financial disclosures; 2) review the disclosures; 3) determine whether a FCOI exists; 4) develop and implement a management plan for FCOIs; and 5) provide DOE with an initial FCOI report that includes all FCOIs (i.e., managed and unmanaged/unmanageable). Within 180 days of the date of the Award, the Recipient must be in full compliance with the other requirements set forth in DOE's interim COI Policy.

Term 42. Organizational Conflict of Interest

Organizational conflicts of interest are those where, because of relationships with a parent company, affiliate, or subsidiary organization, the Recipient is unable or appears to be unable to be impartial in conducting procurement action involving a related organization (2 CFR 200.318(c)(2)).

The Recipient must disclose in writing any potential or actual organizational conflict of interest to the DOE Contracting Officer. The Recipient must provide the disclosure prior to engaging in a procurement or transaction using project funds with a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe. For a list of the information that must be included the disclosure, see Section VI. of the DOE interim Conflict of Interest Policy for Financial Assistance at <https://www.energy.gov/management/departments-energy-interim-conflict-interest-policy-requirements-financial-assistance>.

If the effects of the potential or actual organizational conflict of interest cannot be avoided, neutralized, or mitigated, the Recipient must procure goods and services from other sources when using project funds. Otherwise, DOE may terminate the Award in accordance with 2 CFR 200.340 unless continued performance is determined to be in the best interest of the federal government.

The Recipient must flow down the requirements of the interim COI Policy to any subrecipient non-federal entities, with the exception of DOE National Laboratories. The Recipient is responsible for ensuring subrecipient compliance with this term.

If the Recipient has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the Recipient must maintain written standards of conduct covering organizational conflicts of interest.

Term 43. Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment

As set forth in 2 CFR 200.216, recipients and subrecipients are prohibited from obligating or expending project funds (federal and non-federal funds) to:

- (1) Procure or obtain;

(2) Extend or renew a contract to procure or obtain; or

(3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

(i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

(ii) Telecommunications or video surveillance services provided by such entities or using such equipment.

(iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

See Public Law 115-232, section 889 for additional information.

Term 44. Participants and Other Collaborating Organizations

Prior to award, the Recipient was required to provide the following information on participants and other collaborating organizations. If there are any changes to Participants and Collaborating Organizations information previously submitted to DOE, the Recipient must submit updated information within thirty (30) calendar days after the end of the quarterly reporting period in which the change occurred:

A. What individuals have worked on the project

Provide the following information for individuals at the prime recipient and subrecipient level: (1) all senior and key personnel; and (2) each person who has worked or is expected to work at least one person month per year on the project regardless of the source of compensation (a person month equals approximately 160 hours of effort).

- i. Name
- ii. Organization
- iii. Job Title
- iv. Role in the project
- v. Start and end date (month and year) working on the project

- vi. State, U.S. territory, and/or country of residence
- vii. Whether this person collaborated with an individual or entity located in a foreign country in connection with the scope of this Award, and
- viii. If yes to vii, whether the person traveled to the foreign country as part of that collaboration, and, if so, where and what the duration of stay was.

B. Organizations

Identify all subrecipients, contractors, U.S. National Laboratories, partners, and collaborating organizations. Recipients must also include all foreign collaborators as outlined in the Foreign Collaboration Considerations term of the award Terms and Conditions. For each, provide name, UEI, zip code or latitude/longitude, role in the project, contribution to the project, and start and end date.

Term 45. Human Subjects Research

Research involving human subjects, biospecimens, or identifiable private information conducted with Department of Energy (DOE) funding is subject to the requirements of DOE Order 443.1C, *Protection of Human Research Subjects*, 45 CFR Part 46, *Protection of Human Subjects (subpart A which is referred to as the "Common Rule")*, and 10 CFR Part 745, *Protection of Human Subjects*.

Federal regulation and the DOE Order require review by an Institutional Review Board (IRB) of all proposed human subjects research projects. The IRB is an interdisciplinary ethics board responsible for ensuring that the proposed research is sound and justifies the use of human subjects or their data; the potential risks to human subjects have been minimized; participation is voluntary; and clear and accurate information about the study, the benefits and risks of participating, and how individuals' data/specimens will be protected/used, is provided to potential participants for their use in determining whether or not to participate.

The Recipient shall provide the Federal Wide Assurance number identified in item 1 below and the certification identified in item 2 below to DOE prior to initiation of any project that will involve interactions with humans in some way (e.g., through surveys); analysis of their identifiable data (e.g., demographic data and energy use over time); asking individuals to test devices, products, or materials developed through research; and/or testing of commercially available devices in buildings/homes in which humans will be present. *Note:* This list of examples is illustrative and not all inclusive.

No DOE funded research activity involving human subjects, biospecimens, or identifiable private information shall be conducted without:

- 1) A registration and a Federal Wide Assurance of compliance accepted by the Office of Human Research Protection (OHRP) in the Department of Health and Human Services; and
- 2) Certification that the research has been reviewed and approved by an Institutional Review Board (IRB) provided for in the assurance. IRB review may be accomplished by

the awardee's institutional IRB; by the Central DOE IRB; or if collaborating with one of the DOE national laboratories, by the DOE national laboratory IRB.

The Recipient is responsible for ensuring all subrecipients comply and for reporting information on the project annually to the DOE Human Subjects Research Database (HSRD) at <https://science.osti.gov/HumanSubjects/Human-Subjects-Database/home>. Note: If a DOE IRB is used, no end of year reporting will be needed.

Additional information on the DOE Human Subjects Research Program can be found at: <https://science.osti.gov/ber/human-subjects>.

Term 46. Fraud, Waste and Abuse

The mission of the DOE Office of Inspector General (OIG) is to strengthen the integrity, economy and efficiency of DOE's programs and operations including deterring and detecting fraud, waste, abuse, and mismanagement. The OIG accomplishes this mission primarily through investigations, audits, and inspections of Department of Energy activities to include grants, cooperative agreements, loans, and contracts. The OIG maintains a Hotline for reporting allegations of fraud, waste, abuse, or mismanagement. To report such allegations, please visit <https://www.energy.gov/ig/ig-hotline>.

Additionally, the Recipient must be cognizant of the requirements of 2 CFR 200.113 Mandatory disclosures, which states:

The non-federal entity or applicant for a federal award must disclose, in a timely manner, in writing to the federal awarding agency or pass-through entity all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Non-federal entities that have received a federal award including the term and condition outlined in appendix XII of 2 CFR Part 200 are required to report certain civil, criminal, or administrative proceedings to SAM (currently FAPIIS). Failure to make required disclosures can result in any of the remedies described in § 200.339. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.)

Term 47. Buy America Requirement for Infrastructure Projects

A. Definitions

Components See 2 CFR 184.3 "Definitions."

Construction Materials See 2 CFR 184.3 "Definitions."

Buy America Preference, Buy America Requirement, or Domestic Content Procurement Preference Requirement means a requirement that no amount of funds made available

through a program for federal financial assistance may be obligated for an infrastructure project unless—

- (A) all iron and steel used in the project are produced in the United States;
- (B) the manufactured products used in the project are produced in the United States;
- or
- (C) the construction materials used in the project are produced in the United States.

Infrastructure See 2 CFR 184.4 (c) and (d).

Manufactured Products See 2 CFR 184.3 “Definitions.”

Predominantly of iron or steel See 2 CFR 184.3 “Definitions.”

Infrastructure project See 2 CFR 184.3 Definitions

Public- The Buy America Requirement does not apply to non-public infrastructure. For purposes of this guidance, infrastructure should be considered “public” if it is: (1) publicly owned or (2) privately owned but utilized primarily for a public purpose. Infrastructure should be considered to be “utilized primarily for a public purpose” if it is privately operated on behalf of the public or is a place of public accommodation.

B. Buy America Requirement

None of the funds provided under this award (federal share or recipient cost-share) may be used for a project for infrastructure unless:

1. All iron and steel used in the project is produced in the United States—this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
2. All manufactured products used in the project are produced in the United States—this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation. See 2 CFR 184.5 for determining the cost of components for manufactured products; and
3. All construction materials are manufactured in the United States—this means that all manufacturing processes for the construction material occurred in the United States. See 2 CFR 184.6 for construction material standards.

The Buy America Requirement only applies to those articles, materials, and supplies that are consumed in, incorporated into, or permanently affixed to the infrastructure in the project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought into the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America Requirement apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

The Buy America Requirement only applies to an article, material, or supply classified into one of the following categories* based on its status at the time it is brought to the work site for incorporation into an infrastructure project:

- (i) Iron or steel products;
- (ii) Manufactured products; or
- (iii) Construction materials;

The Buy America Requirement only applies to the iron or steel products, manufactured products, and construction materials used for the construction, alteration, maintenance, or repair of public infrastructure in the United States when those items are consumed in, incorporated into, or permanently affixed to the infrastructure. An article, material, or supply incorporated into an infrastructure project should not be considered to fall into multiple categories, but rather must meet the Buy America Preference Requirement for only the single category in which it is classified.

All iron and steel, manufactured products, and construction materials used in the infrastructure project must be produced in the United States.

* Section 70917(c) of the Build America, Buy America Act states that “construction materials” do not include cement and cementitious materials; aggregates such as stone, sand, or gravel; or aggregate binding agents or additives. Section 70917(c) materials are excluded from Construction materials. Asphalt concrete pavement mixes are typically composed of asphalt cement (a binding agent) and aggregates such as stone, sand, and gravel. Accordingly, asphalt is also excluded from the definition of Construction materials.

Section 70917(c) materials, on their own, are not manufactured products. Further, Section 70917(c) materials should not be considered manufactured products when they are used at or combined proximate to the work site—such as is the case with wet concrete or hot mix asphalt brought to the work site for incorporation. However, when certain Section 70917(c) materials (such as stone, sand, and gravel) are used to produce a manufactured product, such as is precast concrete processed into a specific shape or form, and is in such state when brought to the work site, then that product is subject to the BABA requirements.

Further clarification is provided in 2 CFR 184 on the circumstances under which a determination is made that Section 70917(c) materials should be treated as components of a manufactured product. That determination is based on consideration of: (i) the revised definition of the “manufactured products” at 2 CFR 184.3; (ii) a new definition of “section 70917(c) materials” at 2 CFR 184.3; (iii) new instructions at 2 CFR 184.4(e) on how and when to categorize articles, materials, and supplies; and (iv) new instructions at 2 CFR 184.4(f) on how to apply the Buy America preference by category.

Recipients are responsible for administering their award in accordance with the terms and conditions, including the Buy America Requirement. The recipient must ensure that the Buy America Requirement flows down to all subawards and that the subawardees and subrecipients comply with the Buy America Requirement. The Buy America Requirement term and condition must be included all sub-awards, contracts, subcontracts, and purchase orders for work performed under the infrastructure project.

C. Certification of Compliance

Recipients must certify or provide equivalent documentation for proof of compliance that a good faith effort was made to solicit bids for domestic products used in the infrastructure project under this award.

Recipients must also maintain certifications or equivalent documentation for proof of compliance that those articles, materials, and supplies that are consumed in, incorporated into, affixed to, or otherwise used in the infrastructure project, not covered by a waiver or exemption, are produced in the United States. The certification or proof of compliance must be provided by the suppliers or manufacturers of the iron, steel, manufactured products and construction materials and flow up from all subawardees, contractors and vendors to the recipient. Recipients must keep these certifications with the award/project files and be able to produce them upon request from DOE, auditors or Office of Inspector General.

D. Waivers

When necessary, recipients may apply for, and DOE may grant, a waiver from the Buy America Requirement. Requests to waive the application of the Buy America Requirement must be in writing to the CO. Waiver requests are subject to review by DOE and the Office of Management and Budget, as well as a public comment period of no less than 15 calendar days.

1. Waivers must be based on one of the following justifications:
 - a) Public Interest- Applying the Buy America Requirement would be inconsistent with the public interest;
 - b) Non-Availability- The types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or
 - c) Unreasonable Cost- The inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent.

2. Requests to waive the Buy America Requirement must include the following:
 - Waiver type (Public Interest, Non-Availability, or Unreasonable Cost);
 - Recipient name and Unique Entity Identifier (UEI);
 - Award information (Federal Award Identification Number, Assistance Listing number);
 - A brief description of the project, its location, and the specific infrastructure involved;
 - Total estimated project cost, with estimated federal share and recipient cost share breakdowns;
 - Total estimated infrastructure costs, with estimated federal share and recipient cost share breakdowns;
 - List and description of iron or steel item(s), manufactured goods, and/or construction material(s) the recipient seeks to waive from the Buy America Preference, including name, cost, quantity(ies), country(ies) of origin, and relevant Product Service Codes (PSC) and North American Industry Classification System (NAICS) codes for each;
 - A detailed justification as to how the non-domestic item(s) is/are essential the project;
 - A certification that the recipient made a good faith effort to solicit bids for domestic products supported by terms included in requests for proposals, contracts, and non-proprietary communications with potential suppliers;
 - A justification statement—based on one of the applicable justifications outlined above—as to why the listed items cannot be procured domestically, including the due diligence performed (e.g., market research, industry outreach, cost analysis, cost-benefit analysis) by the recipient to attempt to avoid the need for a waiver. This justification may cite, if applicable, the absence of any Buy America-compliant bids received for domestic products in response to a solicitation;
 - A description of the market research conducted that includes who conducted the market research, when it was conducted, sources that were used, and the methods used to conduct the research; and
3. How to submit a waiver

Requests to waive the application of the Buy America Requirement must be in writing to the CO.

DOE may request, and the recipient must provide, additional information for consideration of this waiver. DOE may reject or grant waivers in whole or in part depending on its review, analysis, and/or feedback from OMB or the public. DOE's final determination regarding approval or rejection of the waiver request may not be appealed. Waiver requests may take up to 90 calendar days to process.

Term 48. Prohibition related to Foreign Government-Sponsored Talent Recruitment Programs

a. Prohibition

Persons participating in a *Foreign Government-Sponsored Talent Recruitment Program of a Foreign Country of Risk* are prohibited from participating in this Award.

The recipient must exercise ongoing due diligence to reasonably ensure that no individuals participating on the DOE-funded project are participating in a *Foreign Government-Sponsored Talent Recruitment Program of a Foreign Country of Risk*. Consequences for violations of this prohibition will be determined according to applicable law, regulations, and policy. Further, the recipient must notify DOE within five (5) business days upon learning that an owner of the recipient or subrecipient or individual on the project team is or is believed to be participating in a *Foreign Government-Sponsored Talent Recruitment Program of a Foreign Country of Risk*. DOE may modify and add requirements related to this prohibition to the extent required by law.

b. Definitions

1. Foreign Government-Sponsored Talent Recruitment Program.

An effort directly or indirectly organized, managed, or funded by a foreign government, or a foreign government instrumentality or entity, to recruit science and technology professionals or students (regardless of citizenship or national origin, or whether having a full-time or part-time position). Some foreign government-sponsored talent recruitment programs operate with the intent to import or otherwise acquire from abroad, sometimes through illicit means, proprietary technology or software, unpublished data and methods, and intellectual property to further the military modernization goals and/or economic goals of a foreign government. Many, but not all, programs aim to incentivize the targeted individual to relocate physically to the foreign state for the above purpose. Some programs allow for or encourage continued employment at United States research facilities or receipt of federal research funds while concurrently working at and/or receiving compensation from a foreign institution, and some direct participants not to disclose their participation to U.S. entities. Compensation could take many forms including cash, research funding, complimentary foreign travel, honorific titles, career advancement opportunities, promised future compensation, or other types of remuneration or consideration, including in-kind compensation.

2. Foreign Country of Risk.

DOE has designated the following countries as foreign countries of risk: Iran, North Korea, Russia, and China. This list is subject to change.

Term 49. Affirmative Action and Pay Transparency Requirements

All federally assisted construction contracts exceeding \$10,000 annually will be subject to the requirements of Executive Order 11246:

1. Recipients, subrecipients, and contractors are prohibited from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identity or national origin.
2. Recipients and Contractors are required to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment. This includes flowing down the appropriate language to all subrecipients, contractors and subcontractors.
3. Recipients, subrecipients, contractors and subcontractors are prohibited from taking adverse employment actions against applicants and employees for asking about, discussing, or sharing information about their pay or, under certain circumstances, the pay of their co-workers.

The Department of Labor's (DOL) Office of Federal Contractor Compliance Programs (OFCCP) uses a neutral process to schedule contractors for compliance evaluations. OFCCP's Technical Assistance Guide should be consulted to gain an understanding of the requirements and possible actions the recipients, subrecipients, contractors, and subcontractors must take. See OFCCP's Technical Assistance Guide at:

<https://www.dol.gov/sites/dolgov/files/ofccp/Construction/files/ConstructionTAG.pdf?msclkid=9e397d68c4b111ec9d8e6fecb6c710ec>.

Term 50. Potentially Duplicative Funding Notice

If the recipient or subrecipients have or receive any other award of federal funds for activities that potentially overlap with the activities funded under this Award, the recipient must promptly notify DOE in writing of the potential overlap and state whether project funds (i.e., recipient cost share and federal funds) from any of those other federal awards have been, are being, or are to be used (in whole or in part) for one or more of the identical cost items under this Award. If there are identical cost items, the recipient must promptly notify the DOE Grants Officer in writing of the potential duplication and eliminate any inappropriate duplication of funding.

Term 51. Transparency of Foreign Connections

The recipient must notify the DOE Grants Officer within fifteen (15) business days of learning of the circumstances listed below in relation to the recipient and subrecipients.

U.S. National Laboratories, domestic government entities, and institutions of higher education are only required to report on items 5 and 7. For subrecipient reporting requirements, applicability is determined by the subrecipient entity type, regardless of whether the prime recipient was exempt.

1. Any current or pending subsidiary, foreign business entity, or offshore entity that is based in or funded by any foreign country of risk or foreign entity based in a country of risk;
2. Any current or pending contractual or financial obligation or other agreement specific to a business arrangement, or joint venture-like arrangement with an entity owned by a country of risk or foreign entity based in a country of risk;
3. Any current or pending change in ownership structure of the recipient or subrecipients that increases foreign ownership related to a country of risk. Each notification shall be accompanied by a complete and up-to-date capitalization table showing all equity interests held including limited liability company (LLC) and partnership interests, as well as derivative securities. Include both the number of shares issued to each equity holder, as well as the percentage of that series and of all equity on fully diluted basis. For each equity holder, provide the place of incorporation and the principal place of business, as applicable. If the equity holder is a natural person, identify the citizenship(s);
4. Any current or pending venture capital or institutional investment by an entity that has a general partner or individual holding a leadership role in such entity who has a foreign affiliation with any foreign country of risk;
5. Any current or pending technology licensing or intellectual property sales to a foreign country of risk;
6. Any changes to the recipient or the subrecipients' board of directors, including additions to the number of directors, the identity of new directors, as well as each new director's citizenship, shareholder affiliation (if applicable); each notification shall include a complete up-to-date list of all directors (and board observers), including their full name, citizenship and shareholder affiliation, date of appointment, duration of term, as well as a description of observer rights as applicable; and
7. Any of the following changes to the equipment proposed for use on the project:
 - a. Unmanned aircraft, control, and communication components originally made or manufactured in a foreign country of risk (including relabeled or rebranded equipment).
 - b. Coded equipment where the source code is written in a foreign country of risk.
 - c. Equipment from a foreign country of risk that will be connected to the internet or other remote communication system.
 - d. Any companies from a foreign country of risk that will have physical or remote access to any part of the equipment used on the project after delivery.

Should DOE determine the connection poses a risk to economic or national security, DOE will require measures to mitigate or eliminate the risk.

DOE has designated the following countries as foreign countries of risk: Iran, North Korea, Russia, and China. This list is subject to change.

Recognizing the disclosures may contain business confidential information, subrecipients may submit their disclosures directly to DOE.

Term 52. Foreign Collaboration Considerations

- a. Consideration of new collaborations with foreign entities, organizations, and governments. The recipient must provide DOE with advanced written notification of any potential collaboration with foreign entities, organizations, or governments in connection with its DOE-funded award scope. The recipient must await further guidance from DOE prior to contacting the proposed foreign entity, organization or government regarding the potential collaboration or negotiating the terms of any potential agreement.
- b. Existing collaborations with foreign entities, organizations, and governments. The recipient must provide DOE with a written list of all existing foreign collaborations, organizations, and governments in which has entered in connection with its DOE-funded award scope.
- c. In general, a collaboration will involve some provision of a thing of value to, or from, the recipient. A thing of value includes but may not be limited to all resources made available to, or from, the recipient in support of and/or related to the Award, regardless of whether or not they have monetary value. Things of value also may include in-kind contributions (such as office/laboratory space, data, equipment, supplies, employees, students). In-kind contributions not intended for direct use on the Award but resulting in provision of a thing of value from or to the Award must also be reported. Collaborations do not include routine workshops, conferences, use of the recipient's services and facilities by foreign investigators resulting from its standard published process for evaluating requests for access, or the routine use of foreign facilities by awardee staff in accordance with the recipient's standard policies and procedures.

Term 53. Impacted Indian Tribes

If any activities anticipated to take place under this agreement could potentially impact the resources or reserved rights of Indian Tribe(s), as defined in 25 U.S.C. § 5304 (e), then the recipient/awardee agrees to develop and maintain active and open communications with the potentially impacted Indian Tribe(s), during the period of performance of the agreement, and, if necessary, after the end of the agreement. Approval by DOE must be obtained before any activities take place that could impact Tribal resources or reserved rights, including but not limited to lands, cultural sites, sacred sites, water rights, mineral rights, fishing rights, and hunting rights. The recipient/awardee must coordinate with DOE on all Tribal interactions. DOE will determine if formal government-to-government consultation is needed, and DOE will conduct that consultation accordingly.

- Tribal lands is as defined in 25 U.S.C. §§ 3501(2), (3), (4)(A) and (13).
- Indian Tribe is as defined in 25 U.S.C. § 5304 (e).

**REIMBURSEMENT AGREEMENT
BETWEEN SILICON VALLEY CLEAN ENERGY
AND
CITY OF MOUNTAIN VIEW**

THIS AGREEMENT is made and entered into as of _____, 202_, (“Effective Date”) between Silicon Valley Clean Energy (“SVCE”) and City of Mountain View (“City”). SVCE and City are referred to below individually as a “Party” and collectively as the “Parties”. In consideration of the mutual promises and covenants contained herein, the Parties hereto mutually agree as follows:

1. Purpose of the Agreement. The City has allocated \$249,999 in funds to provide rebates (“City Rebates”) to City residents who purchase electric heat pump water heaters (HPWH). The Parties have determined that it will be mutually beneficial for SVCE and City to include the City Rebates with the rebates SVCE provides to its customers (“SVCE Rebates”) residing within the City’s jurisdiction through its Home Rebates Program (“SVCE Program”). The Parties desire to take advantage of the economies to the Parties and convenience to SVCE customers of providing both City Rebates and SVCE Rebates to SVCE customers in one transaction. The purpose of this Agreement is to set forth the terms by which SVCE will provide the City Rebate to its customers, and by which City will reimburse SVCE for the payment of the City Rebate to the customers.

2. Term and Termination. This Agreement shall commence on the Effective Date and terminate on April 30, 2026, unless earlier terminated (“Term”). Either Party may terminate the Agreement without cause upon 30 days’ written notice to the other Party. Upon termination, City shall remit payment to SVCE for any Reimbursable Expenses (defined in Section 5 below) incurred by SVCE prior to notice of the termination.

3. Administrative Fee. The Parties do not anticipate that there will be a measurable cost to SVCE to administer the City Reimbursements and agrees to charge no fee to the City for administering the City Rebates (“Administrative Fee”) for the first 100 rebate payments. SVCE may charge an Administrative Fee of 3.7% of direct rebates being paid out by City after the first 100 customers, over the Term of this Agreement.

4. SVCE Responsibilities. SVCE shall provide City Rebates to its customers who receive SVCE Rebates through the Program and are also eligible for City Rebates. The amount of the City Rebates a customer is eligible for shall be set forth in Exhibit A, attached hereto and incorporated by this reference (“City Rebate Schedule”). The City Rebate Schedule may be revised not more than once every 180 days by side letter signed by both City and SVCE, without amending this Agreement. SVCE shall use the most recent City Rebates Schedule provided by the City to issue City Rebates to customers. SVCE shall not provide any rebates that exceed the total individual project cost for a customer. If the sum of the SVCE Rebate and City Rebate exceeds the customer’s total project cost, the SVCE Rebates will be provided in full and the City Rebate will be discounted accordingly, such that the maximum rebate amount provided does not exceed the total individual project cost of the customer. SVCE shall provide an invoice to the City in a monthly basis, which documents the City Rebates paid in the previous month and any Administrative Fee.

5. Reimbursement by City. SVCE will invoice the City monthly for any Administrative Fees and the City Rebates (together known as “Reimbursable Expenses”) paid by SVCE. City shall make payments within thirty (30) days of receiving an invoice from SVCE; however, City may withhold a disputed portion of the payment and provide notice to SVCE of such dispute. SVCE will incur the Reimbursable Expenses in reliance on City’s representation that it will reimburse SVCE for such Reimbursable Expenses as set forth in this Agreement. The total rebates issued to customers from SVCE on City’s behalf, plus administrative fees paid by City to SVCE, shall not exceed the value of this Agreement (defined in Section 1 above).

6. Indemnification. SVCE shall defend, indemnify and hold harmless City including its officers, employees and agents against any claim, loss or liability arising out of its negligence or misconduct in the performance of this Agreement. City shall defend, indemnify and hold harmless SVCE (including its officers, employees and agents) against any claim, loss or liability arising out of City's negligence or misconduct in City's administration of City Rebates outside of this Agreement.

7. Miscellaneous.

A. Notices. Any notices which either Party may desire to give to the other Party under this Agreement must be in writing and may be given either by (i) personal service with return receipt or affidavit of delivery, (ii) delivery by a reputable document delivery service, such as, but not limited to, FedEx, that provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the Party as set forth below or at any other address as that Party may later designate by a written notice provided in accordance with this Section. Notice shall be effective upon delivery to the addresses specified below or on the third business day following deposit with the document delivery service or United States Mail as provided above.

SVCE:	Silicon Valley Clean Energy 333 W. El Camino Real, Suite 330 Sunnyvale, CA 94087 Attn: Nupur Hiremath, Manager of Decarbonization Programs Nupur.hiremath@svcleanenergy.org
City:	City of Mountain View 500 Castro Street P.O. Box 7540 Mountain View, CA 94039-7540 Attn: Denise Lin, Sustainability Analyst, City Manager's Office Denise.lin@mountainview.gov

Either Party may change its address for notices by notifying the other Party.

B. Applicable Law/Venue. This Agreement shall be deemed to have been entered into and shall, in all respects, be interpreted, construed, enforced and governed by and under the laws of the State of California. The venue of any legal action relating to this Agreement shall be the Superior Court of California, County of Santa Clara.

C. Entire Agreement, Modifications. This Agreement and the documents referenced herein contain the complete expression of the whole agreement between the Parties with respect to the obligations set forth herein, and there are no promises, representations, agreements, warranties or inducements, either expressed verbally or implied, except as are fully set forth herein. No alteration, supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both Parties.

D. Independent Advice of Legal Counsel. Each Party acknowledges that it has retained independent legal counsel of its own choice to review this Agreement and that prior to the execution hereof each Party has had the opportunity to review the terms of this Agreement with its counsel and is entering into this Agreement after such review.

E. Authority to Execute Agreement. The person or persons executing this Agreement on behalf of a Party warrants and represents that he or she has the authority to execute this Agreement on behalf of the Party and has the authority to bind that Party to the performance of its obligations hereunder.

F. Validity of Agreement. All Parties agree that this Agreement is legal, valid and binding on each Party and enforceable in accordance with its terms.

G. Binding on Successors. Except as further provided in this paragraph, this Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors, assigns, executors and administrators.

H. Attorneys' Fees. . In the event of any dispute between City and SVCE in any way related to this Agreement, and whether involving contract and/or tort claims, the non-prevailing party shall pay to the prevailing party all reasonable attorneys' fees and costs and expenses of any type, without restriction by statute, court rule or otherwise, incurred by the prevailing party in connection with any action or proceeding (including any appeal and the enforcement of any judgment or award), whether or not the dispute is litigated or prosecuted to final judgment (collectively, "Fees"). The "prevailing party" shall be determined based upon an assessment of which party's major arguments or positions taken in the action or proceeding could fairly be said to have prevailed (whether by compromise, settlement, abandonment by the other party of its claim or defense, final decision, after any appeals, or otherwise) over the other party's major arguments or positions on major disputed issues. Any Fees incurred in enforcing a judgment shall be recoverable separately from any other amount included in the judgment and shall survive and not be merged in the judgment. The Fees shall be deemed an "actual pecuniary loss" within the meaning of Bankruptcy Code Section 365(b)(1)(B), and notwithstanding the foregoing, all Fees incurred by either party in any bankruptcy case filed by or against the other party, from and after the order for relief until this Agreement is rejected or assumed in such bankruptcy case, will be "obligations of the debtor" as that phrase is used in Bankruptcy Code Section 365(d)(3).

I. No Third-Party Rights. This Agreement shall not create or be construed to create any rights in, or inure to the benefit of, any third party.

J. Ambiguity. This Agreement is deemed to have been prepared by all of the Parties hereto, and any uncertainty or ambiguity herein shall not be interpreted against the drafter, but rather, if such ambiguity or uncertainty exists, shall be interpreted according to applicable rules of interpretation of contracts under the laws of the State of California.

K. Assignment. This Agreement shall not be assignable by either Party in whole or in part without the prior written consent of the other Party. The assigning Party shall provide to the other Party thirty (30) days' advanced notice of any such proposed assignment.

L. Severability. If any provision or portion of this Agreement shall be adjudged invalid or unenforceable by a court or tribunal of competent jurisdiction or by operation of any applicable laws, such provision or portion of this Agreement shall be deemed omitted and the remaining provisions and portions shall remain in full force and effect.

M. Counterparts/Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Moreover, electronic, scanned or facsimile copies of signatures shall be accepted as valid and binding.

N. Waiver. No term or provision hereof will be considered waived by either Party, and no breach is excused or consented to by either Party, unless such waiver or consent is in writing and signed on behalf of the Party against whom the waiver is asserted. No express or implied consent by either Party to, waiver of, or failure of a Party to enforce its rights with respect to a breach by the other Party shall constitute consent to or, waiver of any subsequent or other breach by the other Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement below on the date first written above.

SILICON VALLEY CLEAN ENERGY

RECOMMENDED FOR APPROVAL:

By: _____
Justin Zagunis, Director of Customer Success

Date: _____

By: _____
Monica Padilla, Chief Executive Officer

Date: _____

APPROVED AS TO FORM BY COUNSEL FOR SVCE:

By: _____
Michael Callahan, General Counsel

Date: _____

CITY OF MOUNTAIN VIEW

RECOMMENDED FOR APPROVAL:

By: _____
City Manager

Date: _____

By: _____
Assistant City Manager

Date: _____

FINANCIAL APPROVAL:

By: _____
Finance and Administrative Services Director

Date: _____

APPROVED AS TO FORM BY COUNSEL FOR CITY OF MOUNTAIN VIEW:

By: _____
City Attorney

Date: _____

EXHIBIT A CITY REBATE SCHEDULE

SVCE will provide City Rebates to SVCE customers who are residents of the City in the following amounts:

Customer Category	Appliance Type		Value of City Rebate (per appliance)
Market-rate and Income-qualified ¹ customers	Heat Pump Water Heater (HPWH)	Replacing gas water heater	\$850
		Replacing electric resistance water heater	\$500

City Rebates will be provided in alignment with the terms, conditions, and eligibility specifications listed for SVCE's Home Rebates Program: <https://svcleanenergy.org/home-rebates/>.

This exhibit may be updated no more than once every 180 days by mutual agreement of City and SVCE, without amending this Agreement.

¹ Latest income-qualifications from May 2024 (https://svcleanenergy.org/wp-content/uploads/FFH_Income_Qualifications_May2024.pdf).



Staff Report – Item 1e

Item 1e: Authorize the Chief Executive Officer to Execute and Amend Community Grants as Part of the 2024 Member Agency Grant Program and the Competitive Community Grant Program

From: Monica Padilla, CEO

Prepared by: Zoe Elizabeth, Director, Decarbonization Policy and Community Strategies
Jessica Cornejo, Senior Community Strategies Specialist

Date: 3/12/2025

RECOMMENDATION

Staff recommends the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) authorize SVCE's Chief Executive Officer (CEO), Monica Padilla, to execute and amend all grant agreements as part of the 2024 Member Agency Grant program and the Competitive Community Grant program.

BACKGROUND

In 2024, the Board approved \$10M in community grants to support building and transportation electrification, energy resilience, and community engagement projects. The program is divided into three areas: 1) Noncompetitive Member Agency Grants (\$3M), 2) Competitive Member Agency Grants (\$3.5M), and 3) Competitive Community Grants (\$3.5M). Each member agency was awarded a noncompetitive allocation that can be used for a variety of projects that support building or transportation electrification, energy resilience, or community engagement on these topics. The member agency competitive funding will allow agencies to pursue additional funding with the option to stack with their noncompetitive allocation. Both the Noncompetitive and Competitive Member Agency Grants launched on October 30, 2024.

ANALYSIS & DISCUSSION

The deadline for agencies to submit an application for the competitive member agency grant is March 28, 2025, and the deadline to submit an application for the noncompetitive agency grant is December 5, 2025. The Competitive Community Grants will launch at a later time.

Staff anticipates approving thirteen grant agreements from the Noncompetitive Member Agency Grant and seven from the Competitive Member Agency Grant, for an estimated twenty grant agreements. Granting the CEO authority to sign and amend these agreements will keep the process moving and allow for quicker execution.

STRATEGIC PLAN

The proposal supports SVCE's Strategic Focus Area One, "Expand Affordability Efforts," SVCE's Strategic Focus Area Two, "Expand Clean and Reliable Grid Actions," and SVCE's Strategic Focus Area Four "Prepare Region for Electrification at Scale."

ALTERNATIVE

Alternatives include bringing each grant agreement to the Board for approval through the consent calendar. This would impact the timeline of grant execution with SVCE and the member agencies.

Agenda Item: 1e

Agenda Date: 3/12/2025

FISCAL IMPACT

N/A

ATTACHMENT

1. Grant agreement for the 2024 Member Agency Grant program

SILICON VALLEY CLEAN ENERGY MEMBER AGENCY GRANT PROGRAM AGREEMENT

THIS AGREEMENT is made and effective on the date of last signature below (“Effective Date”) by and between the Silicon Valley Clean Energy Authority (“SVCE”), an independent public agency and **(Entity Legal Name)** (“Recipient”) In consideration of the covenants, conditions and undertakings set forth herein, the parties agree as follows:”

1. RECITALS. This Agreement is made with respect to the following facts and purposes which each of the parties acknowledge and agree are true and correct:

A. SVCE’s Member Agency Non-Competitive grant program (“Program”) will provide \$3M in grants to member jurisdictions to plan and develop decarbonization demonstration, energy resilience, and engagement projects.

B. Recipient submitted an application for Program funding, attached hereto and incorporated herein as Exhibit A, for a decarbonization demonstration, energy resilience, and engagement projects (“Project”). The scope and estimated budget for the Project are included in Exhibit A.

C. SVCE finds that the use of Grant Funds described herein furthers a public purpose and meets the goals and objectives established for the Program, and desires to award Recipient a one-time grant pursuant to the terms of this Agreement.

2. GRANT. SVCE hereby agrees to provide funding to Recipient in an amount not to exceed **[Grant Amount]**, subject to the provisions of this Agreement (“Grant Funds”). Such Grant Funds shall be disbursed to Recipient on a reimbursement basis. It is agreed and understood that the Grant Amount is a ceiling and that SVCE will only reimburse the allowable cost of services actually rendered as authorized by SVCE at or below the Grant Amount established herein.

3. REIMBURSEMENT OF GRANT FUNDS. Grant Funds shall be reimbursed pursuant to the following process:

A. SVCE shall reimburse Recipient for its actual and reasonable costs of constructing the Project up to the agreed upon Grant Funds.

B. Requests for payment submitted to SVCE shall include: 1) a cover letter in the agency’s letterhead summarizing the project and requested dollar amount for reimbursement 2) an itemized list of all expenditures; and 3) supporting documentation that clearly identifies the expenditure(s) in relation to the scope of the Project set forth in Exhibit A of this Agreement. Payment requests should be aggregated and submitted after Project completion.

C. SVCE shall process requests for payment and remit payment within 30 days.

D. If, in SVCE’s sole discretion, the request for payment is incomplete, inadequate, or inaccurate, SVCE may dispute the invoice for reasonable cause and hold all or a portion of the payment request until all required information is received or corrected. Any penalties imposed

on the Recipient by a contractor, or other consequence, because of delays in payment or other breach of the agreement between the Recipient and the contractor are the responsibility of the Recipient and are not reimbursable under this Agreement.

E. Unless otherwise authorized by SVCE in writing, Recipient shall submit all documentation of Project completion, including a final request for payment, within sixty (60) days of Project completion.

F. Final payment of remaining Grant Funds, including any amounts withheld from previous payments, shall be paid up to the total amount of the actual Project cost, not to exceed the Grant Funds amount set forth in this Agreement, upon completion of the Project, receipt of the final report and final request for payment from the Recipient in a form and content satisfactory to SVCE.

4. USE OF GRANT FUNDS. Recipient shall use the Grant Funds to support the Program as set forth in Exhibit A. Any use(s) of Grant Funds not contemplated in this Agreement must be approved in writing by SVCE. This Agreement was awarded to Recipient based on the application submitted by Recipient with the intention that the awarded funds would be used to implement the Project as described in Exhibit A. Any substantive deviation during Project implementation may require reevaluation or result in loss of funding. In no event shall Recipient's Grant Funds or scope of work be increased. If Recipient knows or should have known that substantive changes to the Project will occur or have occurred, Recipient will immediately notify SVCE in writing. SVCE will then determine whether the Project is still consistent with the overall objectives of the Program and whether the changes would have negatively affected the Project ranking during the Grant evaluation process. SVCE reserves the right to have Grant Funds withheld from Recipient, or refunded to SVCE, due to Recipient's failure to satisfactorily complete the Project or due to substantive changes to the Project.

5. TERM. This Agreement shall commence on the Effective Date, and shall remain and continue in effect until the final Grant Funds are paid to Recipient, unless sooner terminated pursuant to the provisions of this Agreement. Project completion dates shall not be extended unless SVCE determines, in its sole discretion, that extenuating circumstances justify an extension. Projects must be complete no later than [ENTER PROGRAM END DATE].

6. REPORTING AND RECORDS. Recipient agrees to cooperate with SVCE and provide requested information, if any, related to the use of Grant Funds and the Project, including for the purposes of SVCE's evaluation, measurement, and verification activities for the Program. Recipient will cooperate in good faith with SVCE or its authorized representative in performing evaluation, measurement and verification (EM&V) of the Program. Information accessed for EM&V may include, but is not limited to, onsite verification of Project operation, Program compliance, and Project records, analysis of facility billing metered data, analysis of data collected from facility-owned submetering, and collection of supplementary metered data on-site. All information collected will be held confidentially and will be used by SVCE or its authorized representative for Program analysis purposes only. Recipient is responsible for ensuring, through a separate agreement between Recipient and property owner, that property owner shall cooperate with SVCE to provide any documentation and assist in analysis and provide access to the Project site at reasonable times, during the construction of the Project and for a period of up to two (2) years from the completion of the Project. During the course of the

Project and for three (3) years thereafter from the receipt of the final Grant Funds, the Recipient agrees to maintain, intact and readily accessible, all communications, data, documents, reports, records, contracts, and supporting materials relating to the Project, as SVCE may require. The Recipient agrees to have financial and compliance audits performed as SVCE may require.

7. LEGAL RESPONSIBILITIES. Recipient shall keep itself informed of all local, State and Federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance under this Agreement. Recipient shall at all times observe and comply with all such ordinances, laws and regulations. SVCE, and its officers and employees, shall not be liable at law or in equity occasioned by failure of Recipient to comply with this Section.

8. PREVAILING WAGES. By accepting the Grant Funds, Recipient as a material term of this Agreement shall be fully responsible for complying with all California public works requirements including but not limited to payment of prevailing wage. Therefore, as a material term of this Agreement, to the extent required by California law, Recipient shall ensure that prevailing wages are paid, that the project budget for labor reflects these prevailing wage requirements, and that the project complies with all other requirements of prevailing wage law, including that Recipient's subcontractors also comply with all applicable public works/prevaling wage requirements.

9. PROCUREMENT. At minimum, Recipient shall abide by Recipient's purchasing regulations and policies and all California laws and regulations in procuring goods or services where the costs are eligible for reimbursement under this Agreement.

9. CALIFORNIA PUBLIC RECORDS ACT. Recipient acknowledges that SVCE is subject to the California Public Records Act (Gov. Code § 7920.000 *et seq.*). SVCE acknowledges that Recipient may submit information to SVCE that Recipient considers to be confidential, proprietary, or trade secret information. Only such information clearly designated in writing as "confidential" shall be deemed "Confidential Information." Upon request or demand of any third person or entity ("Requestor") for the production, inspection, and/or copying of Confidential Information, SVCE shall notify Recipient that such request has been made. Recipient shall be solely responsible for taking whatever legal steps are necessary to protect Confidential Information and to prevent its release to the Requestor. Without limiting SVCE's right to disclose Confidential Information as may be required by law, if Recipient takes no such action after receiving the foregoing notice from SVCE, SVCE shall be permitted to release information it deems subject to disclosure.

10. NOTICES. Any notices provided under this Agreement must be in writing and may be given either by mail or e-mail to the following addresses:

SVCE:	Silicon Valley Clean Energy Authority 333 W. El Camino Real #330 Sunnyvale, CA 94087 Attention: jessica.cornejo@svcleanenergy.org
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RECIPIENT: [ENTITY]
[ADDRESS]

Attention: _____

11. INDEPENDENT CONTRACTOR.

A. Recipient shall at all times remain as to the SVCE a wholly independent contractor. The personnel performing the services under this Agreement on behalf of Recipient shall at all times be under Recipient's exclusive direction and control. Neither SVCE nor any of its officers, employees, agents, or volunteers shall have control over the conduct of Recipient or any of Recipient's officers, employees, or agents except as set forth in this Agreement. Recipient shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the SVCE. Recipient shall not incur or have the power to incur any debt, obligation or liability whatever against SVCE, or bind SVCE in any manner.

B. No employee benefits shall be available to Recipient in connection with the performance of this Agreement. Except for the fees paid to Recipient as provided in the Agreement, SVCE shall not pay salaries, wages, or other compensation to Recipient for performing services hereunder for SVCE. SVCE shall not be liable for compensation or indemnification to Recipient for injury or sickness arising out of performing services hereunder.

12. **INDEMNIFICATION; WAIVER.** Recipient shall indemnify, protect, defend and hold harmless SVCE, its elected officials, officers, employees, volunteers, and representatives from any and all suits, claims, demands, losses, defense costs or expenses, actions, liability or damages of whatsoever kind and nature which SVCE, its officers, agents and employees may sustain or incur or which may be imposed upon them for injury to or death of persons, or damage to property arising out of Recipient's acts or omissions arising out of or in any way related to the performance or non-performance of this Agreement. Recipient expressly waives the provisions of California Civil Code section 1542, which provides: "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." This Section shall survive the terminate of this Agreement.

13. INSURANCE.

A. On or before the commencement of the term of this Agreement, Recipient shall furnish SVCE with certificates showing the type, amount, class of operations covered, effective dates, and dates of expiration of insurance coverage in compliance with the requirements in this Section. Recipient shall maintain such coverage in full force at all times for the duration of this Agreement, at its sole cost and expense. Nothing herein shall be construed as a limitation on Recipient indemnification obligations under this Agreement.

- B. Recipient shall maintain the following minimum insurance coverages:
- 1) Workers' compensation, as required by the State of California;
 - 2) Commercial general liability coverage with minimum limits of \$3,000,000 per occurrence and \$5,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required;
 - 3) Comprehensive automotive liability coverage with minimum limits of

\$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.

C. Such coverages shall be issued by an insurer(s) licensed to conduct business in the State of California, with a minimum A.M. Best's Insurance Rating of A:VII unless otherwise approved in writing as satisfactory to SVCE. The Recipient may satisfy its obligations under this Section through self-insurance.

D. The insurance limits required by SVCE are not represented as being sufficient to protect Recipient. Recipient is advised to confer with its insurance broker to determine adequate coverage for Recipient.

14. DEFAULT AND TERMINATION. Should an Event of Default occur, SVCE shall provide a notice of default to Recipient and shall give Recipient at least fifteen (15) calendar days from the date the notice is sent to cure the Event of Default. If Recipient fails to cure the Event of Default within the time prescribed, SVCE may, at SVCE's sole discretion, withhold Grant Funds not yet disbursed hereunder, require the return or repayment of Grant Funds already disbursed, and/or terminate this Agreement by written notice which shall be effective upon receipt by Recipient. "Event of Default" shall mean the occurrence of any one or more of the following events by Recipient: (a) any false statement, representation, or warranty contained in this Agreement, the Application, or any other document submitted to SVCE; (b) failure to comply with applicable laws; (c) a failure to maintain in effect any policy of insurance required under this Agreement; or (d) a material breach of this Agreement.

15. NON-APPROPRIATION. Recipient acknowledges that SVCE is a public agency. In the event that sufficient funds for the performance of this Agreement are not appropriated by the SVCE Board of Directors in any fiscal year covered by this Agreement, this Agreement may be terminated by SVCE, without penalty, by giving notice to Recipient of such facts and of SVCE's intention to terminate.

16. NON-WAIVER. Failure to exercise any right the SVCE may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

17. AMENDMENT OF AGREEMENT. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Recipient and the SVCE.

18. ASSIGNMENT PROHIBITED. In no event shall the Recipient assign or transfer any portion of this Agreement.

19. GOVERNING LAW. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Santa Clara, State of California.

20. NO THIRD-PARTY BENEFIT. The provisions of this Agreement are for the sole benefit of the parties hereto and confer no rights, benefits, or claims upon any person or entity not a party hereto.

21. SEVERABILITY. If any provision of this Agreement is held to be invalid or unenforceable for any reason, the remaining provisions will continue in full force without being impaired or invalidated in any way. The parties agree to replace any invalid provision with a valid provision that most closely approximates the intent and economic effect of the invalid provision.

22. RECIPIENT'S AUTHORITY. Recipient represents and warrants that (a) it has the power and authority to enter into this Agreement and to perform its obligations hereunder; (b) the person who executes this Agreement on its behalf has the necessary authority to bind Recipient; and (c) neither the execution and delivery of this Agreement nor the performance of its obligations hereunder will constitute a violation of, a default under, or conflict with any term of any governance documents or other agreements to which it is bound.

23. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be taken together and deemed to be one instrument. Faxed and PDF counterpart signatures are sufficient to make this Agreement effective.

24. ENTIRE AGREEMENT. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

25. COMMUNICATIONS AND ENGAGEMENT. Recipient agrees that SVCE may use and publicize information and visual materials (photos, videos, etc.) related to this project, including (but not limited to) information and visual materials provided in this application, updates, or follow-up information. Recipient will coordinate in good faith with SVCE on follow-up activities, such as interviews, outreach coordination, photo or video shoots, requests for additional information, and the design of educational materials and signage related to the project. Recipient will work with SVCE to schedule all coordination and activities within a determined and mutually agreed-upon time frame and understand that refusal or failure to collaborate on marketing and outreach may result in termination of the funding.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

SILICON VALLEY CLEAN ENERGY AUTHORITY

NAME: _____
TITLE: _____

APPROVED AS TO FORM:

NAME: _____
TITLE: _____

[RECIPIENT]

By: _____
Name:
Title:

By: _____
Name:
Title:

[*Note: Signatures of two corporate officers are required for corporations – First signature must be one of the following: 1) the chairman of the board; 2) the president; or 3) any vice president. The second corporate signature must be one of the following: 1) the secretary; 2) any assistant secretary; 3) the chief financial officer; or 4) any assistant treasurer. Signature of City Manager is required for cities.]

EXHIBIT A

[Attach Grant Form]



Staff Report – Item 1f

Item 1f: Adopt Resolution Amending SVCE’s Energy Risk Management Policy

From: Monica Padilla, CEO

Prepared by: Amrit Singh, CFO and Director of Administrative Services
Scott Wrigglesworth, Director of Risk & Analytics

Date: 3/12/2025

RECOMMENDATION

Staff recommends that the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) adopt Resolution 2025-05 approving revisions and amending SVCE’s Energy Risk Management (ERM) Policy.

EXECUTIVE COMMITTEE RECOMMENDATION

The Executive Committee (Committee) received a presentation from staff at the February 28, 2025 meeting outlining the proposed revisions to the policy. The Committee had no concerns, and voted unanimously to recommend that the Board approve the policy. There were also no objections from committee members on including the item on the Consent Calendar, and a request was given to staff to include the Committee presentation in Board meeting materials as an attachment.

BACKGROUND

The purpose of the ERM Policy (Policy) is to set the framework for managing market and credit risks associated with energy procurement activities and delegation of such procurement to the Chief Executive Officer (CEO). The Policy designates responsibility for risk identification, measurement, management, and reporting. It establishes the framework to ensure risks are appropriately managed and that SVCE achieves its mission and adheres to policies established by the Board. The Policy does not cover procurement of resources greater than five-years in term which require Board-approval.

The Policy requires that it be reviewed and updated as needed at least every two calendar years. The last formal review of the policy occurred on August 9, 2023.

ANALYSIS & DISCUSSION

SVCE staff found that the current Policy is comprehensive but recommends the following changes to further strengthen risk management controls, clarify existing policy, and reflect current energy procurement activities.

Throughout Policy Document - General Improvements Edits

- Change: Grammatical improvements and choice of wording (e.g. change reference of SVCE as a “corporation” to “agency”; change reference to CEO as “he” to “they”, etc.) and changed references to “ERM Policy” to “ERM Policy & Standards”.
- Justification: Consistent with SVCE’s overall review of policies, the ERM Policy will now have an accompanying set of CEO-approved Standards to provide staff detailed guidance on operational elements not appropriate for a policy document.

Agenda Item: 1f**Agenda Date: 3/12/2025**Section 2 – Risk Management Goals

- Change: Clarified that risk management principles include transactions for compliance and clean directives.
- Justification: Sometimes there are trade-offs required associated with compliance and clean directives that may be required but do not solely related to cost and risk.

Section 3.3 – Net Revenue Risk

- Change: Included the financial impacts of the Power Cost Indifference Adjustor (PCIA) and indexed retail rates (such as, currently, the PG&E generation rate) in determination of Net Revenue Risk
- Justification: Stress tests, backcasts, forecasts, and observed financial results all demonstrate that SVCE experiences Net Revenue impacts related to market price levels and their corresponding effect on the PCIA and indexed generation rate.

Section 4.1 – Segregation of Duties

- Change: Clarified that back-office functions can be combined with other functions and/or delegate to third parties if organizational capabilities and expertise do not allow for internal staff segregation of duties (beyond just inadequate resources); and noted that this determination may be made by the CEO and/or CFO.
- Justification: Although staffing levels have increased, staff capabilities and levels may not entirely permit for exclusive management by an individual or dedicated department for back office workload. In the interest of being prudent stewards of resources the CEO and CFO may allow employees or vendors to contribute duties non-exclusively while preserving segregation of roles in front, middle and back-office tasks. For example, back office functions currently report up through the Deputy Director of Power Resources who is also involved in front office activities like PPA procurement and negotiations. This employee has depth of experience in back-office activities. That experience is valuable in guiding and advising staff on back-office activities. In a larger organization back office functions would likely have a dedicated director who would be uninvolved in front office activities.

Section 4.2 – Additional Internal Controls

- Change: Explicitly listed confirmations as part of the internal control process
- Justification: Simply an item of clarification

Section 5.1 – Risk Measurement Metrics and Reporting

- Change: Moved references to specific metrics and stress tests monitored to the Standards
- Justification: Metrics may need to be readily updated for changed as business, regulatory or market conditions change over time. A move to Standards for the definition of these items allows for SVCE to more responsively react to those changes as conditions warrant.

Section 5.3 – Market Price Risk

- Change: Moved definitions of Net Open Position evaluation process to Standards document
- Justification: The ERM Standards is the best place to house explanatory content

Section 5.5 – Counterparty Credit and Performance Risk

- Change: Moved execution related direction to Standards

Agenda Item: 1f**Agenda Date: 3/12/2025**

Justification: Actual methods related to counterparty monitoring are best maintained in the new Standards document.

Section 6.1 – Trader Authorization Process

Change: Added reference to the Standards as the place for the detailed steps of the Authorization process. Affirmed in Policy that Standards will ensure traders have the required experience and training to transact on behalf of SVCE.

Justification: Actual methods related to trader authorization are best maintained in the new Standards document.

Section 6.4 – Tolerance Bands

Change: Stated that the PCIA and any other index rate (e.g. discounted generation rate) may count toward determination of Net Open Position hedge ratios, and eliminated the prompt quarter min and max tolerance band.

Justification: Stress tests, backcasts, forecasts, and observed financial results all demonstrate that SVCE experiences Net Revenue impacts related to market price levels and their corresponding effect on the PCIA and indexed generation rate; as such and as appropriate, these should be accounted for in hedge ratios. The prompt quarter tolerance band did not provide material change to the balance of year tolerance band, and the Standards will provide more granular guidance on near-term hedge ratio levels.

Section 6.5.4 – Limits of Authority Delegated to Authorized Personnel by the CEO

Change: Moved instruction on business process for communication of Portfolio Plans around delegation of Authority to the Standards; Clarified that delegated authority is per transaction and that the Energy Notional Value Limits are cumulative.

Justification: The ERM Standards is the best place to house business process documentation. The clarifications on transactions and cumulative limits are helpful as new employees reading Policy sought clarification of that which was otherwise institutional knowledge and understood.

Section 7.3 – Internal Risk Oversight Committee (IROC)

Change: Move the definition of the IROC to a standard

Justification: The ERM Standards is the best place to house business process documentation.

Appendix A – Trader Attestation

Change: Added reference of the Standards for the attestation

Justification: Warranted as the ERM Standards are where business process and other elements are now defined.

STRATEGIC PLAN

The Policy supports the goals of the Board adopted Strategic Plan. Specifically, the Policy strongly supports:

- Goal 6 - Maintain healthy financial position; avoid failures in management of market risk, credit risk, liquidity risk, operational risks, and enterprise risks.
- Goal 9 – Implement industry best practices to enable data-driven decision making across the organization; enhance systems, standards and procedures to streamline business processes and improve operational effectiveness and reliability (aka SVCE 3.0).

Agenda Item: 1f**Agenda Date: 3/12/2025**

ALTERNATIVE

N/A

FISCAL IMPACT

Implementing the proposed updates to the Policy is not expected to have a fiscal impact.

ATTACHMENTS

1. Resolution 2025-05 Amending the Authority's Energy Risk Management Policy
2. Energy Risk Management Policy (Redline)
3. Energy Risk Management Policy (Clean)
4. Feb. 28, 2025 Presentation to the Executive Committee

SILICON VALLEY CLEAN ENERGY AUTHORITY

RESOLUTION NO. 2025-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY AMENDING THE AUTHORITY'S ENERGY RISK MANAGEMENT POLICY

THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY HEREBY RESOLVES AS FOLLOWS:

WHEREAS, the Silicon Valley Clean Energy Authority ("SVCE") was formed on March 31, 2016, pursuant to a Joint Powers Agreement to promote, develop, conduct, operate, and manage energy programs in Santa Clara County;

WHEREAS, launch of service for Phase I occurred in April 2017, and launch of service for the remaining Phases occurred in July 2017;

WHEREAS, SVCE first adopted an Energy Risk Management Policy in February 2017, which allowed SVCE to transact in the California Independent System Operator (CAISO) congestion market;

WHEREAS, on May 10, 2017, the Board approved an updated and expanded Energy Risk Management Policy ("Policy") to incorporate other provisions to address key issues such as trading authority, credit risk and hedging;

WHEREAS, on January 9, 2019, the Board approved further revisions to the Policy to clarify the purpose of the Policy, simplify the document by eliminating operational items, and provide clear delegation of authority within the Policy;

WHEREAS, by Resolution No. 2019-03 the Board delegated the authority to the CEO to execute confirmation agreements pursuant to Board-approved Master Agreements with several electricity suppliers, including (a) granting the Chief Executive Officer ("CEO") authority to enter into confirmations for terms not greater than 60 months and (b) limiting the CEO's transaction authority to purchases of product consistent with forecasted load and within the Energy Net Open Position Tolerance Bands as defined in the Policy and further directed by that Policy;

WHEREAS, by Resolution No. 2021-25 the Board approved further revisions to the Policy to update hedging tolerance bands, clarify portfolio management objectives, enhance reporting exceptions to compliance with Policy, add requirements to conduct stress tests, streamline the Resource Adequacy board delegation section, add requirements for staff to acknowledge Policy and declare conflict of interest;

WHEREAS, by Resolution No 2023-13, the Board approved further revisions to the Policy that further strengthen risk management controls, clarify existing policy and, updates it for current energy procurement activities

WHEREAS, staff has provided to the Board, and the Board has reviewed, the attached revisions to the Policy that updates Net Revenue Risk and hedge levels to include the financial impacts of the Power Charge Indifference Adjustment and any other indexed rates, updates Net Open Position Tolerance Bands, moves some operational elements to ERM Standards and clarifies existing policy, and makes minor corrections.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. The Board hereby amends the Energy Risk Management Policy as provided for in Exhibit A.

ADOPTED AND APPROVED this 12th day of March 2025, by the following vote:

JURISDICTION	NAME	AYE	NO	ABSTAIN	ABSENT
City of Campbell	Director Scozzola				
City of Cupertino	Director Fruen				
City of Gilroy	Director Hilton				
City of Los Altos	Director Meadows				
Town of Los Altos Hills	Director Tyson				
Town of Los Gatos	Director Rennie				
City of Milpitas	Director Barbadillo				
City of Monte Sereno	Director Mekechuk				
City of Morgan Hill	Director Martinez Beltran				
City of Mountain View	Director Showalter				
County of Santa Clara	Director Lee				
City of Saratoga	Director Walia				
City of Sunnyvale	Director Klein				

Chair

ATTEST:

Secretary

Energy Risk Management Policy



Proposed for Adoption:

~~August 9, 2023~~ March
12, 2025

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1 General Provisions

1.1 Background and Purpose of Policy

Silicon Valley Clean Energy's (SVCE) mission is to reduce dependence on fossil fuels by providing carbon free, affordable, and reliable electricity and innovative programs for the SVCE community.

This Energy Risk Management Policy (Policy) has been developed to help ensure that SVCE achieves its mission and adheres to policies established by the SVCE Board of Directors (Board), power supply and related contract commitments, good utility practice, and all applicable laws and regulations. SVCE is not engaged in the power supply business for profit and is, therefore, precluded by this Policy from engaging in many of the risk-taking activities typical to an organization orientated solely toward profit maximization.

This Policy defines SVCE's general energy risk management framework and provides management with the authority to establish processes for monitoring, measuring, reporting, and controlling market and credit risks to which SVCE is exposed in its normal course of business.

1.2 Scope of Business and Related Market Risks

SVCE provides energy to retail customers in its service territory that entails business activities such as; bilateral purchases and sales of electricity under short-, medium- and long-term contracts; scheduling of load and generation of electricity into California Independent Systems Operator (CAISO) markets; retail marketing of electricity to consumers within its service territory; compliance with voluntary objectives and regulatory requirements as it relates to carbon free and renewable portfolio standard (RPS) compliant energy; participation in CAISO Congestion Revenue Rights ("CRRs") market; managing the balance of load and generation over short, medium and long term horizons; and compliance with California Public Utilities Commission (CPUC) Resource Adequacy (RA) requirements.

Examples of energy market risks include, but are not limited to, the following:

- Mark-to-Market Risk
- Market Price Risk
- Net Revenue Risk
- Counterparty Credit and Performance Risk
- Load and Generation Volumetric Risk
- Operational Risk
- Liquidity Risk
- Regulatory/Legislative Risk

This Policy focuses on the following:

- Risk Management Goals and Principles
- Definitions of Risks
- Internal Control Principles
- Risk Management Business Practices
- Authorized Transaction and Trading Limitations
- Risk Management Governance

This Policy does not address the following types of general business risk, which are treated separately in other official policies, ordinances, and regulations of SVCE: fire, accident and casualty; health, safety, and workers' compensation; cybersecurity, general liability; and other such typically insurable perils. The term "risk management," as used herein, is therefore understood to refer solely to energy market risks as herein defined, and not those other categories of risk.

1.3 Policy Administration

This Energy Risk Management Policy (Policy) is adopted by the SVCE Board of Directors and will be reviewed and updated as needed at least every two calendar years by SVCE's Board. The CEO is responsible for implementation of the Policy. The CEO is also responsible to develop Energy Risk Management Guidelines (Guidelines), which is required for staff to [follow to](#) implement the Policy.

1.4 Policy Distribution

This Policy shall be distributed to all SVCE employees and third-party contractors who are engaged in the planning, procurement, sale and scheduling of electricity on SVCE's behalf and/or in other SVCE departments providing oversight and support for these activities.

1.5 Acknowledgement of ERM

All SVCE staff participating in any activity or transaction within the scope of the ERM shall sign, upon joining or upon any material revision of the ERM policy [and standard](#), that such SVCE representative has:

Read the ERM;

Understands the terms and agreements of said ERM;

Will comply with said ERM;

SVCE employees who are within the scope of the ERM understand that any violation of said ERM may subject the employee to discipline up to and including termination of employment.

2 Risk Management Goals

Although SVCE does not engage in risk-taking activities typical in a for-profit organization, certain risks are incidental to the normal power supply operations and hedging activities. SVCE's policy is to manage risk inherent with serving load, including the risks associated with normal cost-hedging activities, those associated with participation in wholesale markets in general and the CAISO in particular.

The goals of energy risk management shall be to:

1. assist in achieving the business objectives in the Strategic Plan, Integrated Resource Plan (IRP) and Cash Reserve Policy including retail rate stability and competitiveness and the accumulation of financial reserves;
2. avoid losses and excessive costs which would materially impact the financial condition of SVCE;
3. establish the parameters for energy procurement and sales activity to obtain the best possible price while ensuring compliance with Board-approved policies;
4. identify specific cost, regulatory and legislative risks that could adversely affect SVCE's ability to achieve its business objectives, and to the extent possible, quantify

and measure performance against those risks;

5. assist in assuring that market activities and transactions are undertaken in compliance with established procurement authorities, applicable laws, regulations and orders;
6. encourage the development and maintenance of an an agency corporate culture at SVCE in which the proper balance is struck between control and facilitation and in which professionalism, discipline, technical skills, and analytical rigor come together to achieve SVCE objectives; and
7. manage business risks to acceptable levels consistent with retail rate-setting, resource procurement and cash reserve management.

SVCE manages its energy resources and transactions to provide its customers with low-cost renewable, carbon free and other energy while at the same time minimizing risks. The risk management principles that SVCE will use include:

1. Undue exposure to CAISO or bilateral energy market volatility for the purpose of potentially achieving lower costs but at the risk that costs may, in fact, be much higher, will not be accepted.
2. Procurement and hedging strategy will be determined by analytical methods supplemented by experienced judgement. SVCE will use that experienced judgement and its analytical tools to assess system cost drivers such as weather, short term energy prices, load variation and operational constraints to manage timing and quantity of purchases and sales of energy and related services, consistent with the limits identified in this Policy.
3. When actions are taken that are consistent with this-ERM Policy and supporting Standards and for the combined goal of low costs and optimized risk, those actions are considered to be consistent with the objectives of this-ERM Policy and supporting Standards.
4. SVCE will not engage in transactions, without proper authorization, whose purpose is not tied to managing compliance, clean directives, costs and risks or are outside of the limits identified in this Policy.

3 Definition of Market Risks

The term "market risks," as used here, refers specifically to those categories of risk which relate to SVCE's participation in wholesale and retail markets as a Load Serving Entity (LSE) and its interests in long-term contracts. Market risks include market price risk, counterparty credit and performance risk, load and generation volumetric risk, operational risk, liquidity risk, and regulatory and legislative risk. These categories are defined and explained as follows.

3.1 Mark-to-Market Risk

Mark-to-Market risk is the risk that wholesale trading positions, long-term supply contracts and generation resources may move "out of the money," that is, become less valuable in comparison with similar positions, contracts, or resources obtainable at present prices. These same positions can also be "in the money" if they become more valuable in comparison to similar positions, contracts, or resources obtainable at present market prices. This valuation methodology is commonly referred to as "Mark-to-Market." If SVCE is "out of the money" on a substantial portion of its contracts, it may have to charge higher retail rates. This may erode SVCE's competitive position and market share if other market participants (e.g., Direct Access providers or PG&E) are able to procure power at a lower cost and offer lower retail electricity rates.

3.2 Market Price Risk

Market Price risk is the risk that market prices change, resulting in changes to energy procurement cost. For example, the cost for the unhedged portion of a supply portfolio (net open position) will increase when market prices increase. Conversely, if resources are in excess to needs and market prices fall, the revenue expected from the sale of the surplus resources will decrease. In addition, uncertain market price relationships (locational risk) affect SVCE's procurement costs.

A subcomponent of market price risk is market liquidity. Illiquid markets make it more difficult to buy or sell a commodity and can result in higher premiums on purchases or deeper discounts on sales.

Another dimension of market price risk is congestion risk. Congestion risks arise from the difference between the prices SVCE pays the CAISO to schedule its load and the prices SVCE receives from the CAISO for energy delivered by SVCE's suppliers.

3.3 Net Revenue Risk

Net Revenues are the total of all revenues received (from retail sales to customers and from the sale of any energy products ~~that were surplus or unneeded~~), including any calculated financial impacts from the Power Charge Indifference Adjustment (PCIA) and any retail rate(s) indexed to any other rate(s) and/or component(s) such as PG&E rate(s), less the total costs (including the costs of long-term contracts, forward transactions, and spot market purchases plus all other operating costs). Net Revenue Risk is the risk that any of those factors—revenues or costs—changes (e.g. changes in market prices or retail sales volumes, or failures of counterparties). Net Revenue is the "bottom line" for SVCE as it determines the financial viability of the authority.

One of the main components of net revenue risk is on the retail revenue side, which is at risk when customers opt out from service by SVCE and return to PG&E, or if customers choose to find another supplier through direct access opportunities that may arise. In addition, when the ~~Power Charge Indifference Adjustment (PCIA) is changed~~ and any other rate(s) or index(es) to which the retail rates are indexed are changed, it directly affects SVCE's ~~bottom line~~ financials, as it may lead if SVCE ~~to~~ compensates by changing its retail rates.

3.4 Counterparty Credit and Performance Risk

Performance and credit risk refers to the inability or unwillingness of a counterparty to perform according to its contractual obligations or to extend credit. Failure to perform may arise if an energy supplier fails to deliver energy as agreed. There are four general performance and credit risk scenarios:

1. counterparties and wholesale suppliers may fail to deliver energy or environmental attributes, requiring SVCE to purchase replacement products elsewhere, possibly at a higher cost;
2. counterparties may fail to take delivery of energy or environmental attributes sold to them, necessitating a quick resale of the product elsewhere, possibly at a lower price;
3. counterparties may fail to pay for energy or environmental attributes delivered; and
4. counterparties and suppliers may refuse to extend credit to SVCE, possibly resulting in higher collateral posting costs impacting SVCE's cash and bank lines of credit.

An important subcategory of credit risk is concentration risk. When a portfolio of positions and resources is concentrated in one or a very few counterparties, sources, or locations, it

becomes more likely that major losses will be sustained in the event of non-performance by a counterparty or supplier or as a result of price fluctuations at one location.

3.5 Load and Generation Volumetric Risk

Energy deliveries must be planned for based upon forecasted load adjusted for distribution line losses. SVCE forecasts load over the long and short term and enters into long- and short-term fixed-price energy contracts to hedge its load.

Load forecasting risks arises from inaccurate load forecasts and can result in the over or under procurement of energy and/or revenues that deviate from approved budgets. Energy delivery risk occurs if a generator fails to deliver expected or forecast energy. Variations in wind speed and cloud cover can also impact the amount of electricity generated by solar and wind resources, and occasional oversupply of power on the grid can lead to curtailment of energy deliveries or reduce revenue as a result of low or negative prices at energy delivery points. Weather is an important variable that can result in higher or lower electricity usage due to heating and cooling needs.

In the CAISO markets this situation can result in both oversupply and undersupply of electricity relative to SVCE's load and the over or under scheduling of generation or load into the day ahead market relative to actual energy consumed or delivered in the real time market. Load and generation volumetric risk may result in unanticipated open positions and imbalance energy costs. Imbalance energy costs result from differences in the price or volume of generation or load scheduled into the day ahead market when compared to the price or volume of generation or load occurring in the real time market during that time period.

3.6 Operational Risk

Operational risk consists of the potential for failure to act effectively to plan, execute, and control business activities. Operational risk includes the potential for:

1. organizational structure that is ineffective in addressing risk (i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, ineffective internal checks and balances, incomplete, inaccurate, and untimely forecasts or reporting, failure to separate incompatible functions, etc.);
2. absence, shortage or loss of key personnel or lack of ~~cross-functional~~ cross-functional training;
3. lack or failure of facilities, equipment, systems, and tools such as computers, software, communications links, and data services;
4. exposure to litigation or sanctions resulting from violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting and analyzing contracts effectively, etc.; and
5. errors or omissions in the conduct of business, including failure to execute transactions, violation of ~~guidelines and directives~~ policies, standards and procedures, etc.

3.7 Liquidity Risk

Liquidity Risk is the risk that SVCE will be unable to meet its financial obligations. This can be caused by unexpected financial events and/or inaccurate pro forma calculations, rate analysis, and debt analysis. Some unexpected financial events impacting liquidity could include:

1. breach of SVCE credit covenants or thresholds; SVCE has credit covenants included in its banking and several short-term energy contracts. Breach of credit covenants or

thresholds could result in the withdrawal of SVCE's line of credit or trigger the requirement to post collateral;

2. calls for collateral from the CAISO or SVCE's counterparties based on terms of transacting agreements; and
3. from time-to-time SVCE may be the subject of legal or other claims arising from the normal course of business. Payment of a claim by SVCE could reduce SVCE's liquidity if the cause of loss is not covered by SVCE's insurance policies.

3.8 Regulatory/Legislative Risk

Regulatory risk encompasses market structure and operational risks associated with shifting state and federal regulatory policies, rules, and regulations that could negatively impact SVCE. Some examples are the potential increase of exit fees for customers served by Community Choice Aggregators such as SVCE that would result in higher electricity rates for SVCE's customers, and the risk that the customers would select another supplier through an expanded Direct Access program.

Legislative risk is associated with actions by federal and state legislative bodies, such as any adverse changes or requirements that may infringe on SVCE's autonomy, increase its costs, impact its customer base, or otherwise negatively impact SVCE's ability to fulfill its mission.

4 Internal Control Principles

Internal controls shall be based on proven principles that meet or exceed the requirements of financial institutions and credit rating agencies and good utility ~~practice~~practices. The required controls shall include all customary and usual business practices designed to prevent errors and improprieties, ensure accurate and timely reporting of results of operations and information pertinent to management, and facilitate attainment of business objectives.

These controls are currently and shall remain fully integrated into all activities of the business and shall be consistent with stated objectives.

4.1 Segregation of duties

One of the main aspects of internal controls is the segregation of duties to ensure that the staff person ~~that who~~ executes a transaction is not the same person ~~that who~~ evaluates or settles the transaction. Appropriate segregation of duties is to be established and maintained throughout the system of controls over financial risks. Senior management must be diligent in ensuring that appropriate segregation of duties is adhered to within the context of organizational changes, while considering staffing limitations, SVCE's business model as a cost hedger, and the overall level of transactions with counterparties. Segregation of duties and functions between front, middle, and back-office activities is generally as follows:

- The Front Office is directly involved in resource planning, product procurement and sales transactions, and implementation of strategies within authorized limits.
- The Middle Office's functions are related to risk management and counterparty credit. The primary responsibility is to ensure that all products utilized and transaction activities are undertaken in compliance with current policy.
- The Back Office is comprised of ~~those~~ functions responsible for verification ~~and~~ validation of accounting, processing, reconciling, and settling of all transactions.

Controls over inputs and systems operations are of particular importance in ensuring the integrity of data used in risk control and management. In all cases, there will be an

appropriate segregation of duties or oversight to reduce the risk of error and/or fraud.

To the maximum extent practicable given SVCE's business model and level of staffing, Front-Office activities will be functionally independent from Middle and Back Office activities. As a result, the Front Office will generally neither perform nor supervise Middle-Office Risk Management activities, or Back Office financial accounting or settlements. The Director of Power Resources is responsible for ensuring the Front Office's ability to perform tasks in compliance with this Policy. This arrangement will provide independent and regular management oversight for both risk-taking and risk-control activities. It will also allow for a clear separation of duties between the Front-Office transacting and Middle Office risk-control functions.

To the maximum extent practicable given SVCE's business model and level of staffing, Middle Office activities will be functionally independent from all Front Office and Back Office activities. The Middle Office will have primary responsibility for risk management oversight and policy and standards development and compliance. If there are not adequate resources necessary to fully support a Middle Office, this function may be combined with another function, ~~or be supported by qualified third party or be supported by qualified third-party~~ advisors, provided that appropriate segregation of duties or sufficient internal controls are ~~maintained at all times~~ always maintained.

To the maximum extent practicable given SVCE's business model and level of staffing, Back Office settlement activities will be functionally independent from all Front Office and Middle Office activities. The Back Office will have primary responsibility for all transaction confirmation, accounting, and reconciliation processes. If ~~there are not adequate resources~~ organizational capability and expertise do not allow necessary to fully exist within a support a Back Office, this function may be combined with another function, or be supported by qualified ~~third-third~~ party advisors, provided that appropriate segregation of duties or sufficient internal controls are maintained at all times. This determination may be made by the CEO and/or CFO.

4.2 Additional Internal Controls

Besides segregation of duties, additional required operational control principles include the following, which the CEO shall implement by incorporating them into the ERM ~~Guidelines and procedures~~ Standards:

1. Delegation of authority that is commensurate with responsibility and capability, and relevant training to ensure adequate knowledge to operate in and comply with rules associated with the markets in which they transact (e.g., CAISO). Contract origination, ~~-~~commercial approval, confirmation, legal review, invoice validation, and transaction auditing shall be performed by separate staff or contractor for any single transaction. ~~No~~ single staff member shall perform all these functions on any transaction.
2. Defining authorized products and transactions (see Section 6.3).
3. Defining procurement authority for any transactions for which procurement authority has not already been explicitly granted as set forth in SVCE's Purchasing Policy and any Board Resolution delegating energy procurement authority (e.g. Resolution 2016-15 which delegates authority to the CEO to execute confirmation agreements with energy service providers with whom SVCE has executed Master Agreements).
4. Defining proper trade capture process for executing power supply contracts.
5. Complete and precise capture of transaction and other data, with standardization of electronic and hard copy documentation.
6. Meaningful summarization and accurate reporting of transactions and other activity at regular intervals.

7. Consultation with legal counsel on all legal issues related to this Policy.
8. Timely and accurate risk and performance measurement at regular intervals.
9. Regular compliance review to ensure that this Policy and the Guidelines are adhered to, with specific guidelines for resolving instances of noncompliance.
10. Active participation by senior management in risk management processes.

5 Risk Management Business Practices

5.1 Risk Measurement Metrics and Reporting

A vital element of this Policy is the regular identification, measurement, and communication of risk. To effectively communicate risk, all risk management activities must be monitored on a frequent basis using risk measurement methodologies that quantify the risks associated with SVCE's procurement-related business activities and performance relative to goals. SVCE measures and updates its risks using a variety of tools that model programmatic financial projections, market exposure and risk metrics, as well as through short term budget updates.

SVCE seeks to minimize financial exposure to higher-volatility spot market wholesale electricity using rolling hedges and net open position percentage bands. Financial exposure creates budget uncertainty. To mitigate the financial exposure to short-time horizon price volatility, SVCE continually reduces its financial exposure by reducing the quantity of energy in either open long or short positions. The metrics used for monitoring the portfolio are maintained in the ERM Standards.

The following items are measured, monitored, and reported:

1. Reserve Requirement Targets — on no less than an annual basis, SVCE staff will monitor SVCE's reserves to ensure that they meet the targeted thresholds as outlined in SVCE's Cash Reserve Policy.
2. Mark-to-Market Valuation — marking-to-market is the process of determining the current value of contracted supply. A mark-to-market valuation shall be performed at least on a monthly basis.
3. Exposure Reporting — calculates the notional dollar and/or probabilistic-based risk exposure of open portfolio positions at current market prices. The exposure risk calculation shall be performed at least on a monthly basis.
4. Open Position Monitoring — on a monthly basis, SVCE shall calculate/monitor its open positions for all energy and capacity products.

Consistent with the above, the Middle Office will develop reports and provide feedback to an internal the Risk Oversight Committee. Risk measurement methodologies shall be re-evaluated on a periodic basis to ensure SVCE adjusts its methods to reflect the evolving competitive landscape.

In addition to ensuring the portfolio is within the approved hedge bands, portfolio management decisions are supported by risk metrics from simulations of future market conditions, loads, and other material risk drivers for the portfolio. The following probabilistic risk metrics are regularly calculated and reported:

Net Revenue at Risk: Potential adverse changes in net revenues for a given timeperiod and confidence level.

Reserve Requirements at Risk: Potential adverse change in reserves for a given timeperiod and confidence level.

Potential Future Exposure for counterparty credit risk: Maximum Mark-to-market

~~counterparty exposures for a given time period and confidence level.~~

~~Potential Collateral Exposure: Maximum of collateral that SVCE may have to post for a given time period and time horizon with a given counterparty.~~

Stress tests will are used to understand the potential variability in SVCE's projected procurement costs, and resulting retail rate impacts and competitive positioning, associated with adverse scenarios of material risk drivers. ~~The IROC will develop, and update as necessary, a set of plausible and forward-looking stress tests based on SVCE's portfolio and expected market conditions.~~ The stress test analysis will complement other probabilistic metrics used to manage portfolio risks and its results will be distributed on at least an annual basis to the ROC.

5.2 Mark-to-Market Risk

SVCE manages its mark-to-market risk by comparing the current value of any wholesale trading positions and long-term supply contracts to the cost of the contracts. This is important if there are trading restrictions for entering into new transactions with certain counterparties based on the terms of the agreements and to counterparty credit limits. Being aware of the Mark-to-Market of the portfolio is important as it provides an indication of the competitiveness of the portfolio.

5.3 Market Price Risk

SVCE manages market price risk by determining its Load and Resource Balance which defines forecasted load, energy under contract and SVCE's open positions in various energy product types including renewable energy, carbon free energy, system power, and SVCE's procurement targets.

~~SVCE determines its NOP by comparing the forecasted use to supply resources on a monthly basis. The NOP is exposed to potentially volatile market prices. The quantity of energy SVCE will contract for in each year is guided by the NOP tolerances. Market price risk is determined by evaluating how costs could increase (or decrease) if market prices were to reach high (or low) values.~~

SVCE minimizes financial exposure to higher-volatility spot market wholesale electricity prices by hedging its NOP according to the NOP tolerance bands in Section 6.4. ~~To reduce this exposure, SVCE's practice is to close its NOP (hedge at close to 100%) for the prompt month and quarter. The relatively tight prompt year tolerance band provides a high level of budget certainty. However, SVCE will continue to have some exposure to spot market prices due to the load changes and the difference between forecasted and actual load. These differences result in a need to purchase or sell energy in the short-term markets.~~

In general, SVCE will seek to ~~spread-out~~ladder its long-term purchases of renewable energy to diversify exposure to market conditions and reduce the risk of concentrating purchases in any one year.

For products generally purchased through short- and medium-term contracts, SVCE follows a similar strategy of diversifying contracting over the delivery horizon.

As predominantly a net buyer, SVCE manages its market liquidity risk through purchasing at different intervals and maintaining a diverse set of counterparties to transact with.

Congestion risk is managed through the contracting process with a preference for day ahead scheduling and energy delivery at the NP 15 trading hub and through resource assessment and selection. Once energy is procured SVCE manages congestion risks through the prudent

management of Congestion Revenue Rights (CRRs). CRRs are financial instruments used to hedge against transmission congestion costs encountered in the CAISO day-ahead market. SVCE uses a third-party scheduling coordinator to manage its CRR portfolio. SVCE uses CRRs to reduce its exposure to congestion and other CAISO charges and will not use CRRs for speculative purposes.

5.4 Net Revenue Risk

SVCE manages net revenue risk by managing each of its contributing factors as described in other sections in this Policy—market price risk, load and generation volumetric risk, counterparty performance, etc. In addition, SVCE strives to provide competitively priced products that are valued by its customers to minimize opt-out rates. Net revenue is monitored closely so that trend changes can be identified as early as possible and corrective action can be taken as appropriate.

5.5 Counterparty Credit and Performance Risk

SVCE evaluates and monitors the financial strength of service and energy providers. Generally, SVCE manages its exposure to energy suppliers through a preference for counterparties with Investment Grade Credit ratings as determined by Moody's and/or Standard and Poor's and through the use of security requirements in the form of cash and letters of credit. SVCE measures its mark-to-market counterparty credit exposure consistent with industry best practices with methodology documented in ERM Standards. Additionally, SVCE manages counterparty credit risk by monitoring and controlling collateral, letters of credit and other forms of credit calls on the agency as well as paying bills in a timely fashion to avoid defaulting on any term of an agreement. The ERM Standards cover guidelines to assess and monitor counterparty creditworthiness, counterparty credit exposures, counterparty limits and manage counterparty and collateral call risk.

5.6 Load and Generation Volumetric Risk

SVCE manages energy delivery risks by ensuring that contracts include appropriate contractual penalties for non-delivery, acquiring energy from a geographically and technologically diverse portfolio of generating assets with a range of generation profiles.

SVCE manages load forecasting and related weather risks by contracting with qualified data management and scheduling coordinators who together provide the systems and data necessary to forecast and schedule load using good utility practice. SVCE's load scheduling strategy, as executed by its scheduling coordinator, ensures that price risk in the day ahead and real time CAISO markets is managed effectively and is consistent with good utility practice.

SVCE has contracted for long-term electricity resources including large hydroelectricity, renewable energy and storage to meet its RPS and clean goals. For many of these contracts, SVCE has scheduling coordination responsibilities and intends to work with Central Coast Community Energy (CCCE) to manage these resources.

SVCE's generation scheduling strategy, as executed by its scheduling coordinator and in coordination with CCCE when necessary, ensures that the resources are scheduled to produce needed PCC1 renewable energy certificates; manage curtailment risk; meet the regulatory requirements for Resource Adequacy; and optimize energy value either in the day-ahead or real time market. To effectively manage these resources, SVCE will delegate limited authority to its scheduling coordinator within the guidelines of the board-approved operating agreement. The CEO will approve an operating plan for management of each of its Power

Purchase Agreements.

5.7 Operational Risk

Operational risks are managed through:

- Adherence to this Policy, [Standards](#) and oversight of procurement activity;
- Conformity to Employee Handbook;
- Staff resources, expertise and/or training reinforcing a culture of compliance;
- Ongoing and timely internal and external audits; and
- Cross-training amongst staff
- Authorized traders and others involved in any phase of transacting are prohibited to own stock in a current or potential counterparty to avoid a conflict of interest

5.8 Liquidity Risk

SVCE manages liquidity risk through adherence to its loan and power purchase agreement credit covenants, limiting commitments to provide security consistent with the Guidelines, ensuring it has adequate loan facilities, prudent cash and investment management, and adherence to its Cash Reserve Policy. SVCE monitors its liquidity (defined as unrestricted cash, investments and unused bank lines of credit) no less than weekly. SVCE utilizes scenario and sensitivity analyses while preparing budget, rate, and pro forma analyses in order to identify potential financial outcomes and ensure sufficient liquidity under adverse conditions.

5.9 Regulatory/Legislative Risk

SVCE manages its regulatory and legislative risk through active participation in working groups and advocacy coalitions such as the California Community Choice Association. SVCE regularly participates in regulatory rulemaking proceedings and legislative affairs to protect SVCE's interests.

5.10 Reporting

Reporting of critical information to relevant parties is a key component of energy risk management. Periodic reports will be provided to the ROC that shall provide sufficient details on SVCE's transactions, NOP, market exposure, credit exposure, counterparty credit ratings, transaction compliance, and other relevant data. The frequency and content of the reports for each oversight body shall be prescribed in the Energy Risk Management [GuidelinesStandards](#).

Compliance exceptions are actions which violate the limits, and/or the procedures developed and approved [by in consultation with](#) the ROC. For example, the risks associated with the portfolio or a specific transaction within the portfolio may fall outside of any established risk limit at a given point in time.

In the event a compliance exception occurs, the CEO [willis responsible for](#) notifying the ROC within 24 hours via email after it is identified and ensure that the Front Office prepares a report (Exception Report) for the ROC at its next meeting. The Report shall identify the issue or violation, and discuss the alternative remedial actions, document the action taken in response, and describe the steps that will be taken to prevent a

reoccurrence of the event.

6 Authorized Transaction and Trading Limitations

6.1 Trader Authorization Process

SVCE shall maintain steps for Trader Authorization in the ERM Standards. Standards will ensure that authorized traders have the required background, experience, training and integrity to transact on behalf of SVCE.

~~The Front Office shall request that the Middle Office begin the trader authorization process. The Middle Office shall verify that the trader's background and experience is sufficient to transact on behalf of SVCE. Before authorizing personnel to transact, the Middle Office shall:~~

- ~~• Determine that the trader has sufficient understanding and experience of the energy markets in which SVCE participates.~~

~~Before commencing transaction on behalf of SVCE, every trader must sign the trader integrity attestation (see Appendix A) to:~~

- ~~• affirm that they are not currently under investigation for market manipulation~~
- ~~• affirm that they have not been previously investigated for market manipulation.~~

~~In addition to that, traders are expected to complete any energy risk management related training put forth by the Middle Office.~~

~~The Middle Office shall, as part of the ERM Guidelines, maintain a list of the authorized trading personnel and records for each trader of:~~

- ~~• Acknowledgement of ERM Policy~~
- ~~• Declaration of Conflict of Interest and;~~
- ~~• Trader Integrity Attestation.~~

6.2 Approved Markets

Approved markets in which SVCE authorized traders can participate are as follows:

- California Independent System Operator (CAISO);
- Bilateral energy, attributes and capacity market;
- Western Electricity Coordinating Council (WECC); and
- California Air Resources Board (CARB) emissions/carbon auctions

6.3 Approved Transactions

Authorized transactions which SVCE authorized traders can utilize must be consistent with this Policy. Transactions must be directly related to the procurement and/or administration of:

- electric energy,
- Resource adequacy products,
- Storage capacity,
- Transmission products,
- ancillary services,
- congestion revenue rights (CRRs),

- renewable energy,
- Carbon-free energy and/or attributes
- renewable energy certificates (RECs),
- basis transactions,
- greenhouse gas emissions allowances,
- tolling agreements, & natural gas tolling agreements specifically approved by the board,
- natural gas hedges needed to manage risks associated with ~~board~~ Bboard-approved natural gas tolling agreements. This includes use of both physical and financially settled natural gas hedges and bilateral purchases of energy products.

Prohibited transactions are those transactions that are not related to serving retail electric load and/or reducing financial exposure. Speculative buying and selling of energy products is prohibited, including the use of financial derivatives such as but not limited to futures, swaps, options, and swaptions. Speculation is defined as buying energy more than forecasted load plus reasonable planning reserves or selling energy or environmental attributes that are not yet ~~—~~ owned by SVCE. In no event shall speculative transactions be permitted.

6.4 Tolerance Bands

Hedging its load obligation is a key function for SVCE. The primary responsibility of the Front Office is to manage the energy portfolio by purchasing energy to hedge the cost of SVCE's load obligation and managing SVCE's portfolio of power resources to optimize value and load obligations. ~~As described in Section 5.3 (Market Price Risk), SVCE ladders its energy purchases over time to access the market at different times. Every six months, the Front Office produces a Portfolio Management Plan that must be approved by the CEO. The Portfolio Management Plan must describe the current portfolio position, expected generation and variability, the recommended hedging transactions, the portfolio position after the transactions, and how the portfolio will remain within the Tolerance Bands in~~
Table 1.Energy Hedging

SVCE will maintain Net Open Position (NOP) portfolio hedge levels, inclusive of a percentage related to the PCIA and any retail rate(s) indexed to any other rate(s) and/or component(s) such as PG&E rate(s), within the tolerances outlined in Table 1 below:

Table 1 Calendar Year Energy NOP Tolerance Bands

Period*	Minimum Tolerance	Maximum Tolerance
Prompt Quarter	85%	110%
Current Balance of Year	80%	110%
Year 2	70%	90%
Year 3	55%	80%
Year 4	50%	80%
Year 5	50%	80%

*For example, if the current year calendar year is 2023, then Year 2 is 2024.

Resource Adequacy

SVCE must comply with the regulatory requirements for procurement of capacity products for Resource Adequacy (RA) needs. SVCE endeavors to purchase RA products over time to meet its obligation and to diversify its purchases between suppliers and market conditions.

Renewable Portfolio Standard and Carbon-free

With respect to purchases to meet the Renewable Portfolio Standard (RPS), SVCE is guided by its Strategic Plan, which states that purchases shall meet legislative and regulatory requirements, Board directives and shall be staggered to accommodate regulatory uncertainty, changes in load and supply price risks and that the RPS portfolio should be diversified with respect to technologies.

6.5 Authorized Trading Limits**6.5.1 Transacting Authority Retained by the Board**

The Board retains the authority to approve:

- All transactions with terms of over 12 months unless it has explicitly delegated authority to the CEO;
- All transactions with terms of over 5 years; and
- Master Agreements under which the CEO is delegated authority to transact

6.5.2 Authority Delegated to the CEO by the Board

Under the Board-approved Purchasing Policy, the CEO is delegated the authority to approve and execute contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board. In addition, under Resolution 2019-03, the Board delegates to the CEO the authority to enter into Confirmations for terms not greater than 60 months and limited to authorized transactions consistent with forecasted load and within the Energy Hedge Tolerance Bands (as defined in the ERM [Policy Standards](#)).

Table 2 below lists the authorized trading limits to transact on behalf of SVCE for all non-resource adequacy related products. If the CEO delegates some of [her/his/their](#) authority, [she/he/they](#) must [document](#) any such delegations in the Energy Risk Management [Guidelines Standards](#). Table 3 below lists the authorized annual trading limits for broker fees per broker.

Table 2: Authority Delegated to the CEO by the Board

Product	Term Limit	Maturity Limit	Volume Limit	Counterparty Limits	Who
Energy, Capacity, and CAISO Ancillary Services	Day Ahead and Real Time	N/A	As needed to meet SVCE's expected load obligations with the CAISO	Any counterparty	CEO
Gas	Daily	N/A	As needed to meet SVCE's obligations for gas tolls*	Through the counterparty associated with the toll	CEO
Energy(Power) Gas, Capacity, CRRs, and Environmental Products	Up to 12 Months	18 months	As needed to meet SVCE's expected load ^/gas toll*needs (per Purchasing Policy)	Any counterparty	CEO

	Up to 60 months	72 months	As needed to meet SVCE's expected load/gas toll* needs	Board-approved Master Agreements	CEO
	Over 60 months	As approved by Board	As approved by the Board	As approved by the Board	Board

^may include physical IST transactions or financial derivatives

*natural gas hedges needed to manage risks associated with board approved natural gas tolling agreements

Table 3: Authority Delegated to the CEO by the Board for Brokered Transactions

Transaction Type	Fiscal Year Limit
Brokered Transactions Fees	\$500K of broker fee expense per broker

6.5.3 Resource Adequacy Authority Delegated to the CEO by the Board

The CEO has the authority to meet resource adequacy requirements based on CPUC and CAISO guidelines. Failure to meet California's RA compliance obligations may subject SVCE to hefty penalties.

To adequately and effectively meet RA requirements, the CEO needs a broad authority to transact for terms of up to five years and with a broad set of suppliers, including counterparties not under a Master Agreement. Table 4 lists the CEO's authority for RA transactions, which may be delegated provided proper documentation is established by the CEO.

Table4: Resource Adequacy Authority Delegated to the CEO by the Board

Product	Term Limit	Maturity Limit	Volume Limit	Counterparty Limit	Who
Resource Adequacy	Up to 60 months	72 months	As required to comply	Any counterparty	CEO

6.5.4 Limits of Authority Delegated to Authorized Personnel by the CEO

~~The Front Office periodically prepares a needs assessment and develops a Portfolio Plan, which defines the transactions required to meet SVCE's needs and to remain within the Tolerance Bands of Section 6.4. The CEO must approve the Portfolio Plan and may delegate some of his authority to Authorized Personnel (as determined according to the process described in Section 6.1). The CEO must approve the Portfolio Plan and may delegate some authority to Authorized Personnel. SVCE Procurement Staff may not, in any way, transact outside of delegated authority.~~

Although the CEO may delegate some of her/his authority to Authorized Personnel, the Board limits the authority she/he can delegate as shown in Table 5 below:

Table 5: Per Transaction Limits of Authority Delegated to Authorized Personnel by the CEO

Product	Term Limit	Notional Value Limit*
Energy, Capacity, and CAISO Ancillary Services	Day Ahead and Real Time	As needed to meet SVCE's obligations with the CAISO
Energy**	Balance of the month	\$5 Million
	Prompt month	\$7.5 Million
	Up to 12 months	\$25 Million
Resource Adequacy Products, CRRs	Prompt month	As needed to meet SVCE's obligations
	Balance of compliance year	As needed to meet SVCE's obligations
	Up to 12 months	\$15 Million
Environmental Products (Carbon Free and Renewable Energy Resources)	Up to 12 months	\$15 Million

-*Notional value limits are inclusive of broker fees and represent cumulative notional value limits irrespective of the time of transaction.

** Energy Notional Value Limits are cumulative, such that the \$25MM up to twelve months is in addition to the balance of month and prompt month values (and not inclusive of them).

6.6 Conflict of Interest

All SVCE employees who are involved in any aspect of transacting for energy or energy-related resources are prohibited from investing in any company with whom SVCE transacts, including those with whom it has executed enabling agreements. Prior to engaging in evaluation of, negotiation with, transacting with, or oversight of a transaction or potential transaction with any company, all involved employees must ensure that they are divested in direct holdings with that company. The ban on investment and requirement to divest is regardless of whether the investment would require disclosure on the employee's FPPC Form 700.

SVCE employees will sign notice acknowledging policy regarding conflict of interest and report any existing or potential conflicts of interest (see Appendix A).

7 Risk Management Policy Governance

7.1 SVCE Board of Directors

The SVCE Board is responsible for adopting this Policy and reviewing it as needed every two calendar years. The Board also approves SVCE's annual budget, contracting authorities and delegates responsibilities for the management of SVCE's operations to its CEO.

7.2 Risk Oversight Committee

SVCE's CEO formed the Risk Oversight Committee (ROC) and is responsible to inform the ROC about any risk management issues and to provide assurance that this Policy is implemented. The CEO ~~shall~~will provide the ROC information and analysis that illustrate that all transactions are consistent with the risk tolerances and that risk management controls and practices are sufficient to monitor and manage risks that SVCE is exposed to.

The ROC ~~shall~~will meet at least once per calendar quarter, or as otherwise called to order by the CEO.

At the CEO's direction, the ROC may engage in the following activities. The ROC ~~shall~~will

from time to time review the Energy Risk Management ~~Guidelines~~Standards defining in detail the internal controls, strategies and processes for managing market risks incurred through or attendant upon wholesale trading, retail marketing, long-term contracting, CRR trading and load and generation scheduling. The ROC ~~shall~~will receive and review information and reports regarding risk management, wholesale trading transactions, and the administration of supply contracts. The ROC will also review counterparty credit lines and cash reserves to ensure proper levels are maintained for credit, operations and liquidity. In addition, the ROC shall review any instances of non-compliance with any provisions of the Policy or ~~Guidelines~~Standards.

~~7.3 Internal Risk Oversight Committee~~

~~The CEO formed the Internal Risk Oversight Committee (IROC) to review in more detail any risk management issues that arise. The IROC comprises members of the Front, Middle, and Back Office and is used to coordinate any activities related to transacting. The IROC regularly reviews SVCE's risks and risk management strategies and assists the CEO to ensure that proper controls are in place. The IROC is responsible to develop, approve and update Energy Risk Management Guidelines that implement the Energy Risk Management Policy.~~

8 Appendix A: Acknowledgement of ERM Policy, Declaration of Conflict of Interest and Trader Integrity Attestation

To: _____

Acknowledgement of ERM Policy & Standards

I acknowledge that I've read, understand, and will comply with SVCE's Energy Risk Management Policy & Standards.

Declaration of Conflict of Interest

I understand that I am obligated to give notice in writing to Silicon Valley Clean Energy of any interest or relationship that I may have in any counterparty that seeks to do business with Silicon Valley Clean Energy, and to identify any real or potential conflict of interest such counterparty has or may have with regard to any existing or potential contract or transaction with Silicon Valley Clean Energy, within 48-hours of becoming aware of the conflict of interest.

I would like to declare the following existing/potential conflict of interest situation arising from the discharge of my duties concerning Silicon Valley Clean Energy activities covered by the scope of the ERM:

a) Persons/companies with whom/which I have official dealings and/or private interests:

b) Brief description of my duties which involved the persons/companies mentioned in item a) above.

Trader Integrity Attestation – Please complete this section if you trade on behalf of SVCE

Yes No : Are you currently under investigation for market manipulation?

Yes No : Were you previously investigated for market manipulation ?

Position and Name: _____

Signature: _____

Date: _____

Energy Risk Management Policy



Proposed Adoption:
March 12, 2025

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1 General Provisions

1.1 Background and Purpose of Policy

Silicon Valley Clean Energy's (SVCE) mission is to reduce dependence on fossil fuels by providing carbon free, affordable, and reliable electricity and innovative programs for the SVCE community.

This Energy Risk Management Policy (Policy) has been developed to help ensure that SVCE achieves its mission and adheres to policies established by the SVCE Board of Directors (Board), power supply and related contract commitments, good utility practice, and all applicable laws and regulations. SVCE is not engaged in the power supply business for profit and is, therefore, precluded by this Policy from engaging in many of the risk-taking activities typical to an organization orientated solely toward profit maximization.

This Policy defines SVCE's general energy risk management framework and provides management with the authority to establish processes for monitoring, measuring, reporting, and controlling market and credit risks to which SVCE is exposed in its normal course of business.

1.2 Scope of Business and Related Market Risks

SVCE provides energy to retail customers in its service territory that entails business activities such as; bilateral purchases and sales of electricity under short-, medium- and long-term contracts; scheduling of load and generation of electricity into California Independent Systems Operator (CAISO) markets; retail marketing of electricity to consumers within its service territory; compliance with voluntary objectives and regulatory requirements as it relates to carbon free and renewable portfolio standard (RPS) compliant energy; participation in CAISO Congestion Revenue Rights ("CRRs") market; managing the balance of load and generation over short, medium and long term horizons; and compliance with California Public Utilities Commission (CPUC) Resource Adequacy (RA) requirements.

Examples of energy market risks include, but are not limited to, the following:

- Mark-to-Market Risk
- Market Price Risk
- Net Revenue Risk
- Counterparty Credit and Performance Risk
- Load and Generation Volumetric Risk
- Operational Risk
- Liquidity Risk
- Regulatory/Legislative Risk

This Policy focuses on the following:

- Risk Management Goals and Principles
- Definitions of Risks
- Internal Control Principles
- Risk Management Business Practices
- Authorized Transaction and Trading Limitations
- Risk Management Governance

This Policy does not address the following types of general business risk, which are treated separately in other official policies, ordinances, and regulations of SVCE: fire, accident and casualty; health, safety, and workers' compensation; cybersecurity, general liability; and other such typically insurable perils. The term "risk management," as used herein, is therefore understood to refer solely to energy market risks as herein defined, and not those other categories of risk.

1.3 Policy Administration

This Energy Risk Management Policy (Policy) is adopted by the SVCE Board of Directors and will be reviewed and updated as needed at least every two calendar years by SVCE's Board. The CEO is responsible for implementation of the Policy. The CEO is also responsible to develop Energy Risk Management Guidelines (Guidelines), which is required for staff to follow to implement the Policy.

1.4 Policy Distribution

This Policy shall be distributed to all SVCE employees and third-party contractors who are engaged in the planning, procurement, sale and scheduling of electricity on SVCE's behalf and/or in other SVCE departments providing oversight and support for these activities.

1.5 Acknowledgement of ERM

All SVCE staff participating in any activity or transaction within the scope of the ERM shall sign, upon joining or upon any material revision of the ERM policy and standard, that such SVCE representative has:

Read the ERM;

Understands the terms and agreements of said ERM;

Will comply with said ERM;

SVCE employees who are within the scope of the ERM understand that any violation of said ERM may subject the employee to discipline up to and including termination of employment.

2 Risk Management Goals

Although SVCE does not engage in risk-taking activities typical in a for-profit organization, certain risks are incidental to the normal power supply operations and hedging activities. SVCE's policy is to manage risk inherent with serving load, including the risks associated with normal cost-hedging activities, those associated with participation in wholesale markets in general and the CAISO in particular.

The goals of energy risk management shall be to:

1. assist in achieving the business objectives in the Strategic Plan, Integrated Resource Plan (IRP) and Cash Reserve Policy including retail rate stability and competitiveness and the accumulation of financial reserves;
2. avoid losses and excessive costs which would materially impact the financial condition of SVCE;
3. establish the parameters for energy procurement and sales activity to obtain the best possible price while ensuring compliance with Board-approved policies;
4. identify specific cost, regulatory and legislative risks that could adversely affect SVCE's ability to achieve its business objectives, and to the extent possible, quantify and measure performance against those risks;

5. assist in assuring that market activities and transactions are undertaken in compliance with established procurement authorities, applicable laws, regulations and orders;
6. encourage the development and maintenance of an agency culture at SVCE in which the proper balance is struck between control and facilitation and in which professionalism, discipline, technical skills, and analytical rigor come together to achieve SVCE objectives; and
7. manage business risks to acceptable levels consistent with retail rate-setting, resource procurement and cash reserve management.

SVCE manages its energy resources and transactions to provide its customers with low-cost renewable, carbon free and other energy while at the same time minimizing risks. The risk management principles that SVCE will use include:

1. Undue exposure to CAISO or bilateral energy market volatility for the purpose of potentially achieving lower costs but at the risk that costs may, in fact, be much higher, will not be accepted.
2. Procurement and hedging strategy will be determined by analytical methods supplemented by experienced judgement. SVCE will use that experienced judgement and its analytical tools to assess system cost drivers such as weather, short term energy prices, load variation and operational constraints to manage timing and quantity of purchases and sales of energy and related services, consistent with the limits identified in this Policy.
3. When actions are taken that are consistent with ERM Policy and supporting Standards and for the combined goal of low costs and optimized risk, those actions are considered to be consistent with the objectives of ERM Policy and supporting Standards.
4. SVCE will not engage in transactions, without proper authorization, whose purpose is not tied to managing compliance, clean directives, costs and risks or are outside of the limits identified in this Policy.

3 Definition of Market Risks

The term “market risks,” as used here, refers specifically to those categories of risk which relate to SVCE’s participation in wholesale and retail markets as a Load Serving Entity (LSE) and its interests in long-term contracts. Market risks include market price risk, counterparty credit and performance risk, load and generation volumetric risk, operational risk, liquidity risk, and regulatory and legislative risk. These categories are defined and explained as follows.

3.1 Mark-to-Market Risk

Mark-to-Market risk is the risk that wholesale trading positions, long-term supply contracts and generation resources may move “out of the money,” that is, become less valuable in comparison with similar positions, contracts, or resources obtainable at present prices. These same positions can also be “in the money” if they become more valuable in comparison to similar positions, contracts, or resources obtainable at present market prices. This valuation methodology is commonly referred to as “Mark-to-Market.” If SVCE is “out of the money” on a substantial portion of its contracts, it may have to charge higher retail rates. This may erode SVCE’s competitive position and market share if other market participants (e.g., Direct Access providers or PG&E) are able to procure power at a lower cost and offer lower retail electricity rates.

3.2 Market Price Risk

Market Price risk is the risk that market prices change, resulting in changes to energy procurement cost. For example, the cost for the unhedged portion of a supply portfolio (net open position) will increase when market prices increase. Conversely, if resources are in excess to needs and market prices fall, the revenue expected from the sale of the surplus resources will decrease. In addition, uncertain market price relationships (locational risk) affect SVCE's procurement costs.

A subcomponent of market price risk is market liquidity. Illiquid markets make it more difficult to buy or sell a commodity and can result in higher premiums on purchases or deeper discounts on sales.

Another dimension of market price risk is congestion risk. Congestion risks arise from the difference between the prices SVCE pays the CAISO to schedule its load and the prices SVCE receives from the CAISO for energy delivered by SVCE's suppliers.

3.3 Net Revenue Risk

Net Revenues are the total of all revenues received (from retail sales to customers and from the sale of any energy products), including any calculated financial impacts from the Power Charge Indifference Adjustment (PCIA) and any retail rate(s) indexed to any other rate(s) and/or component(s) such as PG&E rate(s), less the total costs (including the costs of long-term contracts, forward transactions, and spot market purchases plus all other operating costs). Net Revenue Risk is the risk that any of those factors—revenues or costs—changes (e.g. changes in market prices or retail sales volumes, or failures of counterparties). Net Revenue is the "bottom line" for SVCE as it determines the financial viability of the authority.

One of the main components of net revenue risk is on the retail revenue side, which is at risk when customers opt out from service by SVCE and return to PG&E, or if customers choose to find another supplier through direct access opportunities that may arise. In addition, when the PCIA and any other rate(s) or index(es) to which the retail rates are indexed are changed, it directly affects SVCE's financials, as it may lead SVCE to compensate by changing its retail rates.

3.4 Counterparty Credit and Performance Risk

Performance and credit risk refers to the inability or unwillingness of a counterparty to perform according to its contractual obligations or to extend credit. Failure to perform may arise if an energy supplier fails to deliver energy as agreed. There are four general performance and credit risk scenarios:

1. counterparties and wholesale suppliers may fail to deliver energy or environmental attributes, requiring SVCE to purchase replacement products elsewhere, possibly at a higher cost;
2. counterparties may fail to take delivery of energy or environmental attributes sold to them, necessitating a quick resale of the product elsewhere, possibly at a lower price;
3. counterparties may fail to pay for energy or environmental attributes delivered; and
4. counterparties and suppliers may refuse to extend credit to SVCE, possibly resulting in higher collateral posting costs impacting SVCE's cash and bank lines of credit.

An important subcategory of credit risk is concentration risk. When a portfolio of positions and resources is concentrated in one or a very few counterparties, sources, or locations, it becomes more likely that major losses will be sustained in the event of non-performance by

a counterparty or supplier or as a result of price fluctuations at one location.

3.5 Load and Generation Volumetric Risk

Energy deliveries must be planned for based upon forecasted load adjusted for distribution line losses. SVCE forecasts load over the long and short term and enters into long- and short-term fixed-price energy contracts to hedge its load.

Load forecasting risks arises from inaccurate load forecasts and can result in the over or under procurement of energy and/or revenues that deviate from approved budgets. Energy delivery risk occurs if a generator fails to deliver expected or forecast energy. Variations in wind speed and cloud cover can also impact the amount of electricity generated by solar and wind resources, and occasional oversupply of power on the grid can lead to curtailment of energy deliveries or reduce revenue as a result of low or negative prices at energy delivery points. Weather is an important variable that can result in higher or lower electricity usage due to heating and cooling needs.

In the CAISO markets this situation can result in both oversupply and undersupply of electricity relative to SVCE's load and the over or under scheduling of generation or load into the day ahead market relative to actual energy consumed or delivered in the real time market. Load and generation volumetric risk may result in unanticipated open positions and imbalance energy costs. Imbalance energy costs result from differences in the price or volume of generation or load scheduled into the day ahead market when compared to the price or volume of generation or load occurring in the real time market during that time period.

3.6 Operational Risk

Operational risk consists of the potential for failure to act effectively to plan, execute, and control business activities. Operational risk includes the potential for:

1. organizational structure that is ineffective in addressing risk (i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, ineffective internal checks and balances, incomplete, inaccurate, and untimely forecasts or reporting, failure to separate incompatible functions, etc.);
2. absence, shortage or loss of key personnel or lack of cross-functional training;
3. lack or failure of facilities, equipment, systems, and tools such as computers, software, communications links, and data services;
4. exposure to litigation or sanctions resulting from violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting and analyzing contracts effectively, etc.; and
5. errors or omissions in the conduct of business, including failure to execute transactions, violation of policies, standards and procedures, etc.

3.7 Liquidity Risk

Liquidity Risk is the risk that SVCE will be unable to meet its financial obligations. This can be caused by unexpected financial events and/or inaccurate pro forma calculations, rate analysis, and debt analysis. Some unexpected financial events impacting liquidity could include:

1. breach of SVCE credit covenants or thresholds; SVCE has credit covenants included in its banking and several short-term energy contracts. Breach of credit covenants or thresholds could result in the withdrawal of SVCE's line of credit or trigger the requirement to post collateral;

2. calls for collateral from the CAISO or SVCE's counterparties based on terms of transacting agreements; and
3. from time-to-time SVCE may be the subject of legal or other claims arising from the normal course of business. Payment of a claim by SVCE could reduce SVCE's liquidity if the cause of loss is not covered by SVCE's insurance policies.

3.8 Regulatory/Legislative Risk

Regulatory risk encompasses market structure and operational risks associated with shifting state and federal regulatory policies, rules, and regulations that could negatively impact SVCE. Some examples are the potential increase of exit fees for customers served by Community Choice Aggregators such as SVCE that would result in higher electricity rates for SVCE's customers, and the risk that the customers would select another supplier through an expanded Direct Access program.

Legislative risk is associated with actions by federal and state legislative bodies, such as any adverse changes or requirements that may infringe on SVCE's autonomy, increase its costs, impact its customer base, or otherwise negatively impact SVCE's ability to fulfill its mission.

4 Internal Control Principles

Internal controls shall be based on proven principles that meet or exceed the requirements of financial institutions and credit rating agencies and good utility practices. The required controls shall include all customary and usual business practices designed to prevent errors and improprieties, ensure accurate and timely reporting of results of operations and information pertinent to management, and facilitate attainment of business objectives. These controls are currently and shall remain fully integrated into all activities of the business and shall be consistent with stated objectives.

4.1 Segregation of duties

One of the main aspects of internal controls is the segregation of duties to ensure that the staff person who executes a transaction is not the same person who evaluates or settles the transaction. Appropriate segregation of duties is to be established and maintained throughout the system of controls over financial risks. Senior management must be diligent in ensuring that appropriate segregation of duties is adhered to within the context of organizational changes, while considering staffing limitations, SVCE's business model as a cost hedger, and the overall level of transactions with counterparties. Segregation of duties and functions between front, middle, and back-office activities is generally as follows:

- The Front Office is directly involved in resource planning, product procurement and sales transactions, and implementation of strategies within authorized limits.
- The Middle Office's functions are related to risk management and counterparty credit. The primary responsibility is to ensure that all products utilized and transaction activities are undertaken in compliance with current policy.
- The Back Office is comprised of functions responsible for verification and validation of accounting, processing, reconciling, and settling of all transactions.

Controls over inputs and systems operations are of particular importance in ensuring the integrity of data used in risk control and management. In all cases, there will be an appropriate segregation of duties or oversight to reduce the risk of error and/or fraud.

To the maximum extent practicable given SVCE's business model and level of staffing, Front-Office activities will be functionally independent from Middle and Back Office activities. As a result, the Front Office will generally neither perform nor supervise Middle-

Office Risk Management activities, or Back Office financial accounting or settlements. The Director of Power Resources is responsible for ensuring the Front Office's ability to perform tasks in compliance with this Policy. This arrangement will provide independent and regular management oversight for both risk-taking and risk-control activities. It will also allow for a clear separation of duties between the Front-Office transacting and Middle Office risk-control functions.

To the maximum extent practicable given SVCE's business model and level of staffing, Middle Office activities will be functionally independent from all Front Office and Back Office activities. The Middle Office will have primary responsibility for risk management oversight and policy and standards development and compliance. If there are not adequate resources necessary to fully support a Middle Office, this function may be combined with another function or be supported by qualified third-party advisors, provided that appropriate segregation of duties or sufficient internal controls are always maintained.

To the maximum extent practicable given SVCE's business model and level of staffing, Back Office settlement activities will be functionally independent from all Front Office and Middle Office activities. The Back Office will have primary responsibility for all transaction confirmation, accounting, and reconciliation processes. If organizational capability and expertise do not fully exist within a Back Office, this function may be combined with another function, or be supported by qualified third-party advisors, provided that appropriate segregation of duties or sufficient internal controls are maintained at all times. This determination may be made by the CEO and/or CFO.

4.2 Additional Internal Controls

Besides segregation of duties, additional required operational control principles include the following, which the CEO shall implement by incorporating them into the ERM Standards:

1. Delegation of authority that is commensurate with responsibility and capability, and relevant training to ensure adequate knowledge to operate in and comply with rules associated with the markets in which they transact (e.g., CAISO). Contract origination, commercial approval, confirmation, legal review, invoice validation, and transaction auditing shall be performed by separate staff or contractor for any single transaction. No single staff member shall perform all these functions on any transaction.
2. Defining authorized products and transactions (see Section 6.3).
3. Defining procurement authority for any transactions for which procurement authority has not already been explicitly granted as set forth in SVCE's Purchasing Policy and any Board Resolution delegating energy procurement authority (e.g. Resolution 2016-15 which delegates authority to the CEO to execute confirmation agreements with energy service providers with whom SVCE has executed Master Agreements).
4. Defining proper trade capture process for executing power supply contracts.
5. Complete and precise capture of transaction and other data, with standardization of electronic and hard copy documentation.
6. Meaningful summarization and accurate reporting of transactions and other activity at regular intervals.
7. Consultation with legal counsel on all legal issues related to this Policy.
8. Timely and accurate risk and performance measurement at regular intervals.
9. Regular compliance review to ensure that this Policy and the Guidelines are adhered to, with specific guidelines for resolving instances of noncompliance.
10. Active participation by senior management in risk management processes.

5 Risk Management Business Practices

5.1 Risk Measurement Metrics and Reporting

A vital element of this Policy is the regular identification, measurement, and communication of risk. To effectively communicate risk, all risk management activities must be monitored on a frequent basis using risk measurement methodologies that quantify the risks associated with SVCE's procurement-related business activities and performance relative to goals. SVCE measures and updates its risks using a variety of tools that model programmatic financial projections, market exposure and risk metrics, as well as through short term budget updates.

SVCE seeks to minimize financial exposure to higher-volatility spot market wholesale electricity using rolling hedges and net open position percentage bands. Financial exposure creates budget uncertainty. To mitigate the financial exposure to short-time horizon price volatility, SVCE continually reduces its financial exposure by reducing the quantity of energy in either open long or short positions. The metrics used for monitoring the portfolio are maintained in the ERM Standards.

Consistent with the above, the Middle Office will develop reports and provide feedback to an internal Risk Oversight Committee. Risk measurement methodologies shall be re-evaluated on a periodic basis to ensure SVCE adjusts its methods to reflect the evolving competitive landscape.

In addition to ensuring the portfolio is within the approved hedge bands, portfolio management decisions are supported by risk metrics from simulations of future market conditions, loads, and other material risk drivers for the portfolio.

Stress tests will be used to understand the potential variability in SVCE's projected procurement costs, and resulting retail rate impacts and competitive positioning, associated with adverse scenarios of material risk drivers. The stress test analysis will complement other probabilistic metrics used to manage portfolio risks and its results will be distributed on at least an annual basis to the ROC.

5.2 Mark-to-Market Risk

SVCE manages its mark-to-market risk by comparing the current value of any wholesale trading positions and long-term supply contracts to the cost of the contracts. This is important if there are trading restrictions for entering into new transactions with certain counterparties based on the terms of the agreements and to counterparty credit limits. Being aware of the Mark-to-Market of the portfolio is important as it provides an indication of the competitiveness of the portfolio.

5.3 Market Price Risk

SVCE manages market price risk by determining its Load and Resource Balance which defines forecasted load, energy under contract and SVCE's open positions in various energy product types including renewable energy, carbon free energy, system power, and SVCE's procurement targets.

SVCE minimizes financial exposure to higher-volatility spot market wholesale electricity prices by hedging its NOP according to the NOP tolerance bands in Section 6.4.

In general, SVCE will seek to ladder its long-term purchases of renewable energy to diversify exposure to market conditions and reduce the risk of concentrating purchases in any one year.

For products generally purchased through short- and medium-term contracts, SVCE follows a similar strategy of diversifying contracting over the delivery horizon.

As predominantly a net buyer, SVCE manages its market liquidity risk through purchasing at different intervals and maintaining a diverse set of counterparties to transact with.

Congestion risk is managed through the contracting process with a preference for day ahead scheduling and energy delivery at the NP 15 trading hub and through resource assessment and selection. Once energy is procured SVCE manages congestion risks through the prudent management of Congestion Revenue Rights (CRRs). CRRs are financial instruments used to hedge against transmission congestion costs encountered in the CAISO day-ahead market. SVCE uses a third-party scheduling coordinator to manage its CRR portfolio. SVCE uses CRRs to reduce its exposure to congestion and other CAISO charges and will not use CRRs for speculative purposes.

5.4 Net Revenue Risk

SVCE manages net revenue risk by managing each of its contributing factors as described in other sections in this Policy—market price risk, load and generation volumetric risk, counterparty performance, etc. In addition, SVCE strives to provide competitively priced products that are valued by its customers to minimize opt-out rates. Net revenue is monitored closely so that trend changes can be identified as early as possible and corrective action can be taken as appropriate.

5.5 Counterparty Credit and Performance Risk

SVCE evaluates and monitors the financial strength of service and energy providers. Generally, SVCE manages its exposure to energy suppliers through a preference for counterparties with Investment Grade Credit ratings as determined by Moody's and/or Standard and Poor's and through the use of security requirements in the form of cash and letters of credit. SVCE measures its mark-to-market counterparty credit exposure consistent with industry best practices with methodology documented in ERM Standards. Additionally, The ERM Standards cover guidelines to assess and monitor counterparty creditworthiness, counterparty credit exposures, counterparty limits and manage counterparty and collateral call risk.

5.6 Load and Generation Volumetric Risk

SVCE manages energy delivery risks by ensuring that contracts include appropriate contractual penalties for non-delivery, acquiring energy from a geographically and technologically diverse portfolio of generating assets with a range of generation profiles.

SVCE manages load forecasting and related weather risks by contracting with qualified data management and scheduling coordinators who together provide the systems and data necessary to forecast and schedule load using good utility practice. SVCE's load scheduling strategy, as executed by its scheduling coordinator, ensures that price risk in the day ahead and real time CAISO markets is managed effectively and is consistent with good utility practice.

SVCE has contracted for long-term electricity resources including large hydroelectricity, renewable energy and storage to meet its RPS and clean goals. For many of these contracts, SVCE has scheduling coordination responsibilities and intends to work with Central Coast Community Energy (CCCE) to manage these resources.

SVCE's generation scheduling strategy, as executed by its scheduling coordinator and in

coordination with CCCE when necessary, ensures that the resources are scheduled to produce needed PCC1 renewable energy certificates; manage curtailment risk; meet the regulatory requirements for Resource Adequacy; and optimize energy value either in the day-ahead or real time market. To effectively manage these resources, SVCE will delegate limited authority to its scheduling coordinator within the guidelines of the board-approved operating agreement. The CEO will approve an operating plan for management of each of its Power Purchase Agreements.

5.7 Operational Risk

Operational risks are managed through:

- Adherence to this Policy, Standards and oversight of procurement activity;
- Conformity to Employee Handbook;
- Staff resources, expertise and/or training reinforcing a culture of compliance;
- Ongoing and timely internal and external audits; and
- Cross-training amongst staff
- Authorized traders and others involved in any phase of transacting are prohibited to own stock in a current or potential counterparty to avoid a conflict of interest

5.8 Liquidity Risk

SVCE manages liquidity risk through adherence to its loan and power purchase agreement credit covenants, limiting commitments to provide security consistent with the Guidelines, ensuring it has adequate loan facilities, prudent cash and investment management, and adherence to its Cash Reserve Policy. SVCE monitors its liquidity (defined as unrestricted cash, investments and unused bank lines of credit) no less than weekly. SVCE utilizes scenario and sensitivity analyses while preparing budget, rate, and pro forma analyses in order to identify potential financial outcomes and ensure sufficient liquidity under adverse conditions.

5.9 Regulatory/Legislative Risk

SVCE manages its regulatory and legislative risk through active participation in working groups and advocacy coalitions such as the California Community Choice Association. SVCE regularly participates in regulatory rulemaking proceedings and legislative affairs to protect SVCE's interests.

5.10 Reporting

Reporting of critical information to relevant parties is a key component of energy risk management. Periodic reports will be provided to the ROC that shall provide sufficient details on SVCE's transactions, NOP, market exposure, credit exposure, counterparty credit ratings, transaction compliance, and other relevant data. The frequency and content of the reports for each oversight body shall be prescribed in the Energy Risk Management Standards.

Compliance exceptions are actions which violate the limits, and/or the procedures developed and approved in consultation with the ROC. For example, the risks associated with the portfolio or a specific transaction within the portfolio may fall outside of any established risk limit at a given point in time.

In the event a compliance exception occurs, the CEO will notify the ROC within 24 hours via email after it is identified and ensure that the Front Office prepares a report (Exception Report) for the ROC at its next meeting. The Report shall identify the issue or violation, and discuss the alternative remedial actions, document the action taken in response, and describe the steps that will be taken to prevent a reoccurrence of the event.

6 Authorized Transaction and Trading Limitations

6.1 Trader Authorization Process

SVCE shall maintain steps for Trader Authorization in the ERM Standards. Standards will ensure that authorized traders have the required background, experience, training and integrity to transact on behalf of SVCE.

6.2 Approved Markets

Approved markets in which SVCE authorized traders can participate are as follows:

- California Independent System Operator (CAISO);
- Bilateral energy, attributes and capacity market;
- Western Electricity Coordinating Council (WECC); and
- California Air Resources Board (CARB) emissions/carbon auctions

6.3 Approved Transactions

Authorized transactions which SVCE authorized traders can utilize must be consistent with this Policy. Transactions must be directly related to the procurement and/or administration of:

- electric energy,
- Resource adequacy products,
- Storage capacity,
- Transmission products,
- ancillary services,
- congestion revenue rights (CRRs),
- renewable energy,
- Carbon-free energy and/or attributes
- renewable energy certificates (RECs),
- basis transactions,
- greenhouse gas emissions allowances,
- tolling agreements, & natural gas tolling agreements specifically approved by the board,
- natural gas hedges needed to manage risks associated with Board-approved natural gas tolling agreements. This includes use of both physical and financially settled natural gas hedges and bilateral purchases of energy products.

Prohibited transactions are those transactions that are not related to serving retail electric load and/or reducing financial exposure. Speculative buying and selling of energy products is prohibited, including the use of financial derivatives such as but not limited to futures, swaps, options, and swaptions. Speculation is defined as buying energy more than forecasted load plus reasonable planning reserves or selling energy or environmental attributes that are not yet owned by SVCE. In no event shall speculative transactions be

permitted.

6.4 Tolerance Bands

Hedging its load obligation is a key function for SVCE. The primary responsibility of the Front Office is to manage the energy portfolio by purchasing energy to hedge the cost of SVCE's load obligation and managing SVCE's portfolio of power resources to optimize value and load obligations. Table 1.Energy Hedging

SVCE will maintain Net Open Position (NOP) portfolio hedge levels, inclusive of a percentage related to the PCIA and any retail rate(s) indexed to any other rate(s) and/or component(s) such as PG&E rate(s), within the tolerances outlined in Table 1 below:

Table 1 Calendar Year Energy NOP Tolerance Bands

Period*	Minimum Tolerance	Maximum Tolerance
Current Balance of Year	80%	110%
Year 2	70%	90%
Year 3	55%	80%
Year 4	50%	80%
Year 5	50%	80%

*For example, if the current year calendar year is 2023, then Year 2 is 2024.

Resource Adequacy

SVCE must comply with the regulatory requirements for procurement of capacity products for Resource Adequacy (RA) needs. SVCE endeavors to purchase RA products over time to meet its obligation and to diversify its purchases between suppliers and market conditions.

Renewable Portfolio Standard and Carbon-free

With respect to purchases to meet the Renewable Portfolio Standard (RPS), SVCE is guided by its Strategic Plan, which states that purchases shall meet legislative and regulatory requirements, Board directives and shall be staggered to accommodate regulatory uncertainty, changes in load and supply price risks and that the RPS portfolio should be diversified with respect to technologies.

6.5 Authorized Trading Limits

6.5.1 Transacting Authority Retained by the Board

The Board retains the authority to approve:

- All transactions with terms of over 12 months unless it has explicitly delegated authority to the CEO;
- All transactions with terms of over 5 years; and
- Master Agreements under which the CEO is delegated authority to transact

6.5.2 Authority Delegated to the CEO by the Board

Under the Board-approved Purchasing Policy, the CEO is delegated the authority to approve and execute contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board. In addition, under Resolution 2019-03, the Board delegates to the CEO the authority to enter into Confirmations for terms not greater

than 60 months and limited to authorized transactions consistent with forecasted load and within the Energy Hedge Tolerance Bands (as defined in the ERM Standards).

Table 2 below lists the authorized trading limits to transact on behalf of SVCE for all non-resource adequacy related products. If the CEO delegates some of their authority, they must document any such delegations in the Energy Risk Management Standards. Table 3 below lists the authorized annual trading limits for broker fees per broker.

Table 2: Authority Delegated to the CEO by the Board

Product	Term Limit	Maturity Limit	Volume Limit	Counterparty Limits	Who
Energy, Capacity, and CAISO Ancillary Services	Day Ahead and Real Time	N/A	As needed to meet SVCE's expected load obligations with the CAISO	Any counterparty	CEO
Gas	Daily	N/A	As needed to meet SVCE's obligations for gas tolls*	Through the counterparty associated with the toll	CEO
Energy(Power) Gas, Capacity, CRRs, and Environmental Products	Up to 12 Months	18 months	As needed to meet SVCE's expected load^/gas toll*needs (per Purchasing Policy)	Any counterparty	CEO
	Up to 60 months	72 months	As needed to meet SVCE's expected load/gas toll* needs	Board-approved Master Agreements	CEO
	Over 60 months	As approved by Board	As approved by the Board	As approved by the Board	Board

^may include physical IST transactions or financial derivatives

*natural gas hedges needed to manage risks associated with board approved natural gas tolling agreements

Table 3: Authority Delegated to the CEO by the Board for Brokered Transactions

Transaction Type	Fiscal Year Limit
Brokered Transactions Fees	\$500K of broker fee expense per broker

6.5.3 Resource Adequacy Authority Delegated to the CEO by the Board

The CEO has the authority to meet resource adequacy requirements based on CPUC and CAISO guidelines. Failure to meet California's RA compliance obligations may subject SVCE to hefty

penalties.

To adequately and effectively meet RA requirements, the CEO needs a broad authority to transact for terms of up to five years and with a broad set of suppliers, including counterparties not under a Master Agreement. Table 4 lists the CEO's authority for RA transactions, which may be delegated provided proper documentation is established by the CEO.

Table4: Resource Adequacy Authority Delegated to the CEO by the Board

Product	Term Limit	Maturity Limit	Volume Limit	Counterparty Limit	Who
Resource Adequacy	Up to 60 months	72 months	As required to comply	Any counterparty	CEO

6.5.4 Limits of Authority Delegated to Authorized Personnel by the CEO

Although the CEO may delegate some of her/his authority to Authorized Personnel, the Board limits the authority she/he can delegate as shown in Table 5 below:

Table 5: Per Transaction Limits of Authority Delegated to Authorized Personnel by the CEO

Product	Term Limit	Notional Value Limit*
Energy, Capacity, and CAISO Ancillary Services	Day Ahead and Real Time	As needed to meet SVCE's obligations with the CAISO
Energy**	Balance of the month	\$5 Million
	Prompt month	\$7.5 Million
	Up to 12 months	\$25 Million
Resource Adequacy Products, CRRs	Prompt month	As needed to meet SVCE's obligations
	Balance of compliance year	As needed to meet SVCE's obligations
	Up to 12 months	\$15 Million
Environmental Products (Carbon Free and Renewable Energy Resources)	Up to 12 months	\$15 Million

*Notional value limits are inclusive of broker fees and represent cumulative notional value limits irrespective of the time of transaction.

** Energy Notional Value Limits are cumulative, such that the \$25MM up to twelve months is in addition to the balance of month and prompt month values (and not inclusive of them).

6.6 Conflict of Interest

All SVCE employees who are involved in any aspect of transacting for energy or energy-related resources are prohibited from investing in any company with whom SVCE transacts, including those with whom it has executed enabling agreements. Prior to engaging in evaluation of, negotiation with, transacting with, or oversight of a transaction or potential transaction with any company, all involved employees must ensure that they are divested in direct holdings with that company. The ban on investment and requirement to divest is regardless of whether the investment would require disclosure on the employee's FPPC Form 700.

SVCE employees will sign notice acknowledging policy regarding conflict of interest and report any existing or potential conflicts of interest (see Appendix A).

7 Risk Management Policy Governance

7.1 SVCE Board of Directors

The SVCE Board is responsible for adopting this Policy and reviewing it as needed every two calendar years. The Board also approves SVCE's annual budget, contracting authorities and delegates responsibilities for the management of SVCE's operations to its CEO.

7.2 Risk Oversight Committee

SVCE's CEO formed the Risk Oversight Committee (ROC) and is responsible to inform the ROC about any risk management issues and to provide assurance that this Policy is implemented. The CEO will provide the ROC information and analysis that illustrate that all transactions are consistent with the risk tolerances and that risk management controls and practices are sufficient to monitor and manage risks that SVCE is exposed to.

The ROC will meet at least once per calendar quarter, or as otherwise called to order by the CEO.

At the CEO's direction, the ROC may engage in the following activities. The ROC will from time to time review the Energy Risk Management Standards defining in detail the internal controls, strategies and processes for managing market risks incurred through or attendant upon wholesale trading, retail marketing, long-term contracting, CRR trading and load and generation scheduling. The ROC will receive and review information and reports regarding risk management, wholesale trading transactions, and the administration of supply contracts. The ROC will also review counterparty credit lines and cash reserves to ensure proper levels are maintained for credit, operations and liquidity. In addition, the ROC shall review any instances of non-compliance with any provisions of the Policy or Standards.

8 Appendix A: Acknowledgement of ERM Policy, Declaration of Conflict of Interest and Trader Integrity Attestation

To: _____

Acknowledgement of ERM Policy & Standards

I acknowledge that I've read, understand, and will comply with SVCE's Energy Risk Management Policy & Standards.

Declaration of Conflict of Interest

I understand that I am obligated to give notice in writing to Silicon Valley Clean Energy of any interest or relationship that I may have in any counterparty that seeks to do business with Silicon Valley Clean Energy, and to identify any real or potential conflict of interest such counterparty has or may have with regard to any existing or potential contract or transaction with Silicon Valley Clean Energy, within 48-hours of becoming aware of the conflict of interest.

I would like to declare the following existing/potential conflict of interest situation arising from the discharge of my duties concerning Silicon Valley Clean Energy activities covered by the scope of the ERM:

a) Persons/companies with whom/which I have official dealings and/or private interests:

b) Brief description of my duties which involved the persons/companies mentioned in item a) above.

Trader Integrity Attestation – Please complete this section if you trade on behalf of SVCE

Yes No : Are you currently under investigation for market manipulation?

Yes No : Were you previously investigated for market manipulation ?

Position and Name: _____

Signature: _____

Date: _____

Energy Risk Management Policy Recommended Revisions

Amrit Singh, CFO;
Scott Wigglesworth, Director Risk & Analytics;
February 2025



Executive Summary

- The PG&E PCIA is financial hedge, affirmed by
 - ✓ Analysis using 3rd Party Model (NewGen)
 - ✓ 5-year historical back-cast performance between market price and rates
 - ✓ Stress test analysis consistently shows benefits for high prices and not low
 - ✓ Strong revenues in recent years (real PG&E MPB after high market prices)
- Adverse outcome can easily occur if PCIA is not considered a hedge
- If SVCE pegs its rates to PG&E using a discount from PG&E, the pegged PG&E Generation Rate may also provide some level of hedging
- Staff is seeking Board Approval of Policy Revisions which include, but are not limited to:
 - ❑ Recognize financial hedge impacts of PCIA and potentially, the PGE Gen Rate
 - ❑ Inclusion of PCIA, and potentially, and Gen Rate in hedge ratios
 - ❑ Modifications to move certain operational and reporting requirements to CEO-approved Standards



Recommendation and ERMP Changes



Recommendation

SVCE Executive Committee recommend the Board of Directors approve revisions to SVCE's Energy Risk Management Policy.

Key proposed change to the ERM Policy is the inclusion of the PCIA & PG&E Gen Rate 'hedge' when assessing overall position.



Key ERM Policy Revision: PCIA Impact

Language change to put policy revision into effect

- Change section 3.3

3.3 Net Revenue Risk

Net Revenues are the total of all revenues received (from retail sales to customers and from the sale of any energy products ~~that were surplus or unneeded~~), including any calculated financial impacts from the Power Charge Indifference Adjustment (PCIA) and any retail rate(s) indexed to any other rate(s) and/or component(s) such as PG&E rate(s), less the total costs (including the costs of long-term contracts, forward transactions, and spot market purchases plus all other operating costs). Net Revenue Risk is the risk that any of those factors—revenues or costs—changes (e.g. changes in market prices or retail sales volumes, or failures of counterparties). Net Revenue is the “bottom line” for SVCE as it determines the financial viability of the authority.

One of the main components of net revenue risk is on the retail revenue side, which is at risk when customers opt out from service by SVCE and return to PG&E, or if customers choose to find another supplier through direct access opportunities that may arise. In addition, when the ~~Power Charge Indifference Adjustment (PCIA) is changed~~ and any other rate(s) or index(es) to which the retail rates are indexed are changed, it directly affects SVCE’s ~~bottom line~~ financials if SVCE compensates by changing its retail rates.



Key ERM Policy Revision: Thresholds

Hedge thresholds eliminate the prompt quarter limit and add PCIA and Indexed Gen Rate as factors

- Change section 6.4

SVCE will maintain Net Open Position (NOP) portfolio hedge levels, inclusive of a percentage related to the PCIA and any retail rate(s) indexed to any other rate(s) and/or component(s) such as PG&E rate(s), within the tolerances outlined in Table 1 below:

Table 1 Calendar Year Energy NOP Tolerance Bands

Period*	Minimum Tolerance	Maximum Tolerance
Prompt Quarter	85%	110%
Current Balance of Year	80%	110%
Year 2	70%	90%
Year 3	55%	80%
Year 4	50%	80%
Year 5	50%	80%

Removing the prompt quarter tolerance band and replacing with seasonal 12 month forward hedging guideline in standards. The guidelines will honor the Annual policy NOP bands.

*For example, if the current year calendar year is 2023, then Year 2 is 2024.

Note that Staff is not recommending changing the NOP Tolerance Bands; only including the representation for the PCIA and Gen Rate financial hedge impact



Other ERM Policy Revision

There are other more minor ERM Policy Revisions included

- Move some metric definitions and metric lists to a ERM Standards
- Move some operational elements to a ERM Standards document
- Add references to the ERM Standards document where appropriate
- Update CEO references from 'he/his' to 'they/their' references
- Clarify that, for authorized traders, notional dollar values per transaction and cumulative across the tenors of the limits.
(was understood but not explicitly stated in the policy)



Technical Walk-Through



PCIA Reminder

Biggest contributor to financial risk: PCIA and PG&E Generation Rate Uncertainty.



PCIA and PG&E Gen Rate determine SVCE Rates and, therefore, Revenues

	Revenues	Revenues	
PCIA ↑	↓	PG&E Rate ↑	↑
PCIA ↓	↑	PG&E Rate ↓	↓

PCIA increases and PG&E generation rates decrease when energy prices decline

Because of hedging, power supply costs are locked

Presentation last saved: Just n



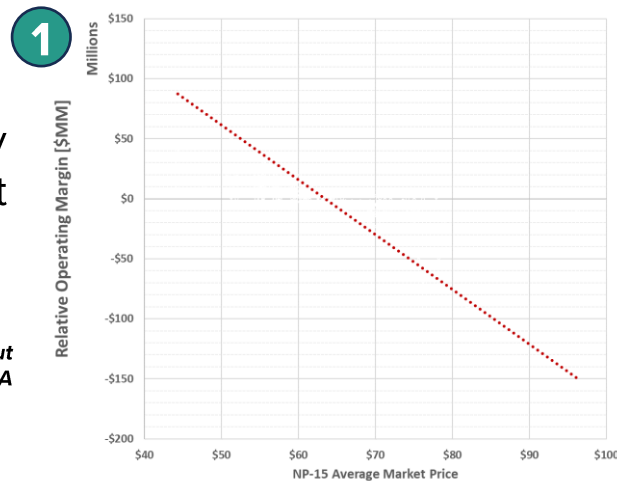
Financial Planning & Risk Management

Incorporating the PCIA and Indexed Generation Rate as a hedges allows SVCE properly mitigate portfolio risk

ILLUSTRATIVE Charts Show Relative SVCE Portfolio Market Price Sensitivity without and with Dynamic PCIA & Revenue Rate

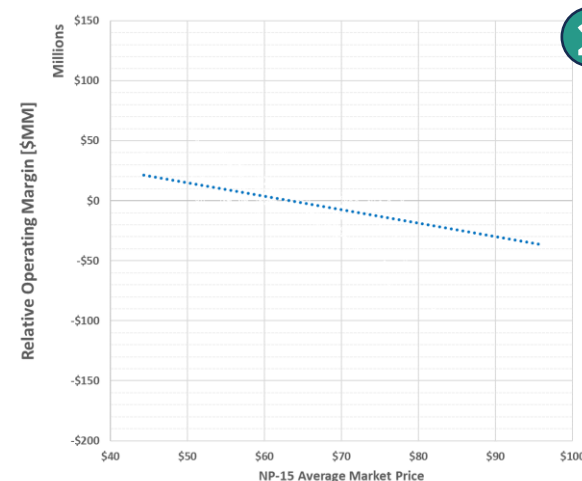
Unhedged, SVCE is naturally
'short' the market

*Load Only Position w/out
accounting for dynamic PCIA*



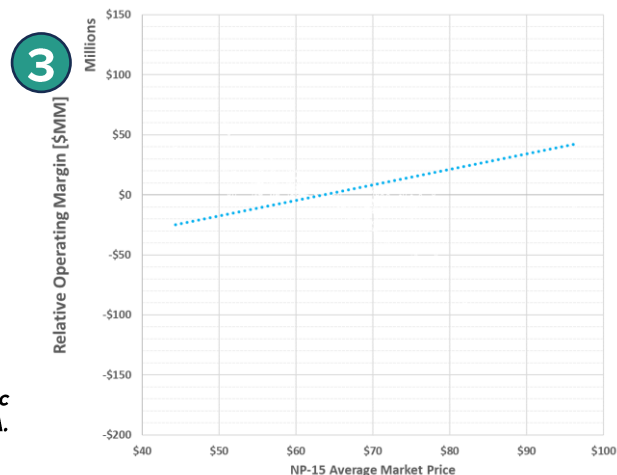
SVCE volumetrically
hedges to 'flatten' its
market price risk

*Current Portfolio 70%
Volumetric Hedge Level w/out
accounting for dynamic PCIA*



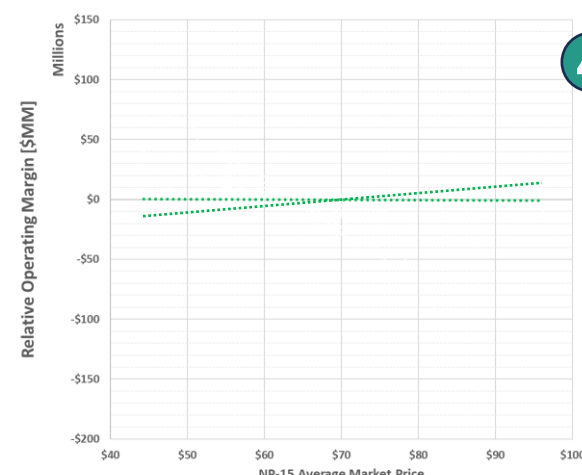
However, the PCIA has a
financial (not physical)
hedge effect; so it is
actually 'long' the market

*Current Portfolio 70% Volumetric
Hedge Level WITH dynamic PCIA.*



Adjusting its hedging metrics
will allow SVCE to bring its
market price risk sensitivity
back into alignment by being
flat or slightly long

*Eventual Goal of measuring and hedging to a
financially flat position with dynamic PCIA*





PCIA & Gen Rate Hedge as Power

Introduction to a prospective methodology for incorporating PCIA & Gen Rate Hedge Impact

Current Approach

Load MW	ISTs Mw	PPAs MW	Net MW	Hedge Ratio
(400)	80	200	(120)	70%

Approach being Evaluated for Recommendation

*Risk Minimizing Hedge w/ **Dynamic** PCIA & Gen Rate* - *Risk Minimizing Hedge w/ **Static** PCIA & Gen Rate* = *Volumetric Equivalent of PCIA & Gen Rate Financial Hedge*

Load MW	PCIA Gen Financial MW	ISTs MW	PPAs MW	Net MW	Hedge Ratio
(400)	180	80	200	60	115%

Note: Conceptual Examples

- PCIA & Gen Rate Hedge is Financial; methodology creates physical representation
- Calculation of impact is a function of market conditions, regulatory updates and NewGen vendor model
- This potential methodology streamlines implementation operationally and avoids a complete overhaul of metrics



Implementation

Upon approval for SVCE Staff

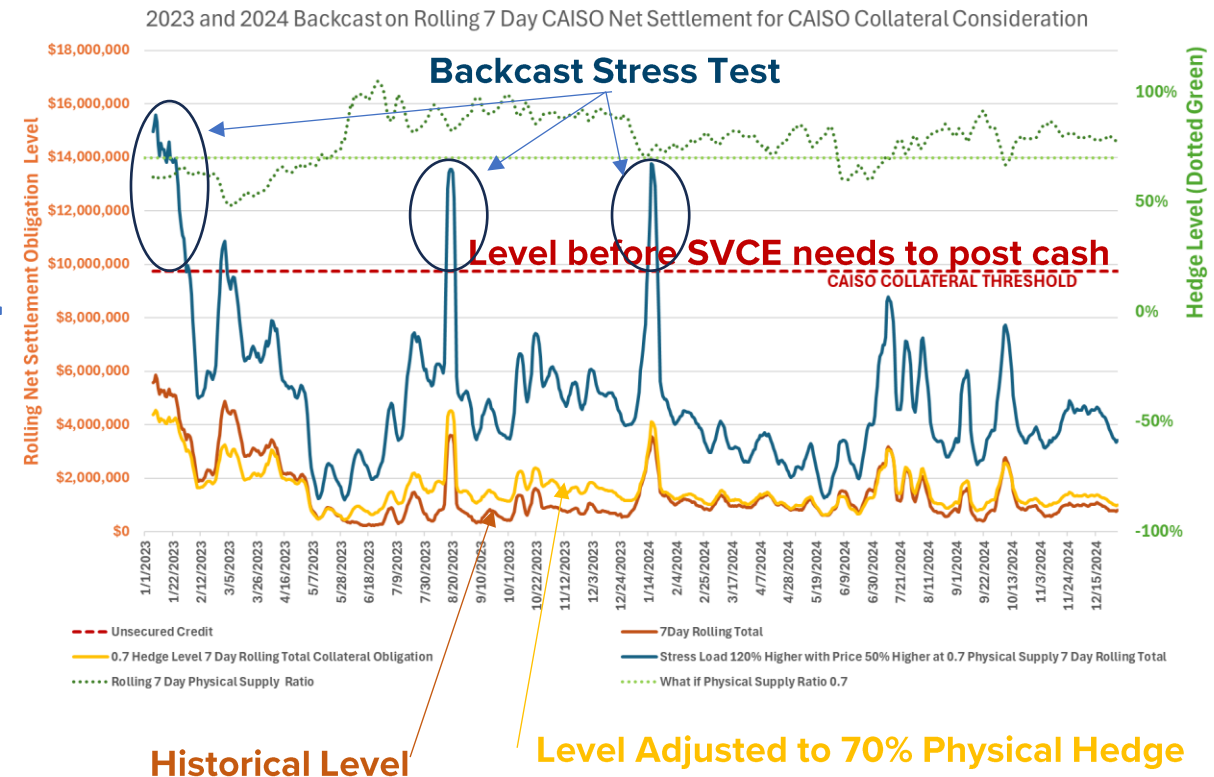
1. Immediately update reporting & position management for the PCIA financial hedge using the NewGen model to consistently measure the hedge level(s) based on portfolio risk forward price simulations.
2. Further explore the PICA & PG&E Generation Rate financial hedge implementation taking into account rate strategy, compliance obligations, and overall portfolio management.
3. Report back to the ROC on outcomes of item 2 ahead of implementation of changes.
4. Monitor the regulatory proceedings on the PCIA and Market Price Benchmark to anticipate implications of regulatory change.



Implications Considered

Accounting for the PCIA Financial Hedge may have operational implications

- CAISO Collateral
 - net settlement of weekly invoices will not have a material impact on days liquidity.
 - an extreme shock to net settlement on a backcast creates limited cash exposure.
 - CAISO pays interest on money they hold on par with out other investments
- No Impact on PGE POLR Collateral
- Potential hurdles related to possible future CPUC Regulation of CCA Hedging Programs





Recommendation

SVCE Executive Committee recommend the Board of Directors approve revisions to SVCE's Energy Risk Management Policy.

Next Step:

Seek Board approval at the March 12, 2025 meeting as a consent item on the agenda.



Staff Report – Item 1g

Item 1g: Authorize the Chief Executive Officer to Enter a Midterm Agreement to Purchase Small Hydroelectric Qualifying for Renewable Portfolio Standard Energy from East Bay Municipal Utilities District for a Five-Year Term and Amount Not to Exceed \$30,000,000

From: Monica Padilla, CEO

Prepared by: Kris Van Vactor, Director of Power Resources
Britta Bradshaw, Power Resource Manager

Date: 03/12/2025

RECOMMENDATION

Staff recommends that the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) delegate authority to the Chief Executive Officer (CEO) to finalize and execute an agreement with East Bay Municipal Utilities District (EBMUD) for small hydroelectricity ("Agreement"), with the following provisions:

1. Purchase of 2025-2030 RPS Hydro Energy from EBMUD

- a. Approximately 38,000 to 200,000 megawatt hours (MWh) per year of Renewable Portfolio Standard (RPS) Portfolio Category Content One ("PCC1") eligible resources from existing small hydroelectric facilities located in Northern California;
- b. 5-Year term with delivery term from July 1, 2025, through June 30, 2030;
- c. Contract form to be used is the WSPP PCC1 Confirmation; Purchase price reflected as indexed energy plus Renewable Energy Certificate (REC) price per MWh; and
- d. Total amount not-to-exceed \$30,000,000.

Execution of the Agreement will help SVCE meet SVCE Board-directed clean energy targets and California's RPS and clean procurement mandates. The Agreement is provided in substantive form (Attachment 1). Delegation of authority is needed as the CEO does not have the authority to transact with EBMUD.

BACKGROUND

In February, EBMUD launched a Request for Offers (RFO) to sell PCC1 Renewable Energy Credits (RECs) from small hydroelectric and biogas facilities owned and operated by EBMUD, with deliveries starting July 1, 2025. EBMUD is a publicly owned water and wastewater utility in Alameda and Contra Costa counties. The PCC1 volumes offered by EBMUD in this sale are those in excess of what is needed to power its own operations. SVCE's offer for a five-year contract was accepted, contingent upon SVCE board approval.

As a load serving entity (LSE), SVCE is subject to clean energy and RPS targets under Senate Bill 100 ("SB 100") which set a goal of achieving a 60% RPS by 2030 and a 100% clean energy grid by 2045 with interim targets of 90% by 2035 and 95% by 2040 as provided for under Senate Bill 1020.

Additionally, SVCE's Board-directed clean energy goals establishes a 100% clean energy on an annual basis and to achieve a 75% RPS in 2030-2034 (with a 10% margin of error) as approved by the Board in the [November 13, 2024 SVCE Board of Directors Meeting, Item 4.](#)

ANALYSIS & DISCUSSION

SVCE has made significant progress towards its RPS and clean energy targets. For 2025, SVCE's expected clean position is expected to be approximately 97% and its RPS position is expected to be approximately 50%. The EBMUD hydro volumes can improve the RPS and clean positions by approximately 1-4 percent annually. While SVCE expects to meet its clean targets in 2026-2027, the EBMUD hydro can provide an additional buffer to both RPS and clean positions, and can help SVCE's positions in 2028-2030 where SVCE has additional procurement need.

Table 1: Impact to SVCE RPS and Clean Energy Targets

Calendar Year	SB 100 RPS Target	Board RPS Target	Expected SB 100 Position (without EBMUD Volumes)	SB 100 Position with average expected EBMUD Volumes	Clean Position (expected)	Clean Position with average expected EBMUD Volumes
2025	47%	52%	50%	51%	97%	99%
2026	50%	52%	62%	65%	100%	103%
2027	52%	54%	69%	72%	108%	111%
2028	55%	57%	73%	76%	84%	87%
2029	57%	59%	75%	77%	84%	87%
2030	60%	65-75%	73%	74%	78%	79%

Table 2: Summary of Proposed Resources

Counterparty	East Bay Municipal Utilities District
Product	PCC1 energy and RECs from existing small hydroelectric facilities
Need and/or Compliance Obligation	SVCE's 100% Clean energy goal and RPS target SB100
Expected Delivery Term	5 years, July 1, 2025 – June 30, 2030.
Contract Quantity	38,000 – 200,000 MWh per year, unit contingent
Locations	Pardee Power Plant (30 MW) in Valley Springs, CA – Calaveras County Camanche Power Plant (9.99 MW) in Clements, CA – San Joaquin County
Percentage of Retail Load Served/RPS	1-4%

RPS Compliance & Clean Energy

SB100 sets annual RPS targets starting in 2020 growing to 60% in 2030 and further sets a 100% clean energy goal by 2045. SVCE's board-approved RPS Target sets an RPS target of 75% by 2030. EBMUD hydro will provide an estimated 38,000-200,000 MWh of RPS eligible energy per year from two in-state small hydroelectric facilities, bringing SVCE's expected RPS in 2030 to an expected 74-75%. The annual cost will not exceed approximately \$6 million.

SVCE works towards a 100% clean energy goal measured annually. This will be achieved through a mix of RPS-eligible resources including wind, solar and geothermal combined with non-RPS eligible, but carbon-free resources such as large hydroelectricity and nuclear energy. Strategically, resources which can deliver clean energy in all hours of the day, such as geothermal, will best help SVCE balance its objectives, however, such resources are scarce. Small hydro, while intermittent, can complement SVCE's existing renewable energy portfolio by providing generation outside of hours when solar energy is at its peak. These types of resources are necessary to meeting current retail product needs including GreenStart, GreenPrime and GreenPrime Direct in addition to helping us build a pathway to 24/7 clean energy.

ALTERNATIVE

While the EBMUD RPS purchase can help SVCE meet overall RPS and clean goals, the Board may decide not to approve this resource and instead seek other short-term resources or seek no additional clean or RPS-eligible resources at this time. Staff does not recommend seeking other short-term resources, as market prices for PCC1 RPS resources may be higher than the those associated with the EBMUD hydro. Additionally, staff does not recommend forgoing the purchase of this additional RPS-eligible, clean energy, as SVCE would be left with an expected clean position of only 97% in 2025 and very small buffer to its RPS compliance; if planned clean and renewable resources are delayed or produce lower volumes than expected, it may be difficult for SVCE to meet its targets.

STRATEGIC PLAN

Board approval to delegate authority to the CEO to enter into a midterm agreement to purchase PCC1 RECs from EBMUD will enable staff to meet the current board directed clean targets and California RPS requirement, consistent with goals and objective as outlines in SVCE's Strategic Plan, in particular, Goal #4: Acquire power supply resources in a cost-effective manner to meet legislative and regulatory obligations, Board directives and customer specific products.

FISCAL IMPACT

Execution of the EBMUD Hydro Agreement will result in deliveries starting in July 2025. The Board-approved Fiscal Year 2024-25 Budget includes sufficient funds to meet SVCE's RPS and clean targets. Funds for resources delivered in 2026-2030 would be included in the respective future budgets.

ATTACHMENTS

1. EBMUD-SVCE WSPP PCC1 Confirmation – redacted version

**CONFIRMATION
BUNDLED RENEWABLE ENERGY
PCC1**

This confirmation agreement (“Confirmation”) confirms the Transaction between **Silicon Valley Clean Energy Authority, a California joint powers authority** (“Purchaser”) and **East Bay Municipal Utility District** (“Seller”), each individually a “Party” and together the “Parties,” dated as the last dated signature on the signature page (“Effective Date”) regarding the purchase and sale of the Product pursuant to the terms and conditions contained herein. The Master Agreement, WSPP Service Schedule R and this Confirmation shall be collectively referred to herein as the “Agreement” and supersede and replace any prior oral or written confirmation regarding the Transaction (as defined below). Terms capitalized but not defined herein shall have the meaning as set forth in the Master Agreement, WSPP Service Schedule R or the CAISO Tariff.

Contact Information:

Seller: East Bay Municipal Utility District	Purchaser: Silicon Valley Clean Energy Authority
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Master Agreement: WSPP Agreement effective October 21, 2024, including; WSPP Service Schedule R. Any conflicts between the Master Agreement and the Confirmation shall be resolved in the following order of control: first, the Confirmation; and second, the Master Agreement.

Transaction: Seller owns or procures Seller’s Entitlement Interest in the output of certain generating facilities, which are identified in this Confirmation, each of which qualifies as an eligible renewable energy resource (“ERR”) during the Delivery Term (as defined below) under the California RPS (as defined below), as codified at California Public Utilities Code Section 399.11, *et seq.*, and Seller desires to sell to Purchaser, and Purchaser desires to accept from Seller, Product produced by such generating facilities pursuant to the terms and conditions set forth herein.

Product: “Product” means (a) electricity along with the associated Green Attributes and Renewable Energy Certificates (“RECs”) that meets the RPS compliance requirements of California Public Utilities Code Section 399.16(b)(1) and CPUC Decision 11-12-052(“Portfolio Content Category Product 1” or “PCC1”), produced during the Delivery Term by the Projects

listed herein, each of which is: (i) certified as an ERR for the California RPS and registered with WREGIS, and (ii) from which Seller is entitled, pursuant to its agreements, to Seller's Entitlement Interest of the output of the Energy and associated Green Attributes, and such output is used to source the Product delivered hereunder during the Delivery Term (collectively, the "Generating Facilities") and, to the extent not inconsistent with the foregoing, (b) Facility As-Run Bundled REC as such is described under Section R-2.3.6 of the WSPP Service Schedule R. The Product does not include any other non-renewable and environmental attributes (e.g., Ancillary Services or Resource Adequacy Capacity).

Seller: **East Bay Municipal Utility District**

Purchaser: **Silicon Valley Clean Energy Authority**

Delivery Term: [REDACTED]

Generating Facilities: Each Project is identified below and further described in Exhibit A.

Facility Name	CAISO Resource ID	WREGIS ID	CEC Certification No.	Estimated Annual Generation (MWh) ¹
Pardee Power Plant	PARDEB_6_UNITS	W233, W241, W242	60536	[REDACTED]
Camanche Power Plant	CAMCHE_1_PL1X3	W243	60535	[REDACTED]

¹ [REDACTED]
[REDACTED]

Delivery Points: CAISO Balancing Authority Area at each Project's point of interconnection.

Scheduling: Seller or Seller's designee shall schedule and deliver the Energy portion of the Product, on behalf of Purchaser, from the Projects listed herein to the Delivery Points in the CAISO Balancing Authority Area, in accordance with the requirements and the prevailing protocols of the WECC and CAISO Tariff. Seller may, according to its sole discretion, schedule generation to comply with its Operating Constraints, to meet on-site energy demands, and for any other purpose that is consistent with the performance of the Seller's obligations under the Agreement.

Contract Quantity: All of the available Product generation from of Seller's Entitlement Interest generated from the Generating Facilities. The amount of Product delivered from Seller to Purchaser during any applicable dispatch interval during the Delivery Term of the Transaction shall be limited to the available quantity

of Seller's Entitlement Interest in the output of each Generating Facility listed herein. Available quantity of Product generation from the Pardee and Camanche Power Plants is dependent on release rates, determined at Seller's sole discretion, to meet storm events, water rights obligations, the needs of the Camanche Fish Hatchery, or other needs or obligations of Seller. Seller has provided Purchaser with historical information for the estimation of available Product during the Term, but Seller expressly disclaims any obligation to deliver a minimum Contract Quantity, and the Parties understand that future availability of Contract Quantity may be different from historical records.

Contract Price: The Contract Price for Energy ("Energy Contract Price") shall be equal to the CAISO Locational Marginal Price calculated at the Delivery Point PNode per megawatt hour (as the same may be netted in accordance with the Payment section below).

The Contract Price for each REC produced and transferred from Seller to Purchaser ("REC Contract Price") shall be equal to [REDACTED].

Eligibility: Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement: (i) the Projects qualify and are certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Projects' output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC 6, Non-Modifiable. (Source: D.07-11-025, Attachment A.) D.08-04-009] The aggregate "commercially reasonable efforts" expenditures for Eligibility, Transfer of RECS, and Change of Law Provisions (Section R-5.2.2(b)) are limited to the Capped Amount.

Transfer of RECs: Transfer of Renewable Energy Credits. Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC REC-1, Non-modifiable. D.11-01-025]

Tracking of RECs in WREGIS. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. [STC REC-2, Non-modifiable. D.11-01-025]

Purchaser warrants that all necessary steps to allow the Renewable Energy Credits transferred to Purchaser to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

The Transfer of RECs shall be made in accordance with the rules and regulations of WREGIS. For each month during the Delivery Term, Seller shall transfer RECs from its WREGIS account to Purchaser's WREGIS account within ten (10) Business Days of creation of the RECs. If Purchaser's WREGIS account ID is not available as of the Effective Date, Purchaser will provide it to Seller promptly once Purchaser receives the WREGIS account ID.

Vintage:

Calendar Year(s): [REDACTED]

Payment:

Energy: To simplify the scheduling and settlement process based on the current CAISO market scheduling and settlement protocols, whereby CAISO will pay the Seller for the value of the Energy produced and delivered by the Generating Facilities at the Delivery Point on behalf of Purchaser, the Parties agree that Seller shall schedule and deliver an amount of Energy consistent with the Contract Quantity during the Delivery Period with and to the CAISO at the Delivery Point(s), and Seller shall receive payment for the Energy from the CAISO for such delivery based on the CAISO Locational Marginal Price. Consequently, and consistent with applicable netting provisions of the Master Agreement, Purchaser and Seller hereby agree to net the payment for Energy Seller receives from the CAISO against the Contract Price, such that the net payment Seller shall receive from Purchaser shall be calculated as follows:

Payment Due from Purchaser to Seller = Delivered and Accepted Contract Quantity * REC Contract Price.

Such payments received by Seller from the CAISO will be credited in full satisfaction of Purchaser's payment obligation for Project Energy under this Transaction.

RECs: Purchaser shall pay Seller for transferred RECs within ten (10) Business Days of receipt of Seller's invoice subsequent to the transfer of RECs, or the 20th day of the month, whichever is later. If the 20th day is not

a Business Day, then the next Business Day. The invoices issued by Seller hereunder shall include a statement detailing the RECs conveyed via WREGIS (i.e., Project Name, Vintage Month, CEC RPS ID, Contract Quantity and REC Contract Price).

**Environmental
Attributes:**

All Attributes. The Product is a Facility As-Run Bundled REC sourced from the Generating Facilities. The Parties agree that the Product will be sourced only from the specific Generating Facilities identified in the Confirmation with no substitutions.

**Applicable
Program:**

State of California Renewable Portfolio Standard Program (herein referred to as “California RPS”, “Renewables Portfolio Standards” or “RPS Program”), as codified at California Public Utilities Code Section 399.11, *et seq.*, and requiring that a specified percentage of a load-serving entity’s retail sales should be supplied with electricity generated by eligible ERRs.

Tracking System:

RECs associated with the Product shall be tracked using WREGIS. In addition to any audit rights that Purchaser may have under the Master Agreement, Seller shall, upon Purchaser’s reasonable request, provide documentation, which may include meter data as recorded by a CAISO certified meter, sufficient to demonstrate that the Product has been conveyed and delivered, in accordance with the terms of this Confirmation.

**Representations
and Warranties:**

Each Party represents and warrants to the other (i) that it is an “eligible commercial entity” and “eligible contract participant” within the meaning of the Commodity Exchange Act; (ii) this transaction has been subject to individual negotiation by the Parties; and, (iii) all necessary steps have been taken to allow the Green Attributes to be transferred to Purchaser to be tracked in WREGIS.

Seller further represents and warrants to Purchaser that:

- (i) Seller has the right to sell the Product and holds the rights to Seller’s Entitlement Interest in all Product from the Generating Facilities;
- (ii) Seller has not sold the Product or any Green Attribute of the Product to be transferred to Purchaser to any other person or entity;
- (iii) Energy and Green Attributes to be purchased and sold pursuant to this Confirmation are not committed to another party;
- (iv) Seller represents and warrants that electricity from the Generating Facilities is available to be procured by Purchaser, and Seller is not

currently selling and will not sell the electricity produced by the Generating Facilities back to the Generating Facilities;

- (v) the Product is free and clear of all liens or other encumbrances; and
- (vi) it will cooperate and work with Purchaser, the CEC, and/or the CPUC to provide any documentation required by the CPUC or CEC to support the Product's classification as a Portfolio Content Category 1 Product as set forth in California Public Utilities Code Section 399.16(b)(1).

Furthermore, Seller hereby sells and conveys all Green Attributes associated with the Product produced from the Generating Facilities (other than resource adequacy attributes and ancillary services) to Purchaser as part of the Portfolio Content Category 1 Product being delivered.

**Change in Law
Provisions:**

The Product shall be Regulatorily Continuing requiring that Seller make commercially reasonable efforts to obtain compliance with Changes in Law in the California RPS, provided that such costs should not be greater than [REDACTED] in the aggregate each year of the Term ("Compliance Expenditure Cap") between the Execution Date and the last day of the Term. (the "Capped Amount"). This provision shall not apply to any Product that was Delivered and Accepted prior to any Change in Law if such Product complies with the California RPS that existed when it was Delivered and Accepted.

This Confirmation is executed for the express purposes of complying with the California RPS and Section 399.16(b)(1) of the California Public Utilities Code. The Parties acknowledge that the CEC and/or CPUC may be modifying mandatory contract language, altering the procurement and product qualification rules, and updating the relevant RPS Eligibility Guidebook in a manner consistent with that legislation. If any statutes, rules, regulations, permits or authorizations are enacted, amended, granted or revoked which have the effect of changing the transfer and sale procedure set forth in this Confirmation so that the implementation of this Transaction becomes impossible or impracticable, or otherwise revokes or eliminates the California RPS or language required to conform to the California RPS, the Parties hereto agree to negotiate in good faith to amend this Confirmation to conform with such new statutes, regulations, or rules in order to maintain the original intent of the Parties under this Agreement.

**Reporting
Obligation:**

Purchaser shall have no responsibility (whether regulatory or financial) for greenhouse gas emissions associated with the Product, and any such obligation shall be fulfilled by or at the direction of Seller at its own cost.

Review: To monitor compliance with this Confirmation, each Party reserves the right to review during normal business hours and at its own expense, for up to two (2) years following delivery of the Product under this Confirmation, and with reasonable advance notice to the other Party, and to the extent that such other Party is in possession of such information, information required to verify that the Product sold under this Confirmation was not otherwise sold by Seller to a third party.

Confidentiality: The Parties acknowledge and agree that the Agreement is subject to the requirements of the California Public Records Act (Government Code Section 7920 *et seq.*). Each Party (a “Receiving Party”) acknowledges that the other Party (a “Disclosing Party”) may submit information to the Receiving Party that the Disclosing Party considers confidential, proprietary, or trade secret information pursuant to the Uniform Trade Secrets Act (Cal. Civ. Code section 3426 *et seq.*), or otherwise protected from disclosure pursuant to an exemption to the California Public Records Act. In order to designate information as confidential, the Disclosing Party must clearly stamp and identify the specific portion of the material designated with the word “Confidential”. The Parties agree not to over-designate material as confidential. Over-designation would include stamping whole agreements, entire pages or series of pages as confidential that clearly contain information that is not confidential. Upon request or demand of any third person or entity not a party to this Agreement (“Requestor”) for production, inspection and/or copying of information designated by a Party as confidential information (such designated information, the “Confidential Information”), the Receiving Party shall notify the Disclosing Party as soon as practical that such request has been made. The Disclosing Party shall be solely responsible for taking whatever legal steps are necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor by the Receiving Party. If the Disclosing Party takes no such action after receiving the foregoing notice from the Receiving Party, the Receiving Party shall be permitted to comply with the Requestor’s demand and is not required to defend against it.

If required by any law, statute, ordinance, a court, Governmental Authority or agency having jurisdiction over a Party, including the California Public Records Act, that Party may release Confidential Information, or a portion thereof, as required by the Applicable Law, statute, ordinance, decision, order or regulation. A Party may disclose Confidential Information to accountants in connection with audits. In the event a Party is required to release Confidential Information, such Party shall notify the other Party of the required disclosure, such that the other Party may attempt (if such Party so chooses), at its sole cost, to cause the recipient of the Confidential Information to treat such information in a confidential manner, and to prevent such information from being disclosed or otherwise becoming part

of the public domain. Parties acknowledge that Purchaser may be obligated to provide Confidential Information to the CPUC and CEC for regulatory compliance purposes for the California RPS program, and Seller waives the prior notice requirement and authorizes such disclosures to the CPUC and CEC.

Except as provided in this Confidentiality section and the California Public Records Act, and subject to and without limiting Section R-7, neither Party shall publish, disclose, or otherwise divulge Confidential Information to any person at any time during or after the term of this Agreement, without the other Party's prior express written consent. Each Party shall permit knowledge of and access to Confidential Information only to those of its affiliates and to their respective attorneys, accountants, representatives, agents and employees who have a need to know such Confidential Information related to this Agreement.

**Applicable Law/
Governing Law:**

This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of law. To the extent enforceable at such time, each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement. [STC 17].

No Recourse to

Members of Purchaser: Purchaser is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members. Purchaser will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no rights and will not make any claims, take any actions or assert any remedies against any of Purchaser's constituent members, or the officers, directors, advisors, contractors, consultants or employees of Purchaser or Purchaser's constituent members, in connection with this Confirmation.

**FERC Standard of
Review; Mobile-
Sierra Waiver:**

(a) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in subsection (b) below is unenforceable or ineffective as to such Party), a non-party or FERC acting *sua sponte*, shall solely be the "public interest" application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) and clarified by *Morgan Stanley Capital Group, Inc. v.*

Public Util. Dist. No. 1 of Snohomish, 554 U.S. 527 (2008), and NRG Power Marketing LLC v. Maine Public Utility Commission, 558 U.S. 527 (2010).

(b) In addition, and notwithstanding the foregoing subsection (a), to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted by applicable law, neither Party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (b) shall not apply, provided that, consistent with the foregoing subsection (a), neither Party shall seek any such changes except solely under the “public interest” application of the “just and reasonable” standard of review and otherwise as set forth in the foregoing section (a).

Forward Contract: This Confirmation constitutes a sale of a nonfinancial commodity for deferred shipment or delivery that the parties intend to be physically settled and is excluded from the term “swap” as defined in the Commodity Exchange Act under 7 U.S.C. § 1a(47) and the regulations of the Commodity Future Trading Commission and Securities and Exchange Commission, with further reference to 77 Fed. Reg. 48233-35.

**Amendments
To The Master
Agreement:**

Assignment. Section 14, Transfer of Interest in Agreement, of the WSPP Agreement shall for purposes of this Confirmation be deleted in its entirety and replaced with the following: “Neither Party shall transfer, assign or sell its rights as set forth in this Confirmation, to any third party without first obtaining the prior written consent of the other Party. Notwithstanding the foregoing, no such consent shall be required to the extent that the transfer or sale occurs (i) to an affiliate of a Party by operation of law, through merger or acquisition, or as the result of the sale or transfer of all or substantially all of the transferring Party’s assets, and the resulting entity’s creditworthiness is equal to or higher than that of such Party as of the Effective Date of this Confirmation, or (ii) the obligations of such Affiliate are guaranteed by such Party or its Guarantor, if any, in accordance with a

guaranty agreement in form and substance satisfactory to the other Party, and (iii) transfer or assign this Confirmation is to any person or entity succeeding to all or substantially all of the assets of such Party whose creditworthiness is equal to or higher than that of such Party or its Guarantor, if any, as of the Effective Date of this Confirmation.”

Creditworthiness. Section 27. Notwithstanding any other provision of the Agreement, Section 27 of the Master Agreement is not applicable to, and credit support is not required for either Party under this Confirmation.

Confidentiality. Section 30, Confidentiality, of the WSPP Agreement is amended for purposes of this Confirmation by inserting at the end of Section 30.1(6) prior to the semicolon the following: “or to Deliver RECs pursuant to the requirements of WREGIS”.

Counterparts: This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to the counterparty were upon a single instrument. Delivery of an executed signature page of this Confirmation by electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

**Entire Agreement;
No Oral Agreements
Or Modifications:**

This Confirmation sets forth the terms of the Transaction into which the Parties have entered and shall constitute the entire Agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Agreement, this Confirmation may be entered into only by a Documentary Writing executed by both Parties, and no amendment or modification to this Confirmation shall be enforceable except through a Documentary Writing executed by both Parties.

**Purchaser Limited
Assignment:**

Purchaser may make a limited assignment of Purchaser’s right to receive all or a portion of the Product that would otherwise be delivered to Purchaser hereunder to an entity (“Limited Assignee”) that has, or provides a parent guaranty, in form and substance reasonably acceptable to Seller from an entity with, an investment grade credit rating. In connection with any such assignment, Purchaser and Seller agree to execute a limited assignment agreement substantially in a similar form of agreement that is reasonably acceptable to Purchaser and Seller. For the avoidance of doubt, Purchaser will remain responsible for all its obligations under this Agreement related to such assigned Product, including (i) the obligation to pay for such Product to the extent the Limited Assignee does not do so and (ii) any damages associated with such Limited Assignee’s failure to take any such Product. Notwithstanding anything to the contrary in Section 30.1 of the WSPP

Agreement, the Parties agree that Purchaser may disclose a copy of this Confirmation to Limited Assignee, who shall comply with the Section 30.1 of the WSPP Agreement as if it were a signatory thereto.

Definitions/

Interpretations: For purposes of the Confirmation, the following definitions and rules of interpretations shall apply:

“Applicable Law” means all legally binding constitutions, treaties, statutes, laws, ordinances, rules, regulations, orders, interpretations, permits, judgments, decrees, injunctions, writs and orders or any Governmental Authority or arbitrator that apply to RPS or any one or both of the Parties or the terms hereof.

“Buyer” as used herein shall have the same meaning as “Purchaser” under the WSPP Agreement.

“CAISO” means the California ISO.

“CAISO Tariff” means the CAISO FERC Electric Tariff.

“CEC” means the California Energy Commission.

“CPUC” means the California Public Utilities Commission.

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Generating Facilities, and its avoided emission of pollutants. Green Attributes include but are not limited to RECs, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, including but not limited to Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Generating Facilities, (ii) production tax credits associated with the construction or operation of the Generating Facilities and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting

pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Generating Facilities for compliance with local, state, or federal operating and/or air quality permits. If the Generating Facilities are biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Purchaser with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Generating Facilities.

“Operating Constraints” means the factors that affect the amount of water available for release through the hydroelectric facilities at the Projects’ reservoirs. Such factors include without limitation, fuel availability, water release requirements and obligations, water rights, water needs, water supply obligations, fisheries requirements, flood control requirements, storage constraints, environmental restrictions, water quality restrictions, safe operation of Seller’s facilities, good utility practice, forecast uncertainty, and any other constraints, limitations, or restrictions all determined in Seller’s sole discretion, and subject to Seller’s compliance with applicable existing settlement agreements, decrees, and contracts, all relevant existing and future federal, state, and local legislation, rules, regulations, and administrative orders, and Seller’s policies and procedures for complying with the above constraints.

“Seller’s Entitlement Interest” mean Seller’s right and interest to the output and production attributes associated with each generating facility set out in Appendix A, whether established through ownership or contractual rights.

“WECC” means the Western Electricity Coordinating Council or its successor organizations.

“WREGIS” mean the Western Renewable Energy Generation Information System, or its successor organization.

[SIGNATURE PAGE FOLLOWS]

ACKNOWLEDGED AND AGREED TO AS OF THE EFFECTIVE DATE:

SILICON VALLEY CLEAN ENERGY Authority, a California joint powers authority	EAST BAY MUNICIPAL UTILITY DISTRICT
By:	By:
Name:	Name: [REDACTED]
Title:	Title: [REDACTED]
Date:	Date:
	Approved as to form:
	By:
	Name:
	Title:
	Date:

EXHIBIT A
PROJECTS

Unit Name: Pardee Power Plant
CAISO RESID: PARDEB_6_UNITS
CEC RPS ID: 60536
WREGIS IDs: W233, W241, W242
Facility Location: Valley Springs, CA
Facility Location: [REDACTED] [REDACTED]
Facility Location:
Facility Location:
Facility(ies) Directly Interconnected to a CBA: Yes
CBA's of Interconnection: CAISO
Facility Generation Capacity: 30 MW (PMAX)
Facility Fuel Type: Small Hydro

Unit Name: Camanche Power Plant
CAISO RESID: CAMCHE_1_PL1X3
CEC RPS ID: 60535
WREGIS ID: W243
Facility Location: Clements, CA
Facility Location: [REDACTED] [REDACTED]
Facility Location:
Facility Location:
Facility Directly Interconnected to a CBA: Yes
CBA's of Interconnection: CAISO
Facility Generation Capacity: 9.99 MW (PMAX)
Facility Fuel Type: Small Hydro



Staff Report – Item 1h

Item 1h: Adopt Resolution to Establish Rate Stabilization Fund Under Government Accounting Standard Board (GASB) Standard 62

From: Monica Padilla, CEO

Prepared by: Amrit Singh, CFO and Director of Administrative Services

Date: 3/12/2025

RECOMMENDATION

Staff recommends that the SVCE Board of Directors (Board) adopt resolution 2025-06 to establish a Rate Stabilization Fund under the Government Accounting Standard Board (GASB) Standard 62¹.

FINANCE AND ADMINISTRATION COMMITTEE and AUDIT COMMITTEE RECOMMENDATION

Staff first reviewed the proposal to establish a rate stabilization fund under GASB 62 with the Finance and Administration Committee (F&A Committee) at the November 25, 2024, meeting. The F&A Committee was supportive of the proposal, and staff committed to finalizing the proposal and returning to review it with the F&A Committee prior to seeking Board approval. At the February 26th, 2025, meeting, the F&A Committee reviewed the staff's proposal and voted unanimously that the Board of Directors approve the establishment of a Rate Stabilization fund under GASB standard 62 and agreed with staff to submit the proposal via the consent calendar.

Staff also presented the proposal to create a rate stabilization fund under GASB 62 to the Audit Committee at the February 28th, 2025, meeting as an informational item.

BACKGROUND

GASB 62 is an accounting method available to government entities, allowing SVCE to recognize revenues set aside for certain costs in the same period as expenses occur under Generally Accepted Accounting Principles (GAAP). Currently, the Board directs funding for programs and other earmarked projects, such as purchasing an SVCE office building, in each fiscal year's budget. While these funds are transferred from the respective fiscal year's operating budget (non-GAAP accounting), the financial statements (GAAP accounting) do not recognize these expenditures until they are incurred. Under GASB 62, revenues can be deferred to account for these earmarked funds to a Rate Stabilization Fund. When expenditure occurs, the deferred revenues can be recognized from the Rate Stabilization Fund.

Ava Community Energy, Clean Power Alliance, Marin Clean Energy, Orange County Power Authority, and Sonoma Clean Power have implemented GASB 62.

ANALYSIS & DISCUSSION

GASB 62 accounting will enable SVCE to defer revenues to future periods and recognize those revenues in periods when expenditures occur for projects that the Board directed those revenues toward. For example, for Fiscal Year 2023-2024, the Board directed \$20 million toward purchasing an SVCE office building. With GASB 62, staff could have deferred revenues of \$20 million, reducing the addition to the net position by \$20 million.

¹ The Governmental Accounting Standards Board (GASB) is the organization that determines and updates generally accepted accounting principles (GAAP) for government entities.

Agenda Item: 1h**Agenda Date: 03/12/2025**

When SVCE completes purchasing the office building, SVCE could recognize the \$20 million in deferred revenues, thereby not impacting that fiscal year's addition to net position or net revenues.

This accounting provision impacts the reporting of SVCE's net position in the financial statements. It lowers the net position for the fiscal year, when revenues are deferred, and increases it for the fiscal year when those revenues are recognized. The deferred revenues create a corresponding liability in the Statement of Net Position. Staff's assessment of the impact on readers of financial statements is likely positive because the net position can now account for unspent funds that are earmarked for projects, either not fully implemented or not yet started.

The criterion staff proposes to defer or recognize revenues to and from the rate stabilization fund will attempt to keep GAAP recognized net revenues positive to the extent possible. At the end of the fiscal year, staff working with SVCE's Accountant may defer revenues such that total deferred revenues do not exceed the balance of unspent earmarked funds and the addition to net position does not fall below 2% of the revenues. If the addition to the GAAP net position falls below 2% of revenues for any fiscal year, revenues may be recognized from the rate stabilization fund to the extent balance exists such that the GAAP addition to the net position is at or above 2% of the revenues and/or to adjust the rate stabilization balance to be consistent with the outstanding balance of all earmarked budgeted funds.

STRATEGIC PLAN

Prudently managing SVCE's financial position is supported by Strategic Plan Goal 6 – "Maintain healthy financial position; avoid failures in the management of market risk, credit risk, liquidity risk, operational risks, and enterprise risks."

FISCAL IMPACT

Implementing a Rate Stabilization Fund is an accounting change without direct financial impact. The fiscal year in which revenues are deferred would show a commensurate reduction in net revenues, and the fiscal year in which revenues are recognized would show a commensurate increase in net revenues in the financial statements.

ATTACHMENTS

1. Resolution 2025-06 to Establish a Rate Stabilization Fund Under GASB 62 for Silicon Valley Clean Energy
2. Presentation: Create an Accounting Rate Stabilization Fund Under GASB 62

SILICON VALLEY CLEAN ENERGY AUTHORITY RESOLUTION

NO. 2025-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY TO ESTABLISH A RATE STABILIZATION FUND UNDER GASB 62 FOR SILICON VALLEY CLEAN ENERGY

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016, pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, the Board of Directors deems it prudent to establish, designate, and maintain a Rate Stabilization Fund under Governmental Accounting Standards Board (GASB) Standard 62 to defer revenues to future periods and recognize those revenues in periods when expenditures occur that the Board of Directors designated those revenues toward;

WHEREAS, as determined by staff, revenues may be deferred to the Rate Stabilization Fund, provided that the amount deferred does not cause the Rate Stabilization Fund balance to exceed the outstanding balance of all earmarked budgeted funds, and the Generally Accepted Accounting Principles (GAAP) recognized addition to the net position does not fall below two percent of the revenues;

WHEREAS, as determined by staff, revenues may be recognized from the Rate Stabilization Fund if the GAAP recognized net position falls below two percent of revenues and/or to adjust the Rate Stabilization balance to be consistent with the outstanding balance of all earmarked budgeted funds;

WHEREAS, the Rate Stabilization Fund shall be recognized in accordance with GASB 62;

NOW, THEREFORE, the Board of Directors hereby establishes a Rate Stabilization Fund under GASB 62 and authorizes the Chief Executive Officer or the Chief Financial Officer to transfer in or transfer out, from time to time, such amount as each such officer may determine as prudent and appropriate into or out of the Rate Stabilization Fund.

PASSED AND ADOPTED this 12th day of March 2025, by the following vote:

JURISDICTION	NAME	AYE	NO	ABSTAIN	ABSENT
City of Campbell	Director Scozzola				
City of Cupertino	Director Fruen				
City of Gilroy	Director Hilton				

City of Los Altos	Director Meadows				
Town of Los Altos Hills	Director Tyson				
Town of Los Gatos	Director Rennie				
City of Milpitas	Director Barbadillo				
City of Monte Sereno	Director Mekechuk				
City of Morgan Hill	Director Martinez Beltran				
City of Mountain View	Director Showalter				
County of Santa Clara	Director Lee				
City of Saratoga	Director Walia				
City of Sunnyvale	Director Klein				

Chair

ATTEST:

Andrea Pizano, Board Secretary

Create an Accounting Rate Stabilization Fund Under GASB 62

Amrit Singh
Board of Directors Meeting
March 12, 2025

Purpose

Adopt resolution 2025-06 to establish a Rate Stabilization Fund under GASB 62

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 Deferring 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 establish the fund 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 end 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 Illustration

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
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
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
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



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



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 the balance of earmarked funds and the GAAP 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, was about \$100 million at the beginning of the fiscal year 2024-25.
- If the addition to the GAAP net position falls below 2% of the revenues for any fiscal year and/or to adjust the Rate Stabilization balance to the outstanding balance of all earmarked budgeted funds, revenues may be recognized from the rate stabilization fund.



Recommendation

Adopt resolution 2025-06 to establish a rate stabilization fund under GASB 62



Thank you! / Feedback / Questions?



Staff Report – Item 1i

Item 1i: Adopt Resolution Establishing the Silicon Valley Clean Energy Community Fund

From: Monica Padilla, CEO

Prepared by: Zoe Elizabeth, Director, Decarbonization Policy and Community Strategies

Date: 3/12/2025

RECOMMENDATION

Staff recommends the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) adopt Resolution 2025-07 (Attachment 1) establishing the Silicon Valley Clean Energy Community Fund (“the Fund”).

EXECUTIVE COMMITTEE AND FINANCE AND ADMINISTRATION COMMITTEE RECOMMENDATION

Staff first brought the Fund proposal to the November 22, 2024 Executive Committee meeting and the November 25, 2024 Finance and Administration Committee meeting. The Executive Committee suggested expanding staff’s priorities to include affordability in addition to rate stabilization, which is reflected in the proposal presented to the Board of Directors in December 2024 for discussion only. The two committees agreed on the importance of establishing the fund to support long-term strategic priorities to meet SVCE’s mission and supported the proposal.

BACKGROUND

Meeting SVCE’s mission to, *reduce dependence on fossil fuels by providing carbon-free, affordable, and reliable electricity and innovative programs for the SVCE community*, requires delivering services and benefits to our customers today and developing strategic initiatives that enable us to deliver the long-term benefits to our community. The Silicon Valley Clean Energy Community Fund sets aside funding, when available, to fund initiatives and services in the following mission-aligned priority areas:

1. Rate Stabilization and Bill Affordability
2. Scalable Support for Pollution Free Appliances
3. Local and Emerging Power Supply Technology.

Staff brought the proposal for the Fund to the Board for discussion on December 11, 2024 (Item 4: [SVCE Board of Directors Meeting, 12/11/24](#)). At that meeting, Board members noted the importance of this proposal to meeting the SVCE mission and indicated agreement with the establishment of the Fund including the priorities.

ANALYSIS & DISCUSSION

At this time, staff requests that the Board adopt Resolution 2025-07 to establish the Fund, which will allow staff to begin planning. The amount to be transferred will be determined within SVCE’s budgeting process. This process includes identifying funds available above the Reserve Policy Targets and how much is recommended to be transferred to the Fund.

How the Fund Would Work

If the Board approves an annual transfer, funding would be directed to each priority in the following percentages:

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- 40% Rate Stabilization and Bill Affordability
- 40% Scalable Support for Pollution Free Appliances
- 20% Local and Emerging Power Supply Technology.

The Board will have the opportunity to approve an annual transfer, and in addition to approving annual allocations, when available, the Board will review and approve all detailed plans for use of the funds, e.g. the affordability measures and any potential appliance rebate programs. Finally, the Board retains its authority to alter or end the Fund at any time.

Rationale for the Fund

SVCE's mission is bold: "Reduce dependence on fossil fuels by providing carbon-free, affordable, and reliable electricity and innovative programs for the SVCE community." Meeting this mission will require long-term, sustained, and strategic investments. Without the Fund any funds that exceed reserve targets would automatically roll into reserve, possibly exceeding the maximum threshold or staff would need to bring new plans and priorities to the Board each year. Planning, designing, and preparing for such initiatives takes time. Establishing the Fund will enable staff to prepare and design initiatives that better serve customers and meet the SVCE mission.

Priority Areas and Targets

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

1. Rate Stabilization and Bill Affordability – This funding would go towards ensuring rate discounts compared to PG&E, even in difficult years, and to provide other affordability measures such as emergency bill relief and/or increased rate discounts. Funds could be used for immediate and short-term bill relief measures during high-rate periods as well as long-term stable discounts. SVCE's current discount target of 5% costs the agency approximately \$30M/year.
2. Scalable Support for Pollution-Free Appliances – Gas appliances are responsible for approximately 40% of regional emissions in SVCE territory. In addition to climate impacts, these appliances emit health-harming nitrous oxide (NOx) and cost residents and businesses more about \$3120 to operate over their lifetime than modern heat pumps. Ensuring all customers can upgrade to clean and efficient heat pumps is central to meeting the SVCE mission. The current program budget will fund about 700 heat pump water heaters (HPWHs) annually. However, in 2027 when the Bay Area Air District's zero-NOx appliance rules go into effect, staff estimates there will be 10,000 HPWH installations per year in SVCE territory. The upfront cost of a HPWH is about \$4500 more than replacing a gas water heater with another gas water heater. Providing sufficient rebates and/or financing is important to lower this upfront cost for as many customers as possible. Staff estimates the need for support in SVCE territory is approximately \$30M per year for HPWHs alone. Setting aside funding for this priority area would help SVCE support all customer segments to make necessary upgrades for these new rules and other forthcoming requirements.
3. Local and Emerging Power Supply Technology – Meeting long-term clean targets will require investing in new power supply technology that can provide 24/7 clean electricity all year and in local resources that bring added community value. This initiative would fund the above market costs for local and emerging power supply technologies. This includes load flexibility technology and services.

Next Steps

Staff will bring a recommendation for initial funding of the Fund for Board approval in December 2025.

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STRATEGIC PLAN

The proposal supports SVCE's Strategic Focus Area One, "Expand Affordability Efforts," SVCE's Strategic Focus Area Two, "Expand Clean and Reliable Grid Actions," and SVCE's Strategic Focus Area Four "Prepare Region for Electrification at Scale."

FISCAL IMPACT

No fiscal impact at this time. If the Board moves forward and approves this fund, staff would propose the annual set aside amount based on available funding above the reserve target each year as available. This funding would be separate from the program's fund and would not impact other areas of SVCE operations.

ATTACHMENT

1. Resolution 2025-07 Establishment of the Clean Energy Community Fund Resolution

SILICON VALLEY CLEAN ENERGY AUTHORITY
RESOLUTION NO. 2025-07

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON
VALLEY CLEAN ENERGY AUTHORITY TO ESTABLISH THE
CREATION OF THE SILICON VALLEY CLEAN ENERGY
COMMUNITY FUND**

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs in Santa Clara County; and

WHEREAS, the cost of electricity has consistently increased with an overall increase of 80% over the past six years, making energy bills less affordable for our customers;

WHEREAS: while the total electricity rate has increased, the Authority is only responsible for the generation component of the rate, which represents roughly 33% of the total retail rate and has seen much less of a dramatic change;

WHEREAS, the Authority adopted a Decarbonization Strategy and Roadmap on December 12, 2018, by Resolution No. 2018-20 that established regional goals for reducing greenhouse gas emissions and recognized the link between energy affordability and greenhouse gas reductions and the key role that innovation will play in the Authority reaching its emission reduction goals; and

WHEREAS, the Bay Area Air District Board (The Air District) adopted amended rules on March 15, 2023, that will require Authority customers to transition to Zero NOx water heaters beginning in 2027; and

WHEREAS, transitioning a building to Zero NOx water heating typically requires electrical appliances and adds cost to the replacement that will create further financial challenges for Authority customers; and

WHEREAS, the Authority Board recognizes that decarbonization with electrical appliances using clean electricity both serves to meet the Authority’s mission to reduce fossil fuel use and increases the demand for clean electricity, expanding SVCE’s electricity service and improving economies of scale for customers; and

WHEREAS, investing in local energy generation facilities, innovative energy management systems, and emerging technologies may enhance the reliability of SVCE’s electricity service, help meet SVCE procurement obligations, and improve

energy resiliency and affordability for the Authority's customers; and

WHEREAS, in some fiscal years, the Authority's revenues exceed the Authority's expenses resulting in revenue that may exceed reserve targets; and

WHEREAS, given that in some fiscal years, the Authority's operational expenses exceed the Authority's revenues resulting in a revenue deficit, the Authority Board has adopted a Reserve Policy to insulate the Authority's customers from rate instability and ensure that the Authority can continue to serve its customers; and.

WHEREAS, having guidelines adopted by the Authority Board will ensure that revenues generated in excess of the Authority's reserve targets are directed to the highest strategic uses that are designed to best serve the Authority's customers and generate beneficial impacts; and

WHEREAS, adopting guidelines now will enable staff to plan and build the capacity to make community investments that will enhance energy affordability and meet the Authority's mission; and.

NOW THEREFORE, the Board of Directors of the Silicon Valley Clean Energy Authority does hereby resolve that:

1. The foregoing recitals are true and correct.
2. When revenues exceed the Authority's target contribution to the Authority's reserves per the Authority's adopted Reserve Policy, the following guidelines shall be used by staff to allocate funds while preparing the Authority's annual budget and budget revisions:
 - Priority 1: Discount Stabilization and Bill Affordability – Funding to ensure competitive discount is stable and to provide support that increases affordability for all customers; 40% of annual allocation
 - Priority 2: Scalable Support for Pollution-Free Appliance Installations – Funding to help ensure all customers have support when transitioning to zero emissions water and space conditioning equipment by setting aside funding for pollution-free appliances to help all customers meet forthcoming requirements; 40% of annual allocation
 - Priority 3: Local and Emerging Power Supply Technology– Funding to invest in generation and power supply technologies and local projects that help meet our needs today and into the future; 20% of annual allocation
3. Staff will bring individual program design proposals to the Board for review and approval prior to any expenditures for each priority. The Board will approve any potential transfers each year as part of the budgeting process and retains the authority to make changes to the process at any time.

ADOPTED AND APPROVED this 12th day of March 2025, by the following vote:

JURISDICTION	NAME	AYE	NO	ABSTAIN	ABSENT
City of Campbell	Director Scozzola				
City of Cupertino	Director Fruen				
City of Gilroy	Director Hilton				
City of Los Altos	Director Meadows				
Town of Los Altos Hills	Director Tyson				
Town of Los Gatos	Director Rennie				
City of Milpitas	Director Barbadillo				
City of Monte Sereno	Director Mekechuk				
City of Morgan Hill	Director Martinez Beltran				
City of Mountain View	Director Showalter				
County of Santa Clara	Director Lee				
City of Saratoga	Director Walia				
City of Sunnyvale	Director Klein				

Chair

ATTEST:

Andrea Pizano, Board Secretary



Staff Report – Item 1j

Item 1j: Approve Assignment of Auditor Contract to Kosmatka Donnelly & Co. LLP

From: Monica Padilla, CEO

Prepared by: Michael Callahan, General Counsel

Date: 3/12/2025

RECOMMENDATION

Staff requests that the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) approve the assignment of the auditor contract from Pisenti & Brinker to Kosmatka Donnelly & Co., LLP.

AUDIT COMMITTEE RECOMMENDATION

At the February 28, 2025 meeting of the Audit Committee, committee members received an update that SVCE's current auditor, Pisenti & Brinker (P&B), announced they have merged with Kosmatka Donnelly & Co., LLP (KDP). Committee members inquired whether staff feels confident with the assignment and staff responded that there are no concerns as the current audit partner will remain the same for the remainder of the contract, and that the contract terms are not changing. Committee members also asked if staff has the right of termination and staff confirmed that contract does allow that, and that staff will continue to re-evaluate on an on-going basis.

BACKGROUND

Our current auditor, P&B, announced they have merged with Kosmatka Donnelly & Co., LLP (KDP). The Board is responsible for selecting the auditor and may determine whether to accept the assignment of the current contract to KDP.

ANALYSIS & DISCUSSION

The Audit Committee and Board had previously selected our current auditor P&B. On January 29, 2025, P&B informed Silicon Valley Clean Energy (SVCE) that it has merged with KDP and intends to continue to perform under the agreement. Section 12 of SVCE's agreement with P&B defines a change of ownership as an assignment and SVCE must consent to assign the agreement.

Currently, the audit is effectively complete, and staff sees no value in refusing to accept the assignment at this time. Staff recommends that the contract continue to its current term of September 30, 2027 because the services and terms of the original contract will remain the same under the assignment.

STRATEGIC PLAN

N/A – SVCE is required by law to perform an audit.

ALTERNATIVE

An alternative would result in terminating the auditor agreement and likely initiating a new audit which would incur additional costs. Staff recommends against this alternative, given the audit is effectively complete.

FISCAL IMPACT

No fiscal impact from accepting the assignment of the P&B contract to KDP.



Staff Report – Item 1k

Item 1k: Receive Executive Committee Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Yvonne Martinez Beltran, Executive Committee Chair

Date: 3/12/2025

The Executive Committee met February 28, 2025 and heard a request from staff to recommend support of a proposed Power Purchase Agreement Project Selection Policy, a request to recommend the SVCE Board of Directors approve amendments to SVCE's Energy Risk Management Policy, and received an informational update on SVCE's eHub.

Bena Chang, Director of Government and Legislative Affairs, presented a proposed Power Purchase Agreement (PPA) Project Selection Policy for the Committee's consideration. The policy, which was first discussed with the Executive Committee in May of 2023 and a first draft presented in June of 2024, aims to maximize regulatory and market value for best fit and value while balancing risk mitigation and reliability goals. Staff engaged with various stakeholder groups in drafting the policy, reflected in the draft that was included in packet materials. Public comment was received prior to the meeting with requested changes to the policy in redline, which the Committee reviewed and discussed during the meeting. Six members of the public commented on the item, including members representing Acterra and Working Partnerships USA. The Committee was in strong agreement that the goals within the policy were preferred. Following a very robust discussion, the Committee voted unanimously to support presenting the policy to the Board of Directors for approval after staff has addressed the local hire, targeted hire, and apprentice pieces of the policy to evaluate the definitions and proposed percentage goals. The evaluation would also include additional communication with external stakeholders. The Committee expressed gratitude to both staff and external stakeholders for their partnership in this effort.

Scott Wrigglesworth, Director of Risk Management and Analytics, presented a request for the Committee's support for the Board of Directors to approve the proposed amendments to SVCE's Energy Risk Management Policy. Staff reviewed the key revisions to the policy, with the key proposed change being the inclusion of the Power Charge Indifference Adjustment (PCIA) and Pacific Gas & Electric (PG&E) Generation Rate hedge when assessing the overall position. The Committee voted to unanimously support the revisions that were presented by staff, and including the item on the Consent Calendar for the March Board of Directors meeting.

Pamela Leonard, Deputy Director of Marketing and Communications, and Leslie Madarang, Senior Marketing Specialist, presented an informational item on SVCE's award winning eHub: a one-stop website which helps community members find personalized rebates, incentives, and tips to power their homes, cars and appliance with clean energy.

Materials from this meeting can be found on SVCE's website: [SVCE Executive Committee Meeting, February 28, 2025](#)

The next meeting of the Executive Committee will be March 28, 2025 at 10:00 a.m.; materials will be posted no later than 72 hours in advance of the meeting.



Staff Report – Item 11

Item 11: Receive Finance and Administration Committee Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Murali Srinivasan, Finance and Administration Committee Chair

Date: 3/12/2025

The Finance and Administration Committee (Committee) met for its first meeting of the year on Wednesday, February 26, 2025 with all five members present; the Committee selected me as Chair and Director Pat Showalter as Vice Chair. Staff presented the following items: SVCE's Planning and Budgeting Process and Proposed Financial Stress Test Scenarios, Mid-Year Update on the 2024-25 Fiscal Year Operating Budget, and a request for the Committee to recommend that the SVCE Board of Directors Approve Establishing a Rate Stabilization Fund under GASB 62.

Amrit Singh, SVCE's CFO and Director of Administrative Services, provided an overview of SVCE's planning and budgeting process and future committee meetings, and proposed 2025 financial stress test scenarios. The information presented included a budgeting and planning process timeline, an overview of Enterprise Risk Management (ERM) and Stress Test, key components of the ERM framework. review of the key financial risk drivers, and an outline of the 2025 Financial Stress Tests. The four stress tests outlined for 2025 included: 1) Forward energy prices collapse to the one percentile level; 2) Economic recession creates load loss; 3) Customer un-collectables increase; and 4) reduction in financial liquidity. The financial stress test scenario analysis results are expected to be presented to the Finance and Administration Committee in May and the full Board of Directors in June 2025.

CFO and Director of Administrative Services Singh presented a request for the Committee to recommend the SVCE Board of Directors adopt the mid-year 2024-2025 adjusted operating budget. Staff reviewed the budget timeline, highlighted changes since the adoption of the budget in December, reviewed five-year reserve projections, and provided a staffing update. Highlights from the report included:

- An increase of ~ \$36.4 million from \$96.8 million at the budget that was approved in December;
- Operating expenses increased by ~\$2.8 million, due to a request for five additional positions and the addition of professional services, marketing expenses and general and administrative costs; and
- A negative contribution to reserves forecasted for the upcoming two fiscal years.

Due to the improved financial position identified since the December budget, staff proposed two options for the additional spending: 1) Increase the general customer discount in calendar year 2025 to 10%, or 2) direct \$35 million to the Clean Community Fund. The Committee discussed these two options in great detail, ultimately agreeing that an increased discount to customers would be the best use of the additional funds for the year. The Committee agreed that staff could propose how these funds would be distributed, either monthly in a rate discount, or as a one-time check. The Committee voted unanimously to recommend that the Board of Directors adopt the proposed mid-year 2024-2025 Adjusted Operating Budget with adjustments for additional funding for a 10% general customer discount. This item will be presented to the Board of Directors at the March Board meeting.

CFO and Director of Administrative Services Singh presented a request for the Committee to support recommending that the Board of Directors approve establishing a rate stabilization fund under the Government Accounting Standard Board (GASB) Standard 62, which is an accounting method available to government entities that would allow SVCE to recognize revenues set aside for certain costs in the same period as expenses

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occur under Generally Accepted Accounting Principles. The Committee voted unanimously to recommend the Board of Directors approve the request, and were in agreement that the item could be included on the Consent Calendar at the March Board of Directors meeting.

Materials from this meeting can be found at the following link: [SVCE Finance and Administration Committee Meeting, 2/26/25](#).

The next Finance and Administration Committee meeting is anticipated for May 2025 and will be determined by Finance and Administration Committee member availability; materials will be posted 72 hours before the meeting.



Staff Report – Item 1m

Item 1m: Receive Audit Committee Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Bryan Mekechuk, Chair, Audit Committee

Date: 3/6/2025

On behalf of the Audit Committee, I am submitting this report to the Board of Directors.

SVCE's year end is September 30 and Maher Accountancy prepared the financial statements for the year ended September 30, 2024. Kosmatka Donnelly & Co., LLP opined on the financial statements with their audit report dated January 31, 2025. Note that Pisenti & Brinker LLP merged into Kosmatka Donnelly & Co., LLP in January 2025.

The Audit Committee held its first meeting of 2025 on Friday, February 28, 2025. Returning members to the committee included Alternate Director Sergio Lopez (City of Campbell), Committee member Harjot Sangha (City of Gilroy) and me (City of Monte Sereno); Board Chair George Tyson (Town of Los Altos Hills) is the committee's new member. Three Committee members participated in person, and one was remote.

The Audit Committee selected me to continue serving as Chair and Alternate Director Lopez to serve as Vice Chair for 2025.

As the 2024 Chair of the Audit Committee, on January 9, 2025 I met with CFO Amrit Singh, Karen Chang, Manager of Finance and Mike Maher (Maher Accountancy) and walked through the financial statements in detail during that meeting.

After the audit report was issued, I met with Amrit Singh and Mike Maher on February 12, 2025 and walked through the audited financial statements again. At that time, without the auditors present, I asked about issues related to the accounting, subsequent events and the audit itself.

On February 14, 2025, I met over Zoom with Kellin Gilbert, the partner with Kosmatka Donnelly & Co., LLP that is responsible for auditing SVCE, regarding the financial accounting and disclosure, and the audit itself without management present.

During the Audit Committee meeting on February 28, 2025, Mr. Gilbert presented the results of the Fiscal Year 2023-24 financial audit to the group and reported the audit was completed on January 31, 2025 when Kosmatka Donnelly & Co. issued an unmodified audit opinion (a "clean audit opinion"). Mr. Gilbert noted Kosmatka Donnelly & Co. did not find any significant deficiencies in internal controls, and did not have any disagreements with financial accounting or disclosure. The Committee voted unanimously to receive the financial audit report and recommend the SVCE Board of Directors accept the audit findings. These findings will be presented to the Board of Directors at the March Board meeting.

Mr. Gilbert also announced Pisenti & Brinker LLP joined practices with Kosmatka Donnelly & Co., LLP as of January 2025, with a new unified name anticipated in the summer of 2025. No changes to staffing, costs or timing of the services provided to SVCE are anticipated. Due to this change, staff presented an item to the Audit Committee to request approval of the assignment of the auditor contract to Kosmatka Donnelly & Co. LLP; the Audit Committee voted unanimously in favor.

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Amrit Singh, CFO and Director of Administrative Services, gave an overview of SVCE's primary in-house finance functions and accounting services provided by Maher Accountancy, reviewed the purpose of the Committee and the audits covered, and the timing of future meetings.

The last regular calendar item discussed at the Audit Committee meeting was an informational item on establishing a rate stabilization fund under the Government Accounting Standard Board (GASB) Standard 62. CFO Singh explained that GASB 62 accounting will enable SVCE to defer revenues to future periods and recognize those revenues in periods when expenditures occur for projects that the Board of Directors has directed those revenues toward. CFO Singh discussed this item with the Finance and Administration Committee earlier in the week.

The Audit Committee held a Closed Session to discuss a threat to public services or facilities; there was no reportable action taken.

Materials from the Audit Committee meeting can be found at the following link: [SVCE Audit Committee Meeting, 2/28/25.](#)

The next meeting of the Audit Committee is anticipated to be in September 2025, prior to SVCE's fiscal year end of September 30, and the exact date will be determined by Audit Committee member availability; materials will be posted no later than 72 hours in advance of the meeting.

**Staff Report – Item 1n**

Item 1n: Receive 2025 Legislative Response to Industry Transition Ad Hoc Committee Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Andrea Pizano, Sr. Executive Assistant and Board Clerk

Date: 3/12/2025

There is no report for the 2025 Legislative Response to Industry Transition Ad Hoc Committee as the committee has not yet met.

The committee is expected to have its first meeting in March or April, based on member availability.

**Staff Report – Item 1o**

Item 1o: Receive California Community Power Report

To: Silicon Valley Clean Energy Board of Directors

From: Monica Padilla, CEO

Date: 3/12/2025

Per direction from the SVCE Board on December 9, 2020 for the CEO to provide a report of the ongoing activities of California Community Power (CC Power) after each of its meetings.

There is no report this month as the regularly scheduled meeting on February 19, 2025 was adjourned.

The next meeting of the board will be March 19, 2025 at 1:00 p.m.; meeting materials can be found on the CC Power website: <https://cacomunitypower.org/meetings/>



Staff Report – Item 2

Item 2: CEO Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Monica Padilla, CEO

Date: 3/12/2025

REPORT

Staff Updates

Phillip Wang joined Silicon Valley Clean Energy (SVCE) March 4, 2025 as Information Technology (IT) Support Specialist. Phillip has over nine years of IT experience supporting over 500 plus employees. He has a strong customer service background and looks forward to providing the high-quality service SVCE staff is accustomed to.

Personnel Officer Update

Recruitment efforts continue for an Energy Services Specialist/Senior Energy Specialist and Senior Financial Operations Analyst. Job descriptions and applications can be found on SVCE's website: [Current Job Openings](#)

Clean Energy Update

Staff continues its procurement efforts to source clean energy for calendar year 2025 and beyond. Recently SVCE was awarded in a solicitation from East Bay Municipal Utility District, pending Board-approval to proceed (see item 1g of current Board packet). The award will give the attribute output of two hydro facilities to SVCE over the next five years with an expected range of 38,000 to 200,000 megawatt hours per year of Portfolio Category Content One (PCC1) Renewable Energy Credits (RECs). This expected results from this transaction, once approved by the board, will bring the 2025 Clean percentage to just over 99% and the 2026 Clean Percentage to 103%, without this transaction SVCE will be at 97% for 2025 and 100% for 2026.

Please see Attachment 1 for a summary of SVCE's clean energy efforts including progress on meeting mandates, on-boarding of new power purchase agreements and a summary of utility-scale storage contracts.

Customer Success Department Updates

A list of recent media mentions and prior or upcoming community engagement events are listed below.

Press and Media

- *Media Mentions*
 - [Cupertino city buildings get greener with solar](#), San Jose Spotlight, 2-11-25
 - [Santa Clara County Balances Progress and Sustainability](#), InformationWeek, 2-13-25

Recent & Upcoming Events

Staff are gearing up for another busy spring with regional and industry conferences, and many Earth Day events. Board members are welcome to support SVCE at its outreach booth in your community. If interested, please reach out to the board clerk for coordination.

March 7 – 2025 State of the Valley Conference - 8:30 a.m. – 12:30 p.m.	March 17 – City of Campbell Business Incentives Lunch and Learn - 12 – 1 p.m.
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- Sponsorship and attendance - Diaz Compean Student Union, 2nd Floor Ballroom, 211 South 9th Street, San Jose, CA 95112	- Presentation and attendance - Campbell Community Center 1 W. Campbell Ave. (Roosevelt Redwood Room)
March 22 – Sunshine Gardens Earth Hour - 10 a.m. – 2 p.m. - Attendance - 132-150 Dana St, Mountain View, CA 94041	March 29 – Catalyze Silicon Valley Electrification Event - 4 – 5:30 p.m. - Sponsorship, tabling, and attendance - Milpitas Library, 160 N Main St, Milpitas, CA 95035
April 5 – Cupertino Earth Day - 11 a.m. – 3 p.m. - Dream Home and tabling - Cupertino Library Green, 10800 Torre Ave, Cupertino, CA 95014	April 5 – Sunnyvale Earth Day - 11 a.m. – 2 p.m. - Tabling - Sunnyvale City Hall, 456 W Olive Ave, Sunnyvale, CA 94086
April 5 – Santa Clara County Office of Education Environmental Literacy Summit - 8 a.m. – 2 p.m. - Sponsorship and tabling - SCCOE, 1290 Ridder Park Dr, San Jose, CA 95131	April 12 – Milpitas Earth Day - 10 a.m. – 12 p.m. - Dream Home and tabling - Rengstorff Park, 201 S Rengstorff Ave, Mountain View, CA 94040
April 19 – Mountain View Earth Day - 10 a.m. – 2 p.m. - Dream Home and tabling - Rengstorff Park, 201 S Rengstorff Ave, Mountain View, CA 94040	April 25 – Saratoga Elementary Earth Day - Time TBA - Tabling - 14592 Oak St, Saratoga, CA 95070

The latest Quarterly Report on Decarbonization Strategy and Programs can be viewed in Attachment 3.

Regulatory & Legislative Update

February 21, 2025, was the bill introduction deadline for the state legislature. Staff is reviewing and analyzing several bills related to energy, climate change, and affordability. An early priority bill is SB 504 (Becker, Stern) on regional energy markets. The bill would allow the formation of a new Regional Organization to enable California to participate in energy markets with other western states. These west-wide markets will help reduce costs while improving reliability and making it easier to achieve the state's clean energy goals. SVCE looks forward to working with Senator Becker to secure the bill's passage.

SVCE Office Space Update

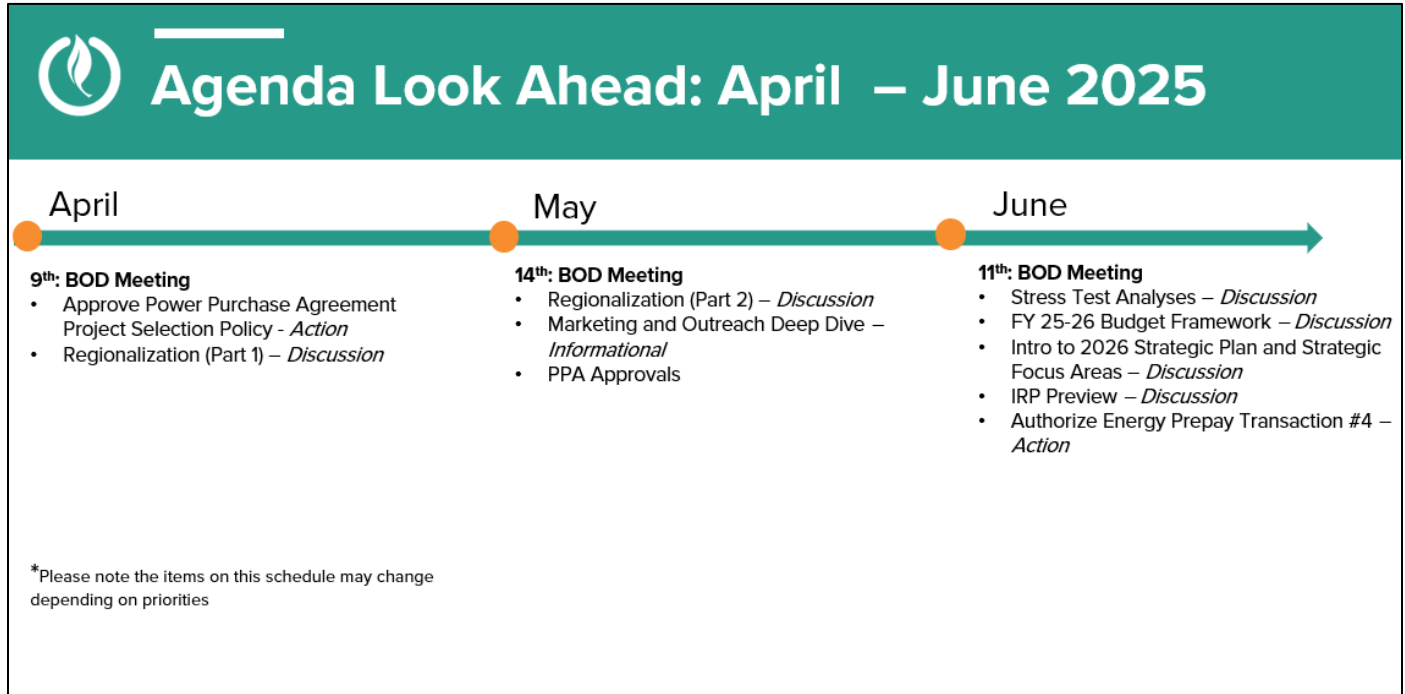
Great news to share on our efforts to purchase a building: all documents were signed and we received the keys to our new office at 298 South Sunnyvale Avenue. With the purchase of the building behind us, we have shifted our efforts to selecting an external project manager to help with the interior design and buildout of the space. The building is 28,000 sq ft, which will be more than enough space to accommodate staff, our own boardroom, on-site storage and still have space to create a place which reflects the needs of our community. Staff will seek input from the Board on their collective vision for the space.

SVCE issued an RFP to select a consultant to serve as an in-house project manager and expert for the development of the building. Proposals are due March 26th.

We look forward to developing a great space not only for staff, but for our community to enjoy as well.

Agenda Item: 2**Agenda Date: 3/12/2025****Look Ahead Update**

Staff continues to plan for Board and committee meetings through the end of the year. Below is a preview of what's ahead for the Board from April through June 2025:

**ATTACHMENTS**

1. Clean Power Update, March 2025
2. Regulatory and Legislative Update, March 2025
3. December 2024 Decarbonization Strategy and Programs Quarterly Report

Agenda Item: 2**Agenda Date: 3/12/2025****Exhibit 1 - CEO Agreements Executed Under Delegated Authority**

The following agreements have been executed by the CEO, consistent with the authority delegated by the Board:

Type	Consultant	Description	Compensation	Term	Authority
Amendment	Granicus	Communications Cloud and Communications Cloud Advanced Package and related services	NTE - \$26,304.09	Extends term to 6/30/2025	CEO Spending Authority
Agreement	Nixon Peabody	Intellectual Property Legal Services	NTE - \$15,000	1/28/25 – 12/31/25	CEO Spending Authority
Agreement	Environmental Innovations	Commercial Customer Outreach Services	NTE - \$25,000	1/30/2025– 11/30/2025	CEO Spending Authority
Agreement	Colantuono Highsmith Whatley, PC	Special Counsel for Proposition 26 and 218 Matters	NTE - \$20,000	2/3/25 – no term end date	CEO Spending Authority
Agreement	Cost Sharing Agreement with AVA Community Energy Authority	S&P Global Market Intelligence LLC Services	NTE- \$36,000	2/3/25 – no term end date	CEO Spending Authority
Agreement	Cost Sharing Agreement with CC Power	RA Report	NTE - \$7,333.33	2/3/25 – will terminate upon the later of termination of the Contract with Gridwell Consulting and five years	CEO Spending Authority
Amendment	Optony, Inc.	Fleet Electrification Technical Assistance	NTE - \$512,000	1/3/2023- 1/2/2027	Board Approved (2/12/25)
Agreement	G &E Real Estate Management Services, INC	Property Management Services	NTE- \$60,000	2/25/25 – 2/24/26	CEO Spending Authority


Exhibit 2 - CEO Power Supply Agreements Executed Under Delegated Authority

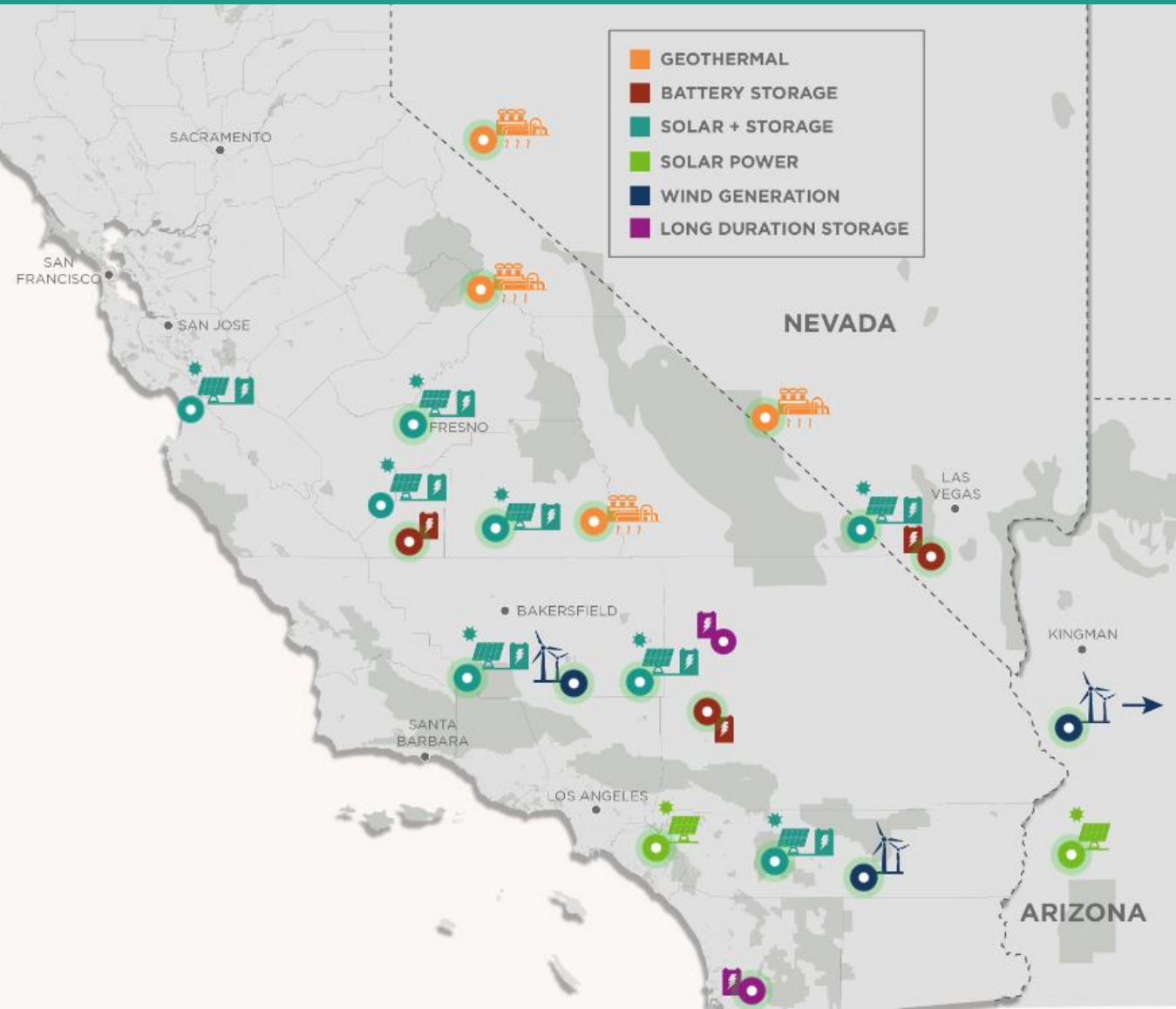
Counterparty Name	Execution/Effective Date	Transaction Type	Product	Start Date	End Date	Notional Value
Shell	2/5/2025	Sale	Resource Adequacy	4/1/2025	4/30/2025	\$24,000.00
High Desert Power Project, LLC	2/20/2025	Sale	Resource Adequacy	4/1/2025	4/30/2025	\$408,000.00
TransAlta	2/20/2025	Purchase	Hedge Energy	7/1/2025	7/31/2025	\$2,062,740.00
TransAlta	2/20/2025	Purchase	Hedge Energy	9/1/2025	9/30/2025	\$2,447,172.00
TransAlta	2/20/2025	Purchase	Hedge Energy	10/1/2025	10/31/2025	\$2,081,340.00
Morgan Stanley Capital Group	2/20/2025	Purchase	Hedge Energy	8/1/2025	8/31/2025	\$2,844,728.64
Morgan Stanley Capital Group	2/20/2025	Purchase	Hedge Energy	9/1/2025	9/30/2025	\$1,004,940.00
Morgan Stanley Capital Group	2/20/2025	Purchase	Hedge Energy	10/1/2025	10/31/2025	\$2,439,739.68

CEO Report Clean Power Update

SVCE Board Meeting
March 12, 2025



Clean Long-term Power Agreements



- \$3.8B+ in commitments
- 22 PPAs signed
 - 19 new build projects
- 1,045 MW of Renewable Power
- 2,045 MWh of Battery Storage
- 9 Projects now delivering to SVCE:
 - COSO geothermal - January 2022
 - Slate Solar + Storage – January 2022
 - Casa Diablo geothermal – July 2022
 - Mountain View wind – July 2022
 - Rabbitbrush Solar + Storage – October 2022
 - Terra-Gen Wind – January 2023
 - Yellow Pine Solar + Storage – July 2023
 - Victory Pass Solar + Storage – March 2024
 - Baldy Mesa Storage (RA-only) – June 2024



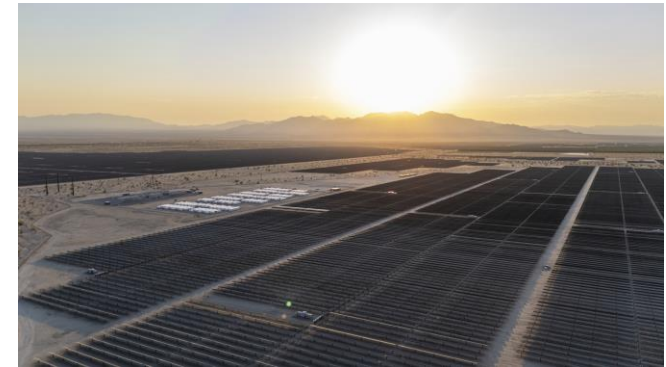
Long-Term Contracts: Online

Item 2
Attachment 1

	Seller	Project Name	Technology	Generation MW	Storage MW	Storage MWh	Term (years)	SVCE Board Approval
1	MN8	Slate	Solar + Storage	93	46.5	186	17	Oct-18
2	Ormat	Casa Diablo	Geothermal	7			10	Feb-20
3	Atlantica	Coso	Geothermal	43.8			15	Mar-20
4	Leeward	Rabbitbrush	Solar + Storage	40	8	20	15	Apr-20
5	NextEra	Yellow Pine	Solar + Storage	50	26	104	20	May-20
6	AES	Mountain View	Wind	33.3			20	Apr-21
7	Clearway	Victory Pass	Solar + Storage	100	25	100	15	May-21
8	Terra-Gen	Cameron Crest	Wind	77.7			15	May-21
9	AES	Baldy Mesa (RA-only)	Storage	0	75	300	10	Sep-22



Casa Diablo Geothermal



Victory Pass Solar + Storage



Long-Term Contracts: In Development

	Seller	Project Name	Technology	Generation MW	Storage MW	Storage MWh	Term (years)	SVCE Board Approval	Status
1	Avantus	Aratina	Solar + Storage	80	50	200	20	Jun-20	Pre-construction
2	174 Power Global	Atlas	Solar	50			10	Jan-21	Pre-construction
3	SB Energy	Angela	Solar + Storage	20	10	40	15	Mar-21	Pre-construction
4	Origis	San Luis West	Solar + Storage	62.5	15.625	62.5	15	Apr-21	Pre-construction
5	Rev Renewables	Tumbleed	Long Duration Storage		15.9375	127.5	15	Feb-22	Construction
6	Onward	Goal Line	Long Duration Storage		14.2	113.6	15	Mar-22	Pre-construction
7	Ormat	Geothermal Portfolio	Geothermal	16.75			20	Jun-22	Pre-construction
8	OME	Fish Lake	Geothermal	1.82			20	Jun-22	Pre-construction
9	Middle River Power	Hanford	Thermal + BESS	99.4	131.4	131.4	12	Apr-23	Construction
10	NextEra	Grace	Solar	120			15	Aug-23	Pre-construction
11	NextEra	Yellow Pine III	Storage	0	115	460	15	Aug-23	Pre-construction
12	Pattern	SunZia	Wind	100			15	Nov-23	Construction
13	VCI Energy	Glossy Garlic	Solar + Storage	50	50	200	10	Oct-24	Pre-construction



SunZia Wind &
Transmission



SVCE's Contracted Batteries

Item 2
Attachment 1

Overview of SVCE's battery storage portfolio:

- 13 storage sites under contract
 - 5 in operation (180 MW)
 - 8 in development (402 MW)
- All are outdoor and containerized
- All permitted and compliant to NFPA 855 / UL 9540 standards
- 11 Lithium-ion Phosphate (LFP)
- 2 Lithium Nickel Manganese Cobalt Oxide (NMC)
 - SVCE has further discussed additional safety protocols with developers for NMC sites



Victory Pass Solar + Storage



Clean Energy Resources Online Progress as of February 28, 2025

2025 – H1

- Hanford BESS on Peaker: *Construction mode*
- Goal Line Long Duration Storage: *Pre-construction*
- San Luis West Solar + Storage: *Pre-construction - delayed*

2025 – H2

- Atlas Solar: *Pre-construction – delayed*
- Yellow Pine III Storage: *Pre-construction*

2026 – H1

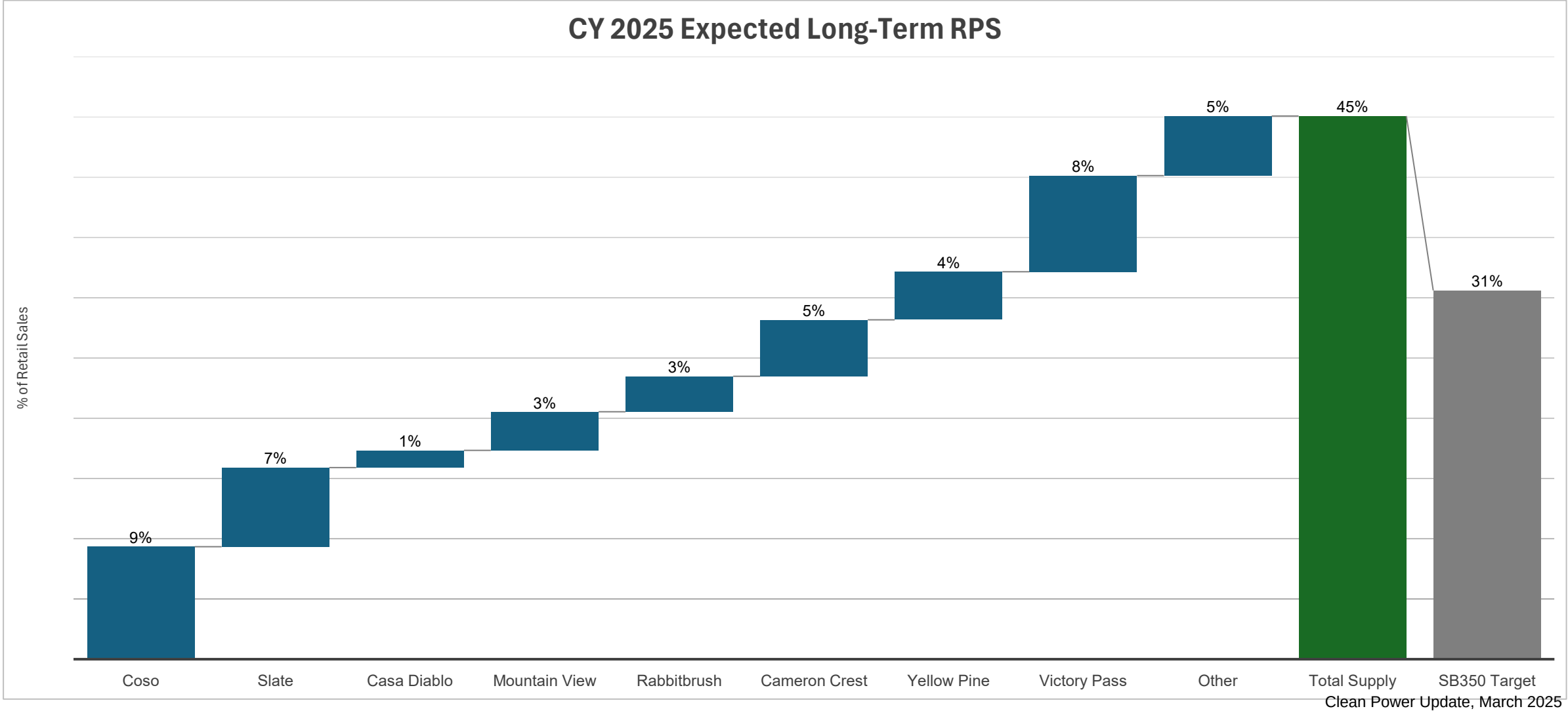
- Tumbleweed Long Duration Storage: *Construction mode*
- Fish Lake Geothermal: *Pre-construction*
- Aratina Solar + Storage: *Pre-construction*

2026 – H2+

- Ormat Geothermal Portfolio: *Pre-construction*
- SunZia Wind: *Construction mode*
- Angela Solar + Storage: *Pre-construction – delayed*
- Grace Solar: *Pre-construction*
- Glossy Garlic: *Pre-construction*

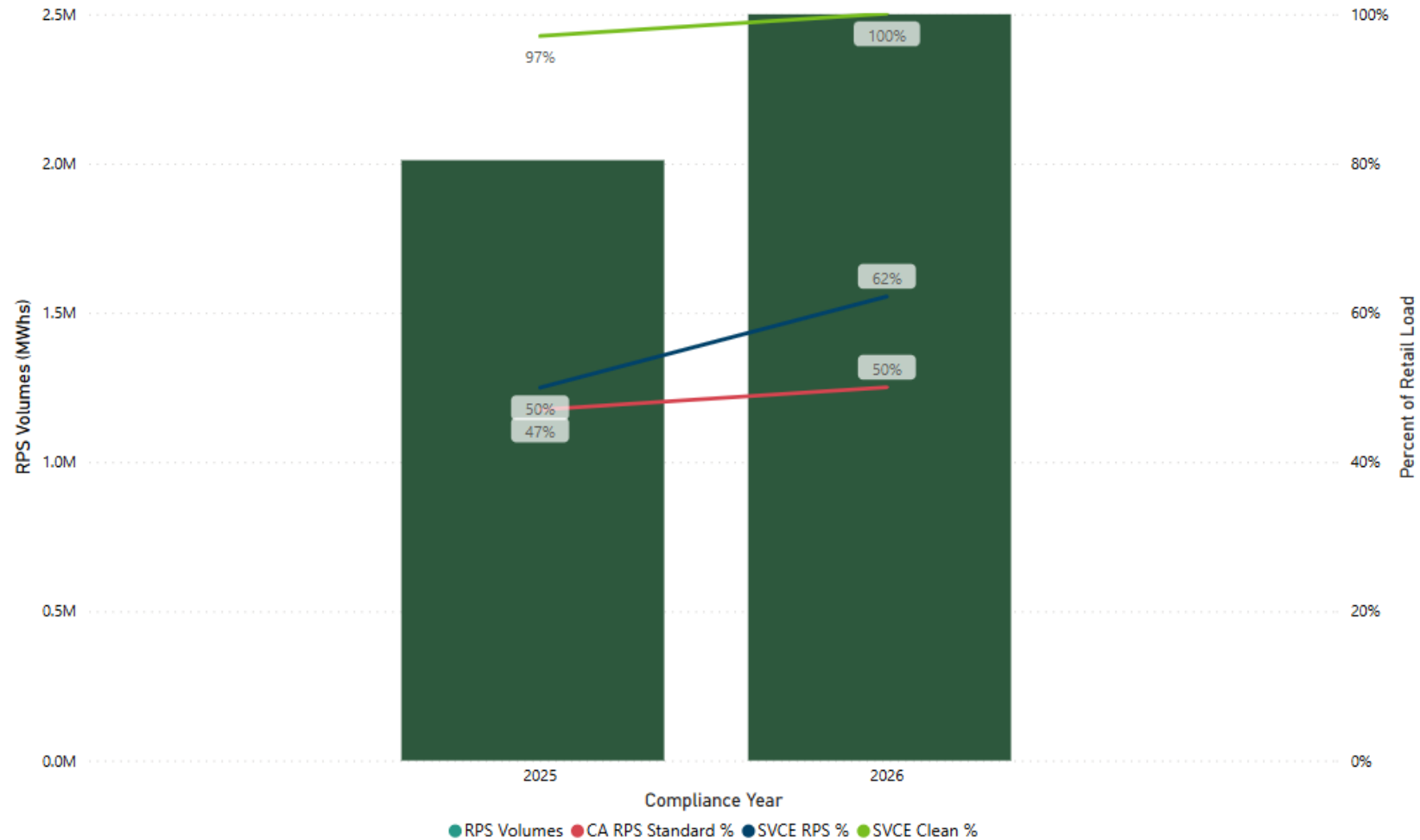


SVCE is Making Significant Progress Toward Meeting Long-Term RPS Requirements





Projected Clean Position for 2025/2026



THANK YOU!



SVCE Legislative and Regulatory Update

March 12, 2025



Policy Updates

Regulatory Update:

1. Application of PG&E for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service

Legislative Update:

1. State Legislation
2. 2025 Legislative Calendar



Regulatory Update



Key Regulatory Activities

Activity	Purpose	Status
Application of Pacific Gas and Electric Company for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service A.24-11-007	To establish new rules for interconnection of some large customer loads.	On November 21, 2024 PG&E filed application A.24-11-007. This application would streamline rules for customers to interconnect large loads, such as data centers. Under the proposal, a customer could pay up front costs via a loan to PG&E and could contribute land, equipment or in-kind services to the project. To protect other customers, PG&E would only repay this loan and make the costs part of general T&D rates once the majority of the expected load is online. PG&E is seeking interim implementation of the application while the CPUC reviews the proposal. A joint group of CCAs including SVCE is participating in the case to ensure, among other things, the proposal does not negatively impact competitiveness, energization of other customers or result in any cost shifts between customers.



Legislative Update



2025 CalCCA Lobby Day

- Director Martinez Beltran, the 2024 Legislative Ad Hoc Committee Chair, attended along with CCAs from across California. Collectively, CalCCA members met with more than 50 legislative offices.
- Major themes from legislators included concern about energy affordability and impact of Federal Administration changes.





Bill Update

SVCE is reading and analyzing several bills this session. Preliminary bills of interest include:

Bill Number	Summary
SB 332 (Wahab)	Caps IOU rate increases to the Consumer Price Index, restricts disconnections, ties IOU executive compensation to safety metrics, and increases shareholder contributions to the Wildfire Fund, among other measures.
SB 57 (Padilla)	Would require CPUC to establish a rate for data centers with the goal of ratepayer protections.
SB 239 (Arreguin)	Allows advisory bodies of Boards to teleconference with a 2/3 vote of the Board every 12 months.
AB 303 (Addis)	Changes permitting approval from CEC to local governments for siting of battery storage facilities. Prohibits facilities from being placed within 3,200 feet of a sensitive receptor.



SVCE Bill Positions

SVCE has taken the following positions on legislation

Bill Number	Summary	SVCE Position
SB 540 (Becker/Stern)	Allows the formation of a new Regional Organization to enable California to participate in energy markets with other western states.	Support
AB 306 (Schultz/Rivas)	Would prohibit local governments from adopting new reach codes as of January 1, 2025, unless the reach codes were related to emergency health and safety or home hardening.	Concerns and offered amendment suggestions to clarify that local governments can adopt the 2025 state building code and to narrow bill to new construction only.



Key 2025 State Legislative Milestones

- ~~January 6 — Legislature Reconvenes~~
- ~~February 21 — Last day for bills to be introduced~~
- May 2 – Last day for policy committees to hear fiscal bills
- May 23 – Last day for fiscal committees to hear bills introduced in that house
- June 6 – Last day for each house to pass bills introduced in that house
- June 15 – Budget bill must pass by midnight
- July 18 – Last day for policy committees to vote on bills
- August 29 – Last day for fiscal committees to vote on bills
- September 12 – Last day for each house to pass bills
- October 12 – Last day for Governor to sign bills

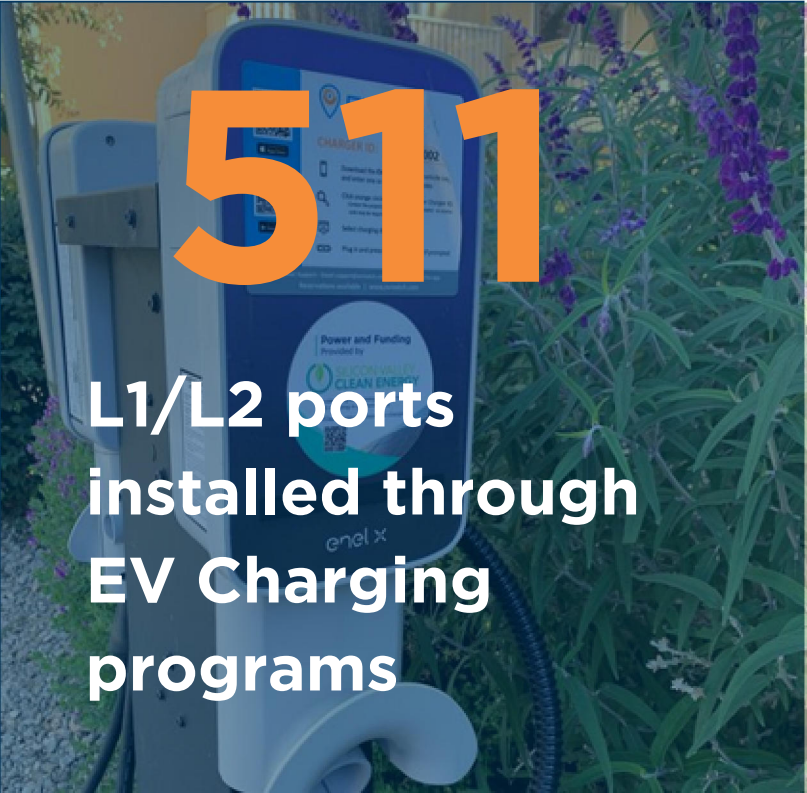
Quarterly Report

December 2024 Milestones



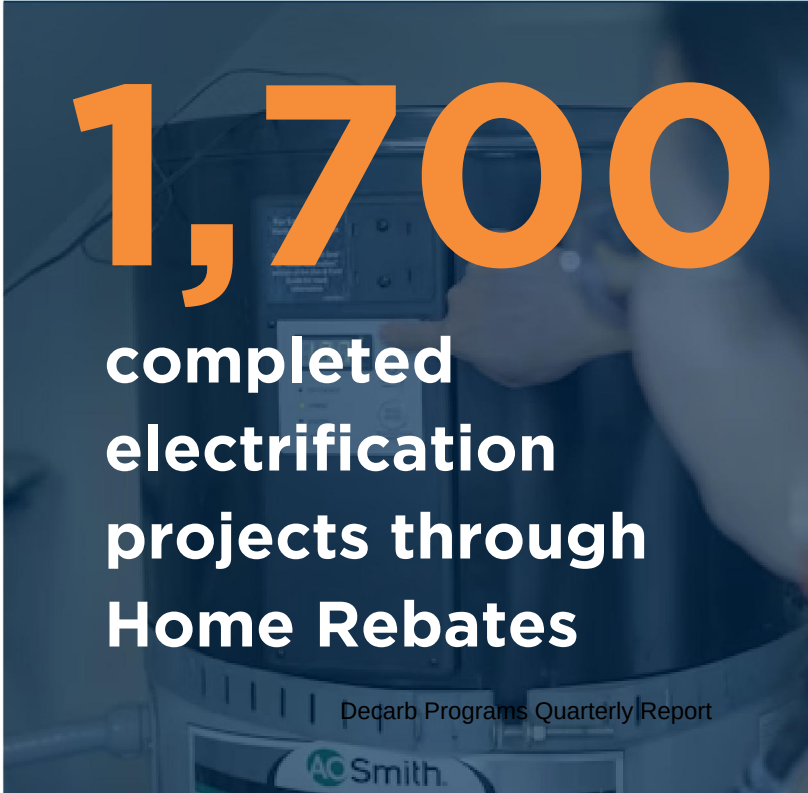
288

contractors
complete
Contractor
Training



511

L1/L2 ports
installed through
EV Charging
programs



1,700

completed
electrification
projects through
Home Rebates

PROGRAMS PORTFOLIO

DEC 24

Quarterly Report

Active Programs

See Glossary for program descriptions. Title links to program homepage (if available).

Name	Budget	Potential Impact	Cumulative Impact To-Date	Last Quarter (Update)	Next Quarter (Target)
Multifamily Retrofits (TE and BE)	\$12.5M	300 to 1,000 MF AH units electrified	2 multifamily sites enrolled	Completed 2 site assessments. Issued RFP for General Contractor.	Reissue Contractor RFP to select contractor with better pricing. Start construction at 2 sites.
EV Charging Incentives	\$11.4M	80 MUDs with EVI (720 ports) 4,000 L1/L2 chargers at affordable housing	21 MUD active reservations (166 ports) 16 sites completed (166 L1/L2)	Processed 3 new MUD claims for 17 additional EV ports. Raised per site maximum to \$100k (from \$50k).	Continue to expand enrollment and ways to help connect customers to vendors.
Full-Service Home Upgrades	\$11.4M	600 single-family homes electrified	Soft launched program in November 2024	Soft launched program in November 2024.	Complete installations for 10 projects.
Home Rebates	\$10.05M	2,800 homes fully/partially electrified	1,700 homes fully/partially electrified	Cumulative results: 654 HPWH, 1073 HVAC, 70 Induction, 532 prewiring. Applications launched in Salesforce.	Hit 2,000 claims. Update requirements for appliances. Launch rebate adders for Milpitas and Mountain View.
Electrification Rate Discount	\$9.5M	5,000 customers enrolled	4,200 enrolled	Significant enrollment growth. NEM analysis completed. Synthesized learnings to-date.	Finalize proposals for E-ELEC design revision. Create timeline for board presentation.
Member Agency Grants	\$6.5M	13- 18 new member agency projects focused on community engagement and capital decarb project	Received 1 noncompetitive grant application	Launched the noncompetitive and competitive grants.	Hold pre-application webinar for competitive grant solicitation.
Community Energy Resilience	\$5.15M	13 agencies complete projects	5 completed agency projects	Cupertino received two off-grid EV chargers and trailer to rotate chargers to different community locations.	Monitor and reimburse agencies as projects are completed.
C&I Decarbonization Program	\$5M	8,000 metric tons of CO2e removed through carbon saving measures	5 customers enrolled in the program, 7 "warm" leads reviewing Agreement	3 onsite energy audits completed, reports in development.	Continue on-site energy audits. First cohort-wide workshop scheduled for March 14.
Decarbonization Demonstration Grants	\$3.2M	8 local public facing electric projects	1 project complete	Worked with several agencies to execute grant extensions to accommodate project delays.	Support grantee community engagement efforts and grant extensions.

Decarb Programs Quarterly Report

PROGRAMS PORTFOLIO

DEC 24

Active Programs

Name	Budget	Potential Impact	Cumulative Impact To-Date	Last Quarter (Update)	Next Quarter (Target)
Permit Modernization	\$3.2M	13 member agencies improve electrification permitting	Permitting agencies are briefed and have action plans in place	Action plans were finalized in 12 of 13 jurisdictions.	Resources actively deployed in at least five agencies.
Emergency Water Heater Replacement	\$2.6M	700 emergency water heaters upgraded	Launched program in November 2024	Launched program in November 2024.	Complete installations for 10 projects.
CALeVIP 1.0	\$2.5M	85 DCFC installed 1,100 L2 installed	10 DCFC installed 319 L2 installed	Continued processing incentive payments as installations were completed.	Continue making payments to DCFC and L2 projects as they are completed.
Customer Resource Center (eHub)	\$2.1M	1.5M email opens 350K unique web visits	1M email opens (54% open rate) 393K web visits	Sent emails promoting: - Solar + Battery Assistant - New eHub in PCL Launched new eHub Nov 18.	Launch EV Finder. Develop Appliance Marketplace rebate promotions. Prepare Go Electric Campaign.
Fast Charger Incentives	\$1.875M	10 DCFC installations near MUD hotspots	10 of 10 ports are live now (4 sites)	All sites now energized. Explored ways to support one site through ownership transition.	Complete ownership transition for one site.
Existing Building Policy Experiment	\$1.9M	Spur action on building electrification and reduce building gas combustion	Concepts have been introduced and are no longer "foreign" and momentum is building for incorporation into 2025 Reach Code effort	Action plans were finalized in 12 of 13 jurisdictions.	Convene initial regional workshop for staff on Reach Code options and developments.
Contractor Training	\$1.7M	300 contractors trained 500 graduate incentives	288 contractors completed training 187 approved graduate incentive claims	Significant growth in registrations and incentive claims.	Achieve 300 completed contractor trainings.
EV Rebates	\$1.5M	600 EV purchase incentives for income qualified customers	4 claims paid	Launched program on Oct 19, 2024. Held 2 community events with CBO partners.	Increase marketing and education efforts. Hold 2 additional community education events. Continue to grow dealership network.
Programs Marketing Fund	\$1M	4,500 new program participants	Marketing provided for 10 programs. 1,880 program participants added.	Google Analytics setup phase 1 completed. See individual programs for more detailed updates.	Large Go Electric umbrella campaign planning with School of Thought (vendor). Complete allocation of marketing fund for 2025.
GridShift EV Charging and Rebates	\$973K	Bill/emissions savings and load shifting capacity	1,601 EVs enrolled (incl. ChargeWise pilot participants) 58 charger rebates	Launched ChargeWise pilot and recruited pilot participants.	Monitor ChargeWise results and customer savings. Adjust dynamic rate adders as needed.

PROGRAMS PORTFOLIO

DEC 24

Active Programs

Name	Budget	Potential Impact	Cumulative Impact To-Date	Last Quarter (Update)	Next Quarter (Target)
Go Electric Advisor	\$892K	3,600 customers use hotline, 1,200 use tech assistance, 350 use electrification plans	714 customers use service	Record participation in Q4. Contacts largely driven by FutureFit Homes participants with questions on available incentives and upgrade process.	Increase marketing campaigns and aim for 400 new contacts.
Business Rebates	\$750K	20-30 SMBs electrified	7 SMBs fully/partially electrified	Presented at Cupertino Business Incentives workshop. Drafted Consultant Agreement for site assessment pilot. Processed first two rebate claims in Salesforce.	Determine project rebate caps. Award 2 to 4 new rebates. Present at another chamber event. Launch site assessment pilot program.
EV Charging Planning	\$725K	60 assessments, 36 projects done, 250 ports installed	73 applications (49 completed)	Prepared 4 new site solutions. Enrolled 1 new property	Expand enrollment through email and other marketing channels. Determine and execute wind-down strategy.
EM&V	\$640K	Evaluate 80% of SVCE programs within 2 years of launch	11 reports completed	Completed TO6 (EVI) and TO15 (Home Rebate) reports. Set up new TO for Member Agency Grants.	Set up TOs for 5 additional programs.
SV Building Electrification Stronger Together	\$600K	Educate stakeholders about building electrification	35 new stakeholders engaged to date	Completed RFP process for contractor bench. Completed design of CBO programs bench.	Hold the first contractor bench focus group. Release community partnership grant and conduct information session.
Decarbonization Engagement Grants	\$442K	5 communities engage residents on climate action topics	1 project complete	Worked with several agencies to execute extensions to accommodate project delays.	Monitor and reimburse agencies as projects move to completion.
Natural Gas Phaseout Feasibility	\$300K	Complete 2 whitepapers to inform local, regional, and statewide policies	1 whitepaper (funding requirements) completed	Assessed the most challenging home electrification configurations and developed solutions for each.	Finalize technical solutions analysis report.
Fleet Electrification	\$300K	Complete fleet electrification and charger installation planning for 10 fleets	10 fleets in progress	Three (3) agencies have completed the planning program. Remaining 7 agencies are actively proceeding.	Finalize 2 additional agency engineered plans and recruit new fleets into the program.
Lights On Silicon Valley	Power Supply Budget	750 SFH and 5 MF projects	657 enrolled SFH at outset of delivery period	Capacity from behind-the-meter solar and storage projects was delivered to SVCE.	Continued delivery and adjustments to dispatch as needed.

PROGRAMS PORTFOLIO

DEC 24

Planning

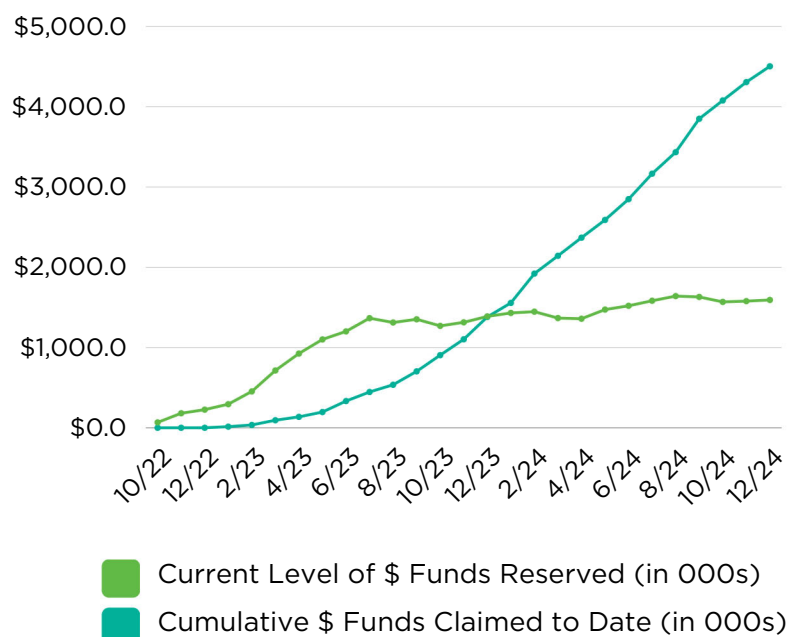
Name	Budget	Potential Impact	Last Quarter (Update)	Next Quarter (Target)
Tariffed On Bill (TOB) Financing	\$5.2M	200 customers finance electrification	Ongoing pilot design with focus on billing implementation.	Launch OBF pilot and begin enrollment.
Community Grants	\$3.5M	Fund resiliency, engagement, and decarbonization projects for schools, community groups, and non-profits	Divided the larger \$10M allocation into three different program areas.	Explore adding fellow to assist with program design.
Neighborhood Electrification	\$1.5M	Test model to electrify buildings within a community. Electrify 15 homes and set plans for 24 homes	Continued pilot program design.	Release RFP for vendor.
Workforce Development Partnerships	\$1.3M	Increase capacity to coordinate and train skilled workforce for residential electrification jobs	Continued program design and met with stakeholders.	Complete program design.
Demand Flexibility and Virtual Power Plant programs	\$1M	Connectivity to flexible, customer-sided loads to enable bill savings, avoided generation and capacity costs, reliability and carbon benefits	Completed competitive solicitation for demand flexibility services. Received 16 proposals, reviewed 8 in depth. Completed 2 rounds of interviews with 4 firms.	Select firm(s). Develop scopes of work and program design. Execute contracts with selected firm(s) for capacity, flexibility and associated services.
Innovation Onramp (EV Charging Pilot)	\$1M	Demonstrate innovative and scalable solutions to reduce the cost of EV charging for MF residents.	Received 11 proposals in this grant cycle. Applications are currently under review.	Launch 3-4 projects with the selected vendors.
E-Bike Rebates	\$500K	450 e-bikes	Program paused due to staffing constraints.	Determine new timeline and next steps for program launch.
Innovation Onramp (Rock Rabbit)	\$190K	Pilot an innovative web app to assist homeowners and contractors to apply for multiple incentives simultaneously.	Continued integration of Rock Rabbit app with SVCE's internal data tools and systems.	Soft Launch to small group of residential customers and contractors planned for February 2025. Full launch to all residential customers in late March/April 2025.

PROGRAMS HIGHLIGHTS

DEC 24

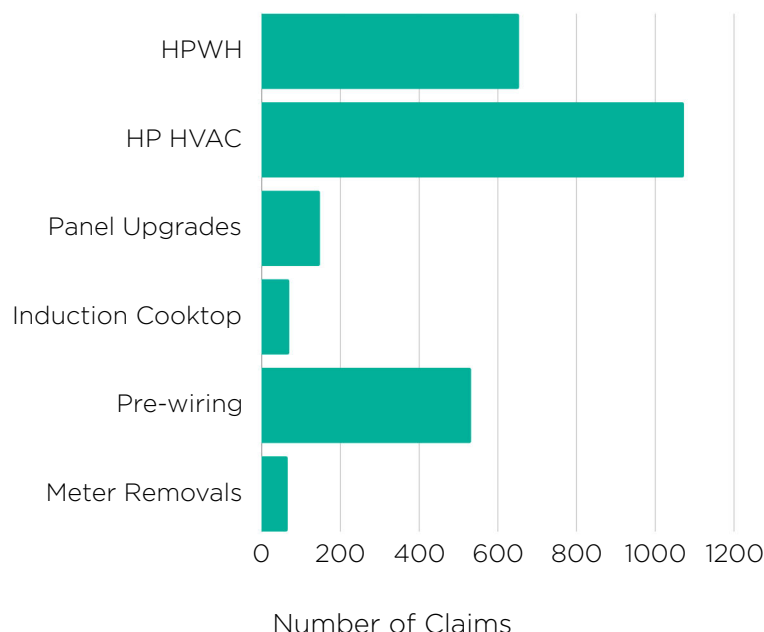
Home Rebates

Provide incentives to residents for heat pump water heaters (HPWH), heat pump HVAC systems, service panel upgrades, induction cooktops, and pre-wiring to replace gas appliances.



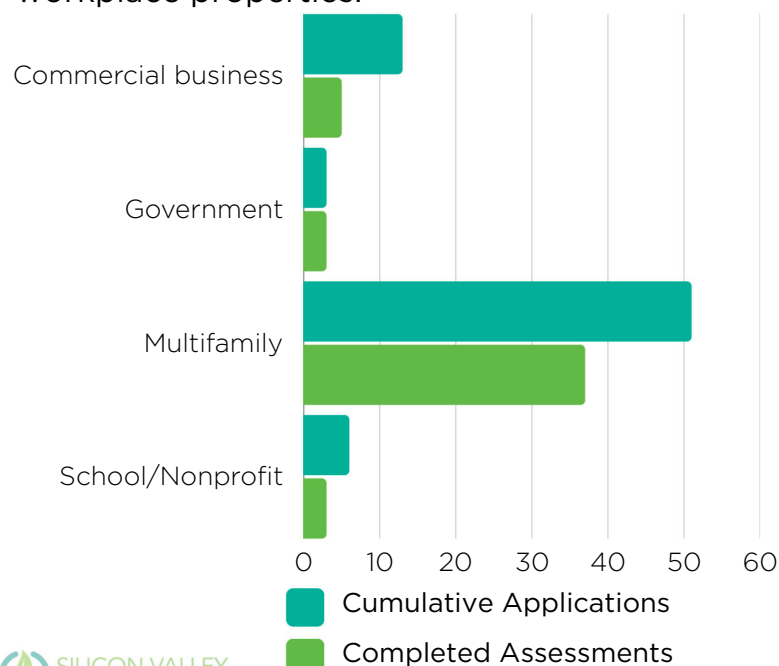
Rebates claimed: \$4.5M

Rebates reserved: \$1.6M



EV Charging Planning

Assistance in site assessment, preliminary design, and applying to rebates for charging at multifamily housing and small and medium workplace properties.



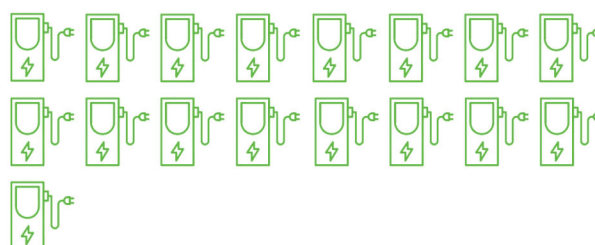
EV Charging Incentives

Incentive program for L1 and L2 EV charging infrastructure at multifamily properties

Funds Reserved: \$789K

Funds Claimed: \$650k

Ports Installed: 166 L1/L2



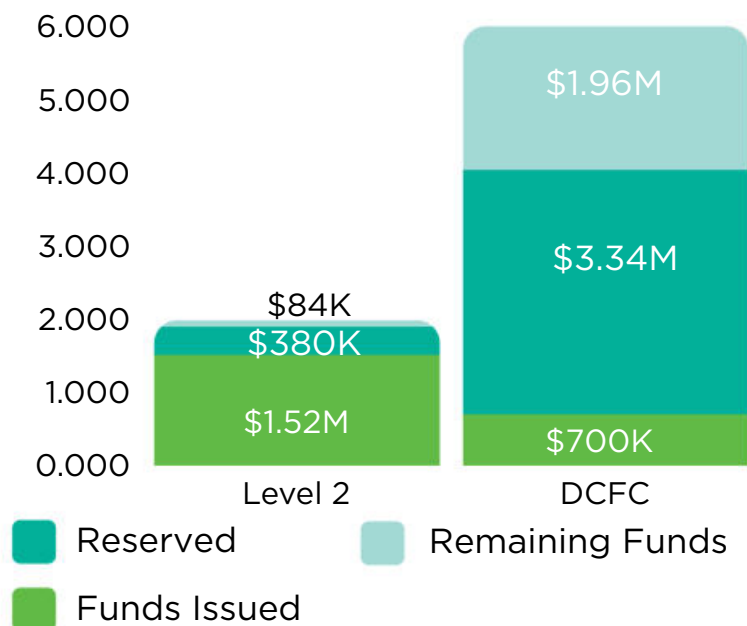
= 10 Installed EVSE Ports

PROGRAMS HIGHLIGHTS

DEC 24

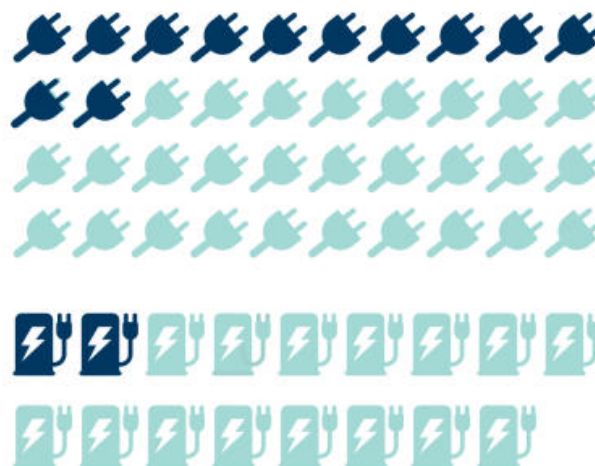
CALeVIP

Provide incentives for electric vehicle (EV) chargers as part of a regional program.



Funding: \$11.58M

Goal: 1K Level 2 + 85 DC Fast Chargers

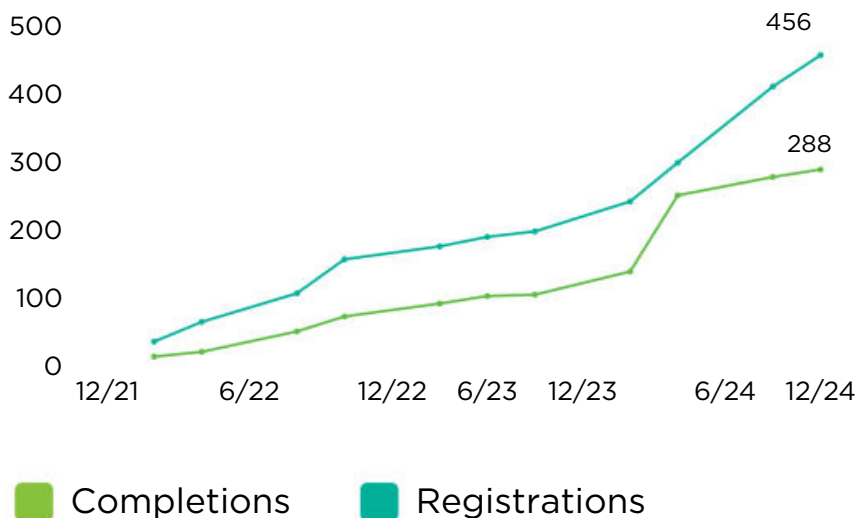


= 25 Level 2 Installations

= 5 DCFC Installations

Contractor Training

Provide financial relief to contractors by expanding their knowledge of electrification technologies.



Funding: \$1.5M

Goal: 300 Participants Complete the Course (Phase 2)



= 10 Participants Complete Course

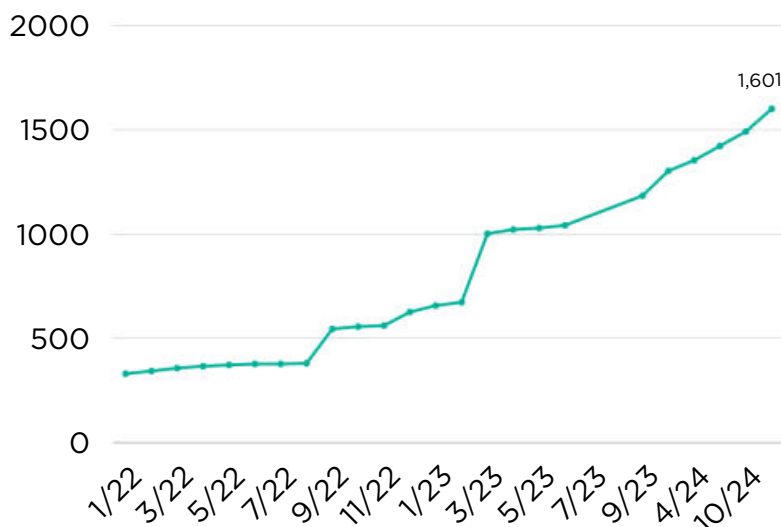
Decarb Programs Quarterly Report

PROGRAMS HIGHLIGHTS

DEC 24

GridShift EV Charging

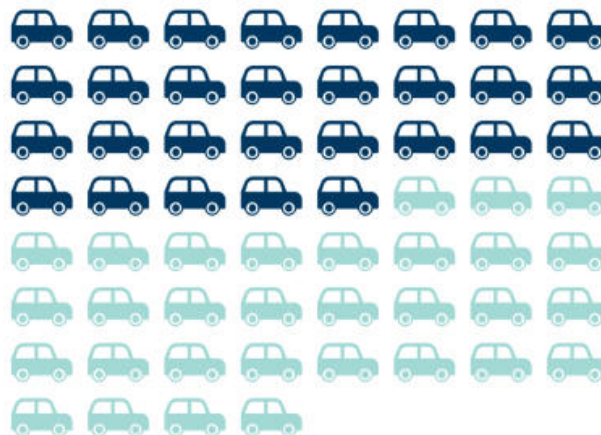
Managed EV charging app that optimizes charging to reduce associated costs and emissions.



■ Number of Enrolled EVs

Rebate Goal: \$30K

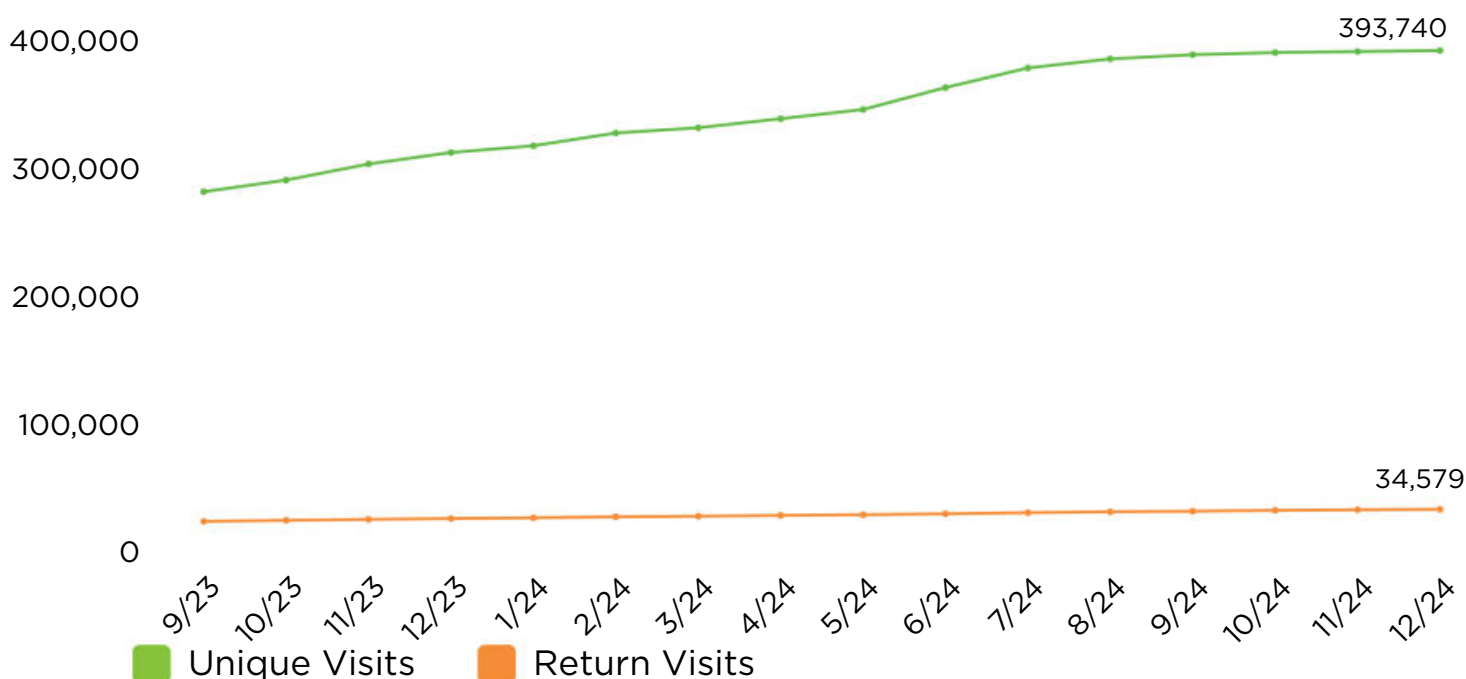
Goal: 120 EV Chargers
added to fleet



Charger Rebates Issued: 58

eHub Report

Online customer resource center to enable engagement, education and action related to clean electricity, EVs and home electrification.



■ Unique Visits

■ Return Visits

MARKETING HIGHLIGHTS

DEC 24

Contractor Lunch and Learns

Goal: To engage and reach local contractors who have not heard of SVCE offers and services or those who are aware of our programs but rarely engage.

Results: 41 contractors from our service territory attended our events in Mountain View and Morgan Hill, which were designed as small, intimate lunch-and-learn sessions. We reached our target audience via email, phone calls, and brochures.



CONTRACTOR LUNCH & LEARN

November 14 & 19
12:00 - 1:30 P.M.

REGISTER BELOW

Hello Contractors,

We sincerely appreciate your ongoing support of Silicon Valley Clean Energy (SVCE) and your commitment to staying informed about our programs. We invite you to join one of two upcoming lunch-and-learn events where you can explore current incentives and innovative tools to boost your productivity, save time, and benefit your business with streamlined quotes and rebates. This is also a great opportunity to network with other professionals and engage with leaders in all-electric technologies. Don't miss out on valuable insights to help grow your business and stay up-to-date.

Event Benefits:

1. Complimentary lunch
2. Learn about SVCE and other incentives
3. Network with fellow contractors

Space is limited, so be sure to sign up ASAP!



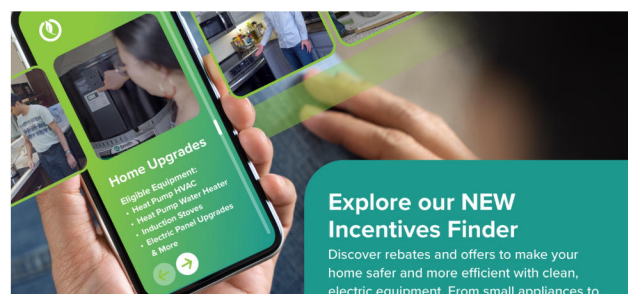
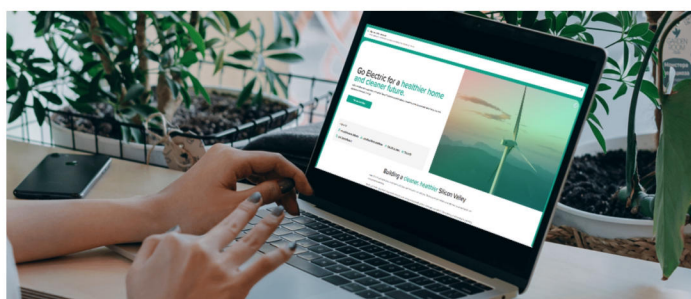
(Contractors can only sign up for one of the two events.)



Launch of the New and Improved eHub

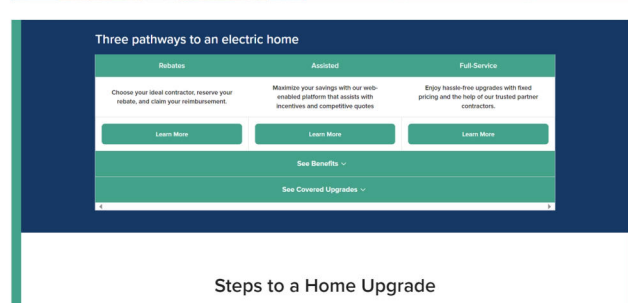
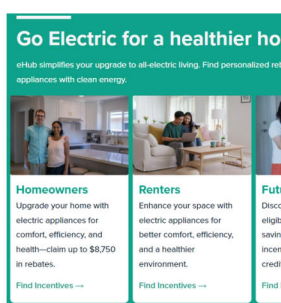
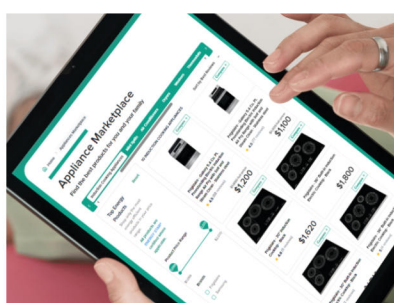
Goal: Increase accessibility and remove barriers to going electric by improving the user experience (UX).

Tactics: Launched the new eHub mid-November, published a press release, and updated customers via our monthly newsletter and the annual Power Content Label.



Explore our NEW Incentives Finder

Discover rebates and offers to make your home safer and more efficient with clean, electric equipment. From small appliances to



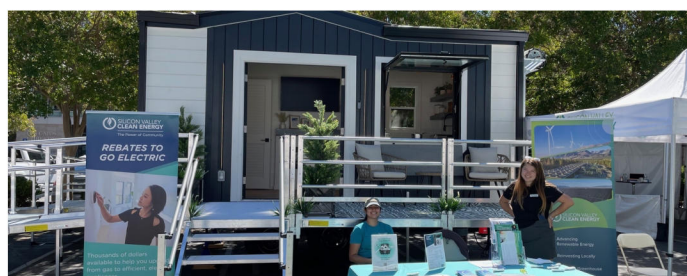
Steps to a Home Upgrade

Decarb Programs Quarterly Report

Dream Home at Community Events

Goal: Promote a hands-on, interactive experience with modern electric equipment to demonstrate why customers should replace fossil fuel appliances.

Tactics: SVCE partnered with the San Jose Conservation Corps to design and build the Dream Home, a demonstration trailer featuring a heat pump mini-split, induction cooking, heat pump water heater, and more. In 2024, SVCE brought the Dream Home to ten community events.



Built Environment

Community Energy Resilience: Resources (grants) and tools for member agencies to increase individual and collective capacity to adapt to future power outages.

Electric Showcase Awards 2.0: Award program to recognize residential, commercial, and non-profits who are early adopters of existing building electrification.

Decarbonization Demonstration Grants: Grants to encourage member agencies and other key groups an opportunity to electrify their facilities. Focus on projects with public visibility for education/awareness purposes.

Decarbonization Engagement Grants: Grants for member agencies and other key groups to work on smaller electrification engagement initiatives to engage their communities.

Electrification Rate Discount: Custom rate to promote building electrification.

Existing Building Policy Experimentation: Assess and support potential policy levers that member agencies can explore to mitigate emissions from existing buildings.

Feasibility Assessment of Natural Gas Phase Out by 2045: Feasibility study to identify technical, legal, and economic barriers and opportunities for phasing out natural gas service by 2045 in SVCE's service territory.

Contractor Training: Training and financial incentive program for contractors to expand their knowledge and installation of electrification technologies.

Go Electric Advisor: Comprehensive one-on-one phone or web assistance to SVCE customers to assist them in applying for electrification incentives, technical assistance, or developing a whole-home electrification plan.

Home Rebates: Incentives for various building electrification technologies for single- and small multi-family residential customers. Includes major appliances as well as eventual gas meter removal.

Business Rebates: Incentives for projects at a handful of small and medium business properties.

Multifamily Retrofits (BE Direct Install): Comprehensive building electrification retrofits with a direct installer for multifamily affordable housing sites.

Permit Modernization: Benchmark and streamline member agency permitting and inspection processes to identify barriers and opportunities to electrification.

Reach Codes 2.0: Provide model building energy codes supportive of all-electric design and EV infrastructure to member agencies along with consultant support.

Built Environment

SVBEST: Regular regional stakeholder convenings to coordinate program alignment across building decarbonization workstreams.

Tariffed On Bill (TOB) Financing: Equitable financing pilot program for electrification for low-moderate income residents focusing cost recovery through on-bill charges that are lower than bill savings.

Mobility

CALeVIP: Incentives for L2 and DCFC publicly-accessible EV chargers funded by California Energy Commission and SVCE as part of a regional collaboration.

EV Charging Incentives: Incentive program for L1 and L2 EV charging at hard-to-reach multifamily properties.

Fleet Electrification Program: Competitive application for SVCE's fleet electrification planning support and funding for site upgrades targeting a broad set of fleet types.

EV Charging Planning: Technical assistance for preliminary site design and pertinent rebates for charging at multifamily housing and small and medium workplace properties.

Multifamily Retrofits (TE Direct Install): Comprehensive transportation electrification retrofits with a direct installer for multifamily affordable housing sites.

Fast Charger Incentives: Competitive grant application for DCFC installations in "priority zones" that support designated multifamily housing clusters.

SVTEC: Regular regional stakeholder meetings focused on information sharing, solving critical issues, and attracting external funding to the SVCE community in support of EV infrastructure deployment.

Power Supply

Lights On Silicon Valley: Provide incentives for enrolling solar and battery systems in the SVCE grid services program.

Medical Battery Program: Pilot program to deploy ~50 portable batteries to qualified customers who rely on power for medical equipment.

Education & Outreach

Customer Resource Center (eHub): Online customer resource center and marketplace to enable engagement, education, and action related to clean electricity, EVs, and home electrification.

Grid Integration

GridShift EV Charging: Managed EV charging phone app that optimizes charging to reduce associated costs and emissions. Includes incentives for reducing grid peak demand.

Decarb Programs Quarterly Report



Staff Report – Item 3

Item 3: Receive Audit Results and Accept the Findings from Independent Auditor

From: Monica Padilla, CEO

Prepared by: Amrit Singh, CFO and Director of Administrative Services
Karen Chang, Manager of Finance

Date: 3/12/2025

RECOMMENDATION

Receive the Year-End Financial Statements and the Independent Auditor's Report for the Fiscal Year 2023-24.

AUDIT COMMITTEE RECOMMENDATION

At the February 28, 2025, meeting of the Audit Committee, committee members received a presentation by the Independent Auditor discussing the status of the audit and the preliminary auditor's opinion. The Audit Committee also received the draft Annual Audited Financials and the draft Letter of Significant Deficiencies or Material Weaknesses Identified.

BACKGROUND

In accordance with Financial Policy #1 (FP1), Accounting Policy, the annual audit of the financial statements has been completed, and the report prepared by Kosmatka Donnelly & Co., LLP (formerly Pisenti & Brinker, LLP) has been issued to the Agency. The auditors have rendered a clean opinion and found *"the financial statements referred to above present fairly, in all material respects, the financial position of SVCE as of September 30, 2024 and 2023 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America."*

Basic Financial Statements

The Statement of Net Position presents information about assets and liabilities with the difference between the two reported as net position. The change in net position over time is an indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports how net position changed during the year and present a comparison between operating and non-operating revenues and operating and non-operating expenses. Operating revenues and expenses are related to the Agency's principal business of providing carbon-free electricity.

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other sources and uses, such as financing and investing activities.

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements. These are found immediately following the financial statements to which they refer.

ANALYSIS & DISCUSSION

The following represents highlights as of September 30, 2024:

- As of September 30, 2024, total assets were \$571.2 million, with \$420.4 million of current assets. Current assets are mostly comprised of \$261.5 million of cash and cash equivalents, \$43.1 million in accounts receivable, \$29.6 million in accrued revenue, \$710 thousand in deposits, and \$375 thousand in restricted cash held for supplier security deposits. The total of current assets increased during the fiscal year as a result of SVCE's operating surplus.
- As of September 30, 2024, total liabilities were \$86.0 million. Current liabilities consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by SVCE. Other components include taxes and surcharges due to other governments and various other accrued liabilities. Noncurrent liabilities of \$15.3 million consist of mostly supplier security deposits provided as cash, rather than letters of credit.
- As of September 30, 2024, total revenues were \$534.5 million, primarily from the sale of carbon-free electricity. Operating revenues exceeded the cost of electricity by \$173 million resulting in an operating margin of 32.4%.
- As of September 30, 2024, total expenses were \$397.2 million. Expenses for staff compensation, consulting, and other general and administrative expenses increased in 2024 as the organization grew operations and responded to the challenges of a changing business landscape.

STRATEGIC PLAN

This report supports Strategic Plan Goal 6 – “Maintain healthy financial position; avoid failures in the management of market risk, credit risk, liquidity risk, operational risks, and enterprise risks.”

ALTERNATIVE

There is no alternative to this recommendation, as the financial audit is a requirement of Board Policy FP1.

FISCAL IMPACT

During Fiscal Year 2023-24, SVCE's total expenses exceeded total revenues, resulting in an increase to Net Position of \$160.7 million.

SVCE's Auditors, Kosmatka Donnelly & Co., LLP (formerly Pisenti & Brinker, LLP) issued an unqualified (“clean”) opinion on the Agency's financials for the fiscal year ended September 30, 2024.

ATTACHMENTS

1. Audited Financials for the fiscal year ended September 30, 2024
2. SVCE Representation Letter
3. Letter of Significant Deficiencies or Material Weaknesses

Silicon Valley Clean Energy Authority

Financial Statements
Years Ended:

September 30, 2024
September 30, 2023

With Report of Independent Auditors



SILICON VALLEY CLEAN ENERGY AUTHORITY
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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Independent Auditor's Report

To the Board of Directors
Silicon Valley Clean Energy Authority

Opinion

We have audited the accompanying financial statements of Silicon Valley Clean Energy Authority (SVCE), which comprise the statements of net position as of September 30, 2024 and 2023, the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SVCE as of September 30, 2024 and 2023, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SVCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SVCE's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.



Pisenti & Brinker LLP has joined practices with Kosmatka, Donnelly & Co., LLP (dba, KDP Certified Public Accountants, LLP). The former Pisenti & Brinker LLP Partners are now Partners of KDP Certified Public Accountants, LLP (KDP). KDP Certified Public accountants, LLP is a licensed CPA firm that provides attest services to its clients. Pisenti & Brinker Management LLC provides professional tax and business consulting services to its clients. Pisenti & Brinker Management, LLC and KDP Certified Public Accountants, LLP practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations, and professional standards.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SVCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Kosmatka, Donnelly & Co., LLP

Santa Rosa, California
January 31, 2025

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

The purpose of management's discussion and analysis (MD&A) is to help stakeholders and other readers understand what the financial statements and notes in this report say about Silicon Valley Clean Energy Authority's (SVCE) financial health and why it has changed since last year. It contains information drawn from other parts of the report, accompanied by explanations informed by the finance staff's knowledge of SVCE's finances.

Overview of the Financial Statements

SVCE's financial report contains basic financial statements, which include:

- The *Statements of Net Position* include all of SVCE's assets, liabilities, and net position and provides information about the nature and amount of resources and obligations at a specific point in time.
- The *Statements of Revenues, Expenses, and Changes in Net Position* report all of SVCE's revenue and expenses for the years shown.
- The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital and investing activities.
- The notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

Financial Summary

SVCE's Net Position

	2024	2023	2022
Current assets	\$420,352,985	\$376,699,458	\$270,632,455
Noncurrent assets:			
Capital assets, net	761,171	1,259,365	1,681,871
Other noncurrent assets	150,052,998	56,864,643	45,330
Total noncurrent assets	150,814,169	58,124,008	1,727,201
Total assets	571,167,154	434,823,466	272,359,656
Current liabilities	70,667,155	86,003,663	51,733,663
Noncurrent liabilities	15,303,125	24,283,988	7,942,472
Total liabilities	85,970,280	110,287,651	59,676,135
Net position			
Net Investment in capital assets	358,431	348,144	287,728
Unrestricted	484,838,443	324,187,671	212,395,793
Total net position	\$485,196,874	\$324,535,815	\$212,683,521

As of September 30, 2024, SVCE's total net position was approximately \$485,000,000, an increase of \$161,000,000 or 50% as compared to September 30, 2023. Most of the increase in net position was a result of SVCE's operating surplus discussed below.

SVCE's Changes in Net Position

	2024	2023	2022
Operating revenues	\$ 534,489,788	\$ 503,675,151	\$ 363,521,534
Nonoperating revenues	23,348,067	9,262,831	1,870,954
Total revenues	557,837,855	512,937,982	365,392,488
Operating expenses	397,162,572	401,057,113	318,708,488
Nonoperating expenses	14,224	28,576	36,126
Total expenses	397,176,796	401,085,689	318,744,614
Change in net position	\$ 160,661,059	\$ 111,852,293	\$ 46,647,874

Increases in electricity sales accounted for most of the increase in total income. The cost of electricity, a component of operating expenses, decreased approximately 4% from fiscal year 2023 to fiscal year 2024 due to changes in volume and market prices.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

Detailed Analysis

Current assets increased from \$377,000,000 at the end of fiscal year 2023 to \$420,000,000 at the end of fiscal year 2024. This increase was due to operating surpluses as well as the timing in paying operating expenses. Current assets at the end of fiscal year 2024 were primarily comprised of cash and investments of \$330,000,000, accounts receivable of \$43,000,000, and accrued revenue of \$30,000,000.

Capital assets are reported net of depreciation and amortization. Each year, the change is mostly due to capital asset acquisitions, less depreciation and amortization expense. Capital assets include leasehold improvements, furniture and equipment, a vehicle, and a lease asset related to SVCE's office premises.

Other noncurrent assets include investments of \$150,000,000 and \$57,000,000 at the end of fiscal years 2024 and 2023, respectively.

The largest component of current liabilities is the cost of electricity delivered to customers that was not yet paid by SVCE by the end of the fiscal year. Current liabilities for the cost of energy fluctuated each year due to changes in payment terms of certain energy products, as well as the prices of those products. Accrued cost of electricity was approximately \$64,000,000 and \$79,000,000 at the end of fiscal years 2024 and 2023, respectively.

Noncurrent liabilities consist of supplier security deposits held by SVCE as collateral.

Operating revenues increased each year from fiscal years 2022 to 2024, primarily from increases in rates charged to customers. SVCE also receives revenues from sources other than retail customer sales. These sources include liquidated damage revenue resulting from electricity suppliers' noncompliance with contract provision and grant income used to assist with various customer programs.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

Detailed Analysis (continued)

Grant income from the California Arrearage Payment Plan (CAPP) was included in nonoperating revenues for fiscal years 2022 and 2023. This grant was applicable for two years and did not recur in fiscal year 2024. Investment income increased each year due to changes in market interest rates as well as increases in invested assets.

Operating expenses fluctuated each year primarily due to market forces that affect the cost of electricity, SVCE's largest expense. SVCE procures energy from a variety of sources to reduce market risk and to maintain a balanced renewable power portfolio. The primary driver of the decrease in energy costs from 2023 to 2024 was decrease in certain market prices.

Significant Capital Asset and Long-Term Financing Activity

SVCE does not own assets used for electric generation or distribution. Included in capital assets are office equipment, such as computers, furniture, a vehicle, leasehold improvements and a leased asset.

Assets that are leased by SVCE, such as office premises, are recorded in the Statement of Net Position with a related liability for future obligations.

Currently Known Facts, Decisions, or Conditions

SVCE serves approximately 96% of all eligible customers in the service area, and that participation rate is expected to remain stable in 2025.

SVCE procures energy consistent with its Board-approved Energy Risk Management Policy that aligns customer demand for clean energy with short and long-term purchases of clean energy resources. SVCE complies with state laws and its own targets for renewable and greenhouse gas (GHG) free energy. California's Renewable Portfolio Standard (RPS) requires load-serving entities such as SVCE to supply their retail sales with minimum quantities of eligible renewable energy annually and through long-term commitments of more than ten years. The state has also directed load-serving entities (LSEs) to procure new clean energy and capacity resources by 2026 to meet grid reliability goals. Senate Bill 100 directs all LSEs to procure 60% of their portfolios from RPS-eligible resources by 2030 and 100% of their retail sales from GHG-free resources (or eligible renewable resources) by 2045. Senate Bill 1020 sets interim clean targets of 90% and 95% by 2035 and 2040. SVCE's current policy is to procure 100% of retail sales, adjusted for transmission and distribution losses, from GHG-free resources. SVCE has executed 18 RPS contracts of ten years or more and has met its RPS requirements for long-term procurement. SVCE is on the path to meeting its requirements as ordered by the CPUC under the Mid-term Reliability Procurement decision (R.20-05-003).

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

Currently Known Facts, Decisions, or Conditions (Continued)

SVCE uses a portfolio risk-management approach in its power purchasing program, seeking low-cost supply and diversity among technologies, production profiles, project sizes and locations, counterparties, length of the contract, and timing of market purchases. SVCE's procurement strategy through 2030 includes regularly procuring new and existing California renewables by 2030 via contracts with terms of 10 years or more. The strategy also includes investing in storage paired with solar, stand-alone storage, long-duration storage, geothermal, and large hydroelectric resources. SVCE continually manages its forward load obligations and supply commitments to balance cost stability and minimization. SVCE closely monitors its open positions for Portfolio Content Category 1 (PCC 1) renewable energy and carbon-free, non-RPS eligible, based on calendar-year targets. SVCE maintains its clean portfolio coverage targets of up to 100% in the near term and leaves a greater portion open in the medium- to long-term, consistent with generally accepted industry practice.

SVCE also procures electric capacity or Resource Adequacy (RA), a California program jointly administered by the California Public Utilities Code (CPUC), the California Energy Commission (CEC), and California Independent System Operator (CAISO). The RA resources ensure enough supply in the right locations and sufficient ramping capability to meet the load in the CAISO market.

In the fiscal year ending September 30, 2024, SVCE's retail load increased by about 2% from the prior fiscal year to 3.93 Terrawatt-hours (TWhrs). SVCE expects retail load to grow to 4.01 TWhrs for the Fiscal Year ending September 30, 2025, resulting primarily from residential load increase due to transportation and building electrification load growth. Over the next ten years, SVCE expects the load to grow by about 2% per year. The forecast also incorporates load-modifying effects of increasing electric vehicle adoption and charging, behind-the-meter solar and/or storage (via net energy metering), and energy efficiency. SVCE's long-term load forecast is driven primarily by the number and types of customers. SVCE's planning accounts for the expected load growth from the transportation, data center (including artificial intelligence), and building electrification sectors.

In 2019, the Board of Directors approved a Commercial Pricing Policy that allows SVCE to offer innovative customized contract offerings to customers that support long-term customer retention. SVCE has signed long-term arrangements with two major customers for customized power supply offerings and is working with additional prospective customers.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

Currently Known Facts, Decisions, or Conditions (Continued)

SVCE expects to continue to provide competitive electric rates. Volatile energy prices and the variability of the power charge indifference adjustment (PCIA) can be barriers to providing stable rates. The PCIA is an accounting mechanism to ensure indifference between bundled and unbundled customers to pay for assets procured by IOUs on behalf of their customers before unbundled customers departed (for a CCA or ESP, e.g.). For SVCE, the PCIA is calculated by determining the market value of Pacific Gas and Electric Company's (PG&E) portfolio for assets procured in 2017 or prior. SVCE's customers pay a proportionate share of the costs incurred for that legacy portfolio. As of January 2023, SVCE has increased its discount relative to PG&E's generation service to 4 percent. SVCE continues to advocate for legislation and regulatory proceedings that impact rates (e.g., procurement mandates, load management standards, and reliability proceedings).

SVCE's commitment to building healthy cash reserves has placed SVCE in a stable position to manage volatile energy prices and future regulatory and legislative risks. SVCE sets aside funds, known as reserves, to ensure it can continue serving customers even during times of financial stress, such as when energy costs are highly volatile. SVCE's analyses of the reserves required to withstand plausible risk events indicate a reserve target to cover 350 days of operation or about \$430 million. Risk event analyses, also called stress tests in the industry, evaluate how extreme but plausible scenarios could deplete reserves. These tests provide valuable insight for shaping fiscal year budgets and reserve targets to help mitigate the impact of potential risks. They can also ensure that SVCE remains resilient in different scenarios and help guide the development of the agency's strategic plan. Risks include market price, revenue, counterparty credit and performance, load and generation fluctuations, operational and financial liquidity, and regulatory and legislative changes.

SVCE is committed to investing funds not needed for operations or to meet reserve requirements into our communities via lower rates and customer and community decarbonization programs that disperse funds through rebates, scholarships, services, and grants. As of the fiscal year ending September 30, 2024, SVCE has remaining earmarked funds of about \$95 million towards these decarbonization programs. Most of these programs have been implemented and are currently available to customers. SVCE is working to market and increase customer adoption, which takes time and can stretch out the disbursement of these funds across many years. Yearly fund disbursements are expected to increase in the coming years with accelerated customer adoption of these programs. In addition to continued baseline funding for decarbonization programs, SVCE plans to implement a policy directing any additional funds to support future customer rate stability, further scaling adoption of pollution-free appliances, and investments in local clean power supply technology.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

Currently Known Facts, Decisions, or Conditions (Continued)

SVCE strongly focuses on building credit capacity through increased cash reserves, complying with the energy risk management policy and credit guidelines, and entering into favorable energy purchase commitments. SVCE received a “Baa1” credit rating in the Summer of 2023 from Moody’s and an ‘A’ credit rating from S&P Global in May 2023, both affirmed a stable outlook for SVCE.

Request for Information

This financial report is designed to provide SVCE’s board members, stakeholders, customers, and creditors with a general overview of SVCE’s finances and to demonstrate SVCE’s accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to the finance department at 333 W. El Camino Real, #330, Sunnyvale, CA 94087 or contact info@svcleanenergy.org.

BASIC FINANCIAL STATEMENTS

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 261,473,872	\$ 230,694,505
Accounts receivable, net of allowance	43,061,445	49,889,393
Accrued revenue	29,579,485	30,432,122
Other receivables	16,224,969	4,396,286
Prepaid expenses	843,135	1,353,177
Deposits	709,798	25,602,479
Investments	68,460,281	34,331,496
Total current assets	<u>420,352,985</u>	<u>376,699,458</u>
Noncurrent assets		
Deposits	45,130	45,130
Investments	150,007,868	56,819,513
Capital assets, net of depreciation and amortization	761,171	1,259,365
Total noncurrent assets	<u>150,814,169</u>	<u>58,124,008</u>
Total assets	<u>571,167,154</u>	<u>434,823,466</u>
LIABILITIES		
Current liabilities		
Accrued cost of electricity	64,433,952	78,604,532
Accounts payable	1,770,065	2,857,744
Other accrued liabilities	2,006,073	1,286,104
User taxes and energy surcharges due to other governments	1,679,325	1,726,800
Supplier security deposits	375,000	1,020,000
Lease liability	402,740	508,483
Total current liabilities	<u>70,667,155</u>	<u>86,003,663</u>
Noncurrent liabilities		
Supplier security deposits	15,303,125	23,881,250
Lease liability	-	402,738
Total noncurrent liabilities	<u>15,303,125</u>	<u>24,283,988</u>
Total liabilities	<u>85,970,280</u>	<u>110,287,651</u>
NET POSITION		
Net investment in capital assets	358,431	348,144
Unrestricted	484,838,443	324,187,671
Total net position	<u>\$ 485,196,874</u>	<u>\$ 324,535,815</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Electricity sales, net	\$ 530,672,320	\$ 500,150,468
GreenPrime electricity premium	2,498,428	1,456,427
Liquidated damages	1,291,500	2,019,600
Other income	27,540	48,656
Total operating revenues	<u>534,489,788</u>	<u>503,675,151</u>
OPERATING EXPENSES		
Cost of electricity	361,542,484	375,015,282
Contract services	14,235,827	10,228,607
Staff compensation and benefits	12,525,043	9,682,535
Other operating expenses	8,219,946	5,509,407
Depreciation and amortization	639,272	621,282
Total operating expenses	<u>397,162,572</u>	<u>401,057,113</u>
Operating income	<u>137,327,216</u>	<u>102,618,038</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	23,348,067	8,546,278
Grant income	-	716,553
Finance costs	(14,224)	(28,576)
Nonoperating revenues (expenses), net	<u>23,333,843</u>	<u>9,234,255</u>
CHANGE IN NET POSITION	160,661,059	111,852,293
Net position at beginning of year	<u>324,535,815</u>	<u>212,683,522</u>
Net position at end of year	<u>\$ 485,196,874</u>	<u>\$ 324,535,815</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 549,801,243	\$ 511,002,951
Receipts of liquidated damages	1,216,500	2,019,600
Receipts of security deposits	34,632,586	15,470,000
Other operating receipts	15,290	38,633,263
Payments to suppliers for electricity	(386,298,737)	(359,547,762)
Payments of security deposits	(18,875,780)	(28,151,765)
Payments for other goods and services	(22,723,427)	(14,469,068)
Payments of staff compensation and benefits	(12,352,507)	(9,393,101)
Payments of taxes and surcharges to other governments	(8,997,384)	(8,512,842)
Net cash provided by operating activities	<u>136,417,784</u>	<u>147,051,276</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant revenue received	<u>-</u>	<u>716,553</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments of lease obligation	(522,705)	(536,056)
Payments to acquire capital assets	<u>(151,584)</u>	<u>(188,270)</u>
Net cash used by capital and related financing activities	<u>(674,289)</u>	<u>(724,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	22,096,463	6,946,208
Proceeds from investment sales	54,494,824	-
Purchase of investments	<u>(181,555,415)</u>	<u>(91,130,973)</u>
Net cash used by investing activities	<u>(104,964,128)</u>	<u>(84,184,765)</u>
Net change in cash and cash equivalents	30,779,367	62,858,738
Cash and cash equivalents at beginning of year	<u>230,694,505</u>	<u>167,835,767</u>
Cash and cash equivalents at end of year	<u><u>\$ 261,473,872</u></u>	<u><u>\$ 230,694,505</u></u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2024</u>	<u>2023</u>
Operating income	\$ 137,327,216	\$ 102,618,038
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization expense	639,272	621,282
(Increase) decrease in:		
Accounts receivable, net of allowance	6,827,948	5,773,835
Accrued revenue	852,637	(4,923,424)
Other receivables	(10,833,628)	(2,734,538)
Prepaid expenses	510,042	(375,249)
Current deposits	24,892,681	(5,037,158)
Increase (decrease) in:		
Accrued cost of electricity	(14,170,580)	42,549,670
Accounts payable	(1,077,173)	1,839,430
Other accrued liabilities	719,969	216,587
User taxes and energy surcharges due to other governments	(47,475)	32,803
Supplier security deposits	(9,223,125)	6,470,000
Net cash provided by operating activities	<u><u>\$ 136,417,784</u></u>	<u><u>\$ 147,051,276</u></u>

NONCASH INVESTING ACTIVITIES

	<u>2024</u>	<u>2023</u>
Unrealized appreciation and timing differences in investment income	\$ 1,251,604	\$ 1,600,070

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Silicon Valley Clean Energy Authority (SVCE) is a Joint Powers Authority created on March 31, 2016. As of September 30, 2024, parties to its Joint Powers Agreement consist of the following local governments:

Unincorporated areas of Santa Clara County	Milpitas
Campbell	Monte Sereno
Cupertino	Morgan Hill
Gilroy	Mountain View
Los Altos	Saratoga
Los Altos Hills	Sunnyvale
Los Gatos	

SVCE is separate from and derives no financial support from its members. SVCE is governed by a Board of Directors whose membership is composed of elected officials representing the member governments.

SVCE was formed to study, promote, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing these objectives. A core function of SVCE is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

SVCE began its energy delivery operations in April 2017. Electricity is acquired from commercial and municipal suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company (PG&E).

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

SVCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

SVCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – net investment in capital assets, restricted and unrestricted.

When both restricted and unrestricted resources are available for use, it is SVCE's policy to use restricted resources first, and then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, SVCE defines cash to include cash on hand, demand deposits money market funds, and short-term investments with an original maturity of three months or less.

INVESTMENTS

Investments are stated at fair value based on prices listed on a national exchange for debt securities. Certificates of deposits are stated at cost. While SVCE intends to hold its securities to maturity, all investments could readily be converted to cash should SVCE choose to do so. Investments with a maturity of less than one year are shown as current assets in the Statement of Net Position. Investments with a maturity of one year or more are shown as noncurrent assets in the Statement of Net Position.

SVCE's Investment Policy permits the following types of investments:

U.S. Treasury obligations	Medium term notes
U.S. Agency obligations	Negotiable certificates of deposits
Municipal obligations	Asset-backed securities
Deposits at banks	Supranational obligations
Local Agency Investment Fund	Joint power authority pool
Commercial paper	Money market funds

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PREPAID EXPENSES

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid expenses.

DEPOSITS

Contracts to purchase energy may require SVCE to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding. The balance in current deposits decreased significantly from 2023 to 2024 due to changes collateral requirements with certain counterparties, including changing credit risk and the completion of certain contracts.

LEASE ASSET AND LEASE LIABILITY

SVCE recognizes an asset and liability when it enters into certain leasing arrangements. The cost of the leased asset is amortized over the term of the lease. The lease liability is the present value of payments expected to be paid to the lessor during the lease term. SVCE's only leased asset and liability relate to its office premises.

CAPITAL ASSETS AND DEPRECIATION

SVCE's policy is to capitalize furniture and equipment valued over \$1,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, five years for automobiles and seven years for furniture and leasehold improvements. SVCE does not own any electric generation assets.

SUPPLIER SECURITY DEPOSITS

Various energy contracts require the supplier to provide SVCE with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent depending on the length of time the deposits will be held.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION

Net position is presented in the following components:

Net Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted: This component of net position consists of net position that does not meet the definition of “investment in capital assets” or “restricted”.

OPERATING AND NONOPERATING REVENUE

Operating revenues include energy sales to retail and wholesale customers, and liquidated damages from suppliers that fail to meet delivery commitments.

Investment income and grants that are not earned from the delivery of program activities are considered “nonoperating revenues”.

REVENUE RECOGNITION

SVCE recognizes revenue according to the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered, but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded. Revenue is presented net of estimated uncollectible amounts.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of electricity and services, administrative expenses, and amortization and depreciation of capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COST OF ELECTRICITY

During the normal course of business SVCE purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers and for generation credits, load and other charges arising from SVCE's participation in the CAISO's centralized market. The cost of electricity and capacity is recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, SVCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System. SVCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier.

SVCE purchases capacity commitments from qualifying electricity generators to comply with the California Energy Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the electricity grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

STAFFING COSTS

SVCE pays employees bi-weekly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan as they come due. SVCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. SVCE provides compensated time off, and the related liability is recorded in these financial statements.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statements may have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements. These reclassifications did not result in any change in previously reported net position or change in net position.

2. CASH AND CASH EQUIVALENTS

SVCE maintains its cash in both interest-bearing and non-interest-bearing accounts. SVCE's deposits are subject to California Government Code Section 16521, which requires banks to provide 110% collateralization on public funds in excess of the Federal Deposit Insurance Corporation limit of \$250,000. Certain short-term investments with original maturities of less than three months are classified as cash and cash equivalents, which are not subject to the collateral requirement or FDIC coverage previously mentioned. Accordingly, the amount of risk is not disclosed. SVCE monitors its risk on an ongoing basis.

SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

3. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

ACCOUNTS RECEIVABLE

Accounts receivable were as follows as of September 30:

	2024	2023
Accounts receivable from customers	\$ 45,861,445	\$ 52,689,393
Allowance for uncollectible accounts	(2,800,000)	(2,800,000)
Net accounts receivable	<u>\$ 43,061,445</u>	<u>\$ 49,889,393</u>

The majority of account collections occur within the first few months following the issuance of customer invoices. SVCE estimates that a portion of the invoiced accounts will not be collected. SVCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, SVCE continues to be successful in collecting older accounts. The ending allowance for uncollectible accounts reflects the remaining balance after certain accounts were fully written off.

OTHER RECEIVABLES

Other receivables consist primarily of amounts due from energy counterparties, generally as a result of certain wholesale transactions for energy products. The receivable balance at September 30, 2024 increased from the prior year as a result of a large resale agreement that was not in place during the prior year.

4. INVESTMENTS

During the years ended September 30, 2024 and 2023, SVCE purchased investments with original maturities of three months or more. As of September 30, investments, presented at fair value, were as follows:

	2024	2023
U.S. Treasury bonds and notes	\$ 85,082,906	\$ 50,243,069
Supranational obligations	862,521	-
Federal agency commercial	10,539,032	1,336,930
Corporate notes	42,194,852	9,893,896
Commercial paper	37,181,428	18,981,723
Certificate of deposits	9,228,478	7,429,188
Bank note	646,226	-
Asset-backed securities	32,732,706	3,266,203
Total investments	<u>\$ 218,468,149</u>	<u>\$ 91,151,009</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

4. INVESTMENTS (CONTINUED)

FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SVCE's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of September 30, 2024 and 2023, SVCE's investments are considered Level 1 inputs, except for certificates of deposits, which are based on the nominal value. Quoted prices in active markets were used for determining fair value measurement.

CREDIT RISK

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. Certain investments, such as obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, are not considered to have credit risk.

As of September 30, 2024 and 2023, credit risk for other investments were rated as follows:

Moody's Investors Service	S&P Rating	
	2024	2023
Supranational Agency Bond and Notes	AAA	-
Corporate Notes	BBB+ to AA1	BBB+ to AA1
Commercial Paper	A-1 to A+	A-1 to A-1+
Certificate of Deposits	A-1 to A+	A to A-1+
Asset-Backed Securities	NR to AAA	AAA

SVCE's investment policy addresses this risk. SVCE limits investments to those allowed by Section 53601 of the California Government Code that addresses the risk allowable for each investment.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

4. INVESTMENTS (CONTINUED)

CUSTODIAL CREDIT RISK – CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a financial institution failure, SVCE's deposits may not be returned to SVCE. SVCE's deposits are subject to California Government Code Section 16521, which requires banks to collateralize public funds in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 by 110%.

As of September 30, 2024 and 2023, none of SVCE's bank balances are known to be individually exposed to custodial credit risk.

CUSTODIAL CREDIT RISK - INVESTMENTS

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, SVCE would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All of SVCE's investments are exposed to custodial credit risk.

SVCE's investment policy addresses this risk. All investments owned by SVCE shall be held in safekeeping by a third-party custodian, acting as an agent for SVCE under the terms of a custody agreement.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. Duration is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. SVCE manages its exposure to declines in fair values by limiting the weighted average maturity of its investments.

Following is a summary of the percentages of investments by maturity date as of September 30, 2024 and 2023:

	2024	2023
0 - 6 months	11.99%	32.48%
6 - 12 months	19.36%	15.89%
1 - 2 years	28.88%	32.50%
2 - 3 years	31.02%	15.43%
3 - 4 years	5.27%	1.38%
4 - 5 years	3.48%	2.32%
Over 5 years	0.00%	0.00%
Total	100.00%	100.00%

SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets being depreciated and amortized:				
Furniture and equipment	\$ 758,883	\$ 129,051	\$ (3,674)	\$ 884,260
Leasehold improvements	134,273	15,701	-	149,974
Lease asset	2,287,125	-	-	2,287,125
Total capital assets being depreciated and amortized	3,180,281	144,752	(3,674)	3,321,359
Less accumulated depreciation and amortization:				
Furniture, equipment and leasehold improvements	(476,416)	(157,772)	-	(634,188)
Lease asset	(1,444,500)	(481,500)	-	(1,926,000)
Total accumulated depreciation and amortization	(1,920,916)	(639,272)	-	(2,560,188)
Total capital assets, net of depreciation and amortization	\$ 1,259,365	\$ (494,520)	\$ (3,674)	\$ 761,171

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets being depreciated and amortized:				
Furniture and equipment	\$ 567,107	\$ 198,776	\$ (7,000)	\$ 758,883
Leasehold improvements	134,273	-	-	134,273
Lease asset	2,287,125	-	-	2,287,125
Total capital assets being depreciated and amortized	2,988,505	198,776	(7,000)	3,180,281
Less accumulated depreciation and amortization:				
Furniture, equipment and leasehold improvements	(343,634)	(139,782)	7,000	(476,416)
Lease asset	(963,000)	(481,500)	-	(1,444,500)
Total accumulated depreciation and amortization	(1,306,634)	(621,282)	7,000	(1,920,916)
Total capital assets, net of depreciation and amortization	\$ 1,681,871	\$ (422,506)	\$ -	\$ 1,259,365

6. LEASE

A lease asset is reported in accordance with Governmental Accounting Standards Board No. 87 *Leases* (GASB 87).

In February 2024 SVCE amended its non-cancelable lease for its office premises, extending the lease through October 31, 2025.

Rental payments under this lease were \$529,000 and \$519,000 for the years ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, future minimum lease payments under the lease were projected as approximately \$403,000.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

7. GRANT REVENUE

SVCE administered a grant from the California Arrearage Payment Program (CAPP) that offers financial assistance for California energy utility customers to help reduce past due energy account balances that increased during the COVID-19 pandemic. This program concluded in 2023.

8. DEFINED CONTRIBUTION RETIREMENT PLAN

SVCE provides retirement benefits through the Silicon Valley Clean Energy Authority Public Agency Retirement System Defined Contribution Plan (Plan). The Plan is a defined contribution 401(a) Retirement Plan established to provide benefits at retirement to employees of certain qualified employers admitted by the Plan. The Plan is administered by Public Agency Retirement System (PARS). At September 30, 2024 and 2023, SVCE had 62 and 48 plan participants, respectively. SVCE is required to contribute 10% of covered payroll as a match to required employee contributions. SVCE contributed approximately \$981,000 and \$758,000 during the years ended September 30, 2024 and 2023, respectively. Plan provisions and contribution requirements as they apply to SVCE are established and may be amended by the Board of Directors.

9. RISK MANAGEMENT

SVCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, SVCE purchased insurance policies from investment-grade commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage. SVCE has general liability coverage of \$2,000,000 with a deductible of \$500.

SVCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market.

Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, SVCE enters into netting arrangements whenever possible and, where appropriate, obtains collateral and other performance assurances from counterparties.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

10. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, SVCE enters into various power purchase agreements to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

SVCE enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following table represents the expected, undiscounted, contractual obligations outstanding as of September 30, 2024:

Years ending September 30,	
2025	\$ 276,000,000
2026	197,000,000
2027	205,000,000
2028	207,000,000
2029	203,000,000
2030-2046	<u>1,975,000,000</u>
Total	<u><u>\$ 3,063,000,000</u></u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

11. JOINT VENTURE

The SVCE participates in a joint powers agreement (JPA) through the California Community Choice Financing Authority (CCCFA). CCCFA was formed to assist its members by undertaking the financing or refinancing of energy prepayments through tax-advantaged bonds on behalf of one or more of the members by issuing or incurring bonds and entering into related contracts with its members. Any debt or liability incurred by CCCFA on behalf of a member to prepay for renewable energy is not a debt or liability of that member. Furthermore, the assets of CCCFA in the form of prepaid energy or reserves held by the respective bond trustees for any prepayment transaction undertaken on behalf of a member does not constitute an asset or reserve of that member.

CCCFA issued the following bonds, excluding original issue premium, which are to be used to finance energy purchases that will be delivered to SVCE. No debt, liability, or obligation of CCCFA is a debt, liability, or obligation of SVCE.

Deal	Date issued	Amount
2021B	September 2021	\$ 1,234,720,000
2023B	January 2023	841,550,000
2024A	January 2024	1,101,625,000
		<u>\$ 3,177,895,000</u>

SVCE will purchase energy from CCCFA in the same manner as it purchases energy from other suppliers. SVCE purchased approximately \$46,622,000 and \$29,081,000 from CCCFA during fiscal years 2024 and 2023, respectively. The outstanding purchase commitments related to these financing facilities of \$251,143,000 are included in Note 10. This amount represents executed energy contracts assigned to CCCFA at September 30, 2024. Additional contracts will be assigned throughout the full bond period.

Each member of CCCFA is responsible for paying an equal portion of CCCFA's general and administrative operating costs as determined by its board. During the years ended September 30, 2024, and 2023, SVCE contributed approximately \$30,000 and \$87,000, respectively, to CCCFA to assist in its operating activities.

The financial statements of CCCFA are available online at <http://www.cccfa.org/key-documents.html>.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

12. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statements are effective for years ending after September 30, 2024:

GASB has approved GASB Statement No. 102, *Certain Risk Disclosures*, and GASB No. 103, *Financial Reporting Model Improvements*.

Management is evaluating the effect of implementation of these statements.

January 31, 2025

To Management and the Board of Directors
Silicon Valley Clean Energy Authority
333 W. El Camino Real, Suite 330
Sunnyvale, California

In planning and performing our audits of the financial statements of Silicon Valley Clean Energy Authority (SVCE) as of and for the years ended September 30, 2024 and 2023, in accordance with auditing standards generally accepted in the United States of America, we considered SVCE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SVCE's internal control. Accordingly, we do not express an opinion on the effectiveness of SVCE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control during our audits that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Kosmatka Donnelly & Co., LLP

Kellin Gilbert
Partner





333 W El Camino Real, Suite 330 | Sunnyvale, CA 94087 | 1-844-474-SVCE (7823) | SVCleanEnergy.org

January 31, 2025

Kosmatka Donnelly & Co., LLP
3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403

This representation letter is provided in connection with your audit of the basic financial statements of Silicon Valley Clean Energy Authority (SVCE) as of and for the years ended September 30, 2024 and 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of January 31, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated November 4, 2024 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
9. We have reviewed, approved, and taken responsibility for the financial statements and related notes.



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Kosmatka Donnelly & Co., LLP

January 31, 2025

Page 2

10. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
11. Provisions for uncollectible receivables have been properly identified and recorded.
12. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
13. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
14. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
15. The SVCE policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
16. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
17. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
18. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

19. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within SVCE from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
20. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.



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Kosmatka Donnelly & Co., LLP

January 31, 2025

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21. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
22. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud.
23. We have no knowledge of allegations of fraud or suspected fraud affecting SVCE's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
24. We have no knowledge of any allegations of fraud or suspected fraud affecting SVCE's basic financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
25. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
26. We have disclosed to you all known actual or possible litigation, claims or assessments; unasserted claims or assessments whose effects should be considered when preparing the financial statements.
27. We have disclosed to you the identity of all of SVCE's related parties and all the related-party relationships and transactions of which we are aware.
28. We are aware of no significant deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect SVCE's ability to record, process, summarize and report financial data.
29. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
30. It is our responsibility to inform you of all current and potential affiliates of SVCE as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of SVCE may create threats to independence. We have:
 - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
 - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to SVCE's financial statements as a whole, (ii) the level of influence SVCE has over an entity's financial reporting process or (iii) the level of control or influence SVCE or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable SVCE and Kosmatka Donnelly & Co., LLP



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to identify and eliminate potential impermissible services and relationships between Kosmatka Donnelly & Co., LLP.

- c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that SVCE or any of our affiliates has engaged Kosmatka Donnelly & Co., LLP.
31. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
32. There are no:
- a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB 62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62.

Required Supplementary Information

33. With respect to the Management's Discussion and Analysis presented as required by GAAP and the Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

DocuSigned by:

A handwritten signature in blue ink, appearing to read "Amrit Singh".

A08F4DF92E0F467...

Amrit Singh, Chief Financial Officer & Director of Administrative Services
Silicon Valley Clean Energy Authority

DocuSigned by:

A handwritten signature in blue ink, appearing to read "Michael Maher".

87EE84606449460...

Mike Maher, Accountant



Staff Report – Item 4

Item 4: Adopt Resolution Approving the Mid-Year 2024-25 Adjusted Operating Budget

From: Monica Padilla, CEO

Prepared by: Amrit Singh, CFO and Director of Administrative Services
 Scott Wrigglesworth, Director of Risk and Analytics
 Karen Chang, Manager of Finance

Date: 3/12/2025

RECOMMENDATION

Staff recommends that the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) adopt Resolution 2025-08, approving the Mid-year 2024-2025 (MY 2025)¹ Adjusted Operating Budget that projects depositing \$98.1 million into the reserves and grants the Chief Executive Officer (CEO) the authority to issue a one-time customer bill credit that, in the aggregate, will amount to no more than \$35 million.

FINANCE AND ADMINISTRATION COMMITTEE RECOMMENDATION

Staff presented the proposed MY 2025 Adjusted Operating Budget to the Finance and Administration Committee (F&A Committee) at its meeting on February 26th, 2025. The F&A Committee reviewed the staff's proposed budget and engaged in robust discussions to understand the budget, including drivers contributing to the increased net contribution, changes to reserve projections, future risks posed by declining prices, and requests for five additional positions. The F&A Committee unanimously supported staff's request for additional positions and noted that it was an opportune time for hiring given general labor market conditions and agreed with staff to build organizational resiliency and continue bringing in-house some core functions that are currently outsourced.

The F&A Committee also reviewed staff's proposed approaches to returning some additional funds directly to customers on top of the existing 4% discount relative to comparable PG&E generation rates. The F&A Committee supported either lowering the SVCE rate such that customers see a 10% discount relative to the comparable PG&E generation rates or finding a way to disburse equivalent funds to customers through a bill credit(s) approach. The F&A Committee instructed staff to propose the discount to the Board of Directors either as a volumetric rate discount or through bill credit(s), based on staff's consideration of F&A Committee feedback, expertise, and consideration of logistical simplicity. After discussing the proposal with staff, the F&A Committee unanimously recommended that the Board of Directors approve the proposed MY 2025 Adjusted Operating Budget with adjustments for providing customers with the return of additional funds.

BACKGROUND

The Board first adopted the annual budget for the fiscal year 2024-25 (FY25) at the September 11th, 2024, meeting. Because of great uncertainty regarding PG&E's January 2025 rate changes, the adopted budget was factored in with conservative Market Price Benchmark (MPBs) assumptions, and staff committed to updating the budget in December 2024. At the December 11th, 2024 Board meeting, the Board approved the adjusted budget to reflect the updated market and regulatory information regarding PG&E's 2025 generation rate

¹ The fiscal year 2024-25 started on October 1, 2024, and ends on September 30, 2025.

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changes and Power Charge Indifference Adjustment² (PCIA) charges, effective January 1st, 2025. Due to an improved financial outlook, the Board adopted the adjusted budget that maintained a 4% general customer discount rate relative to comparable PG&E generation rates, provided an additional \$0.96 million towards bill credits for low-income (CARE/FERA) customers such that the bill credit was equivalent in total dollars to a 1% rate discount for all customers, and transferred an additional \$1.7 million to the Program Fund to account for improved revenue projections.

At midyear, staff is updating the budget to account for energy supply expenses using the latest market price data and portfolio positions, revenue estimations to reflect the final rate changes that went into effect starting January 1st, 2025, additional return of funds to customers, and other minor adjustments and projected increases in operating expenses and investment income.

ANALYSIS & DISCUSSION

The MY 2025 Adjusted Operating Budget is balanced and presents SVCE in stable financial condition.

The projected available balance for reserves of \$98.1 million is an increase of \$1.3 million from the \$96.8 million presented in the December 2024 adjusted FY25 Budget. The improvement in contribution to reserves primarily results from decreased energy costs resulting from lower realized and forward energy, renewable portfolio standard (RPS) and resource adequacy (RA) market prices and changes to the power supply portfolio positions, an improvement in SVCE margins from the California Public Utilities Commission's (CPUC) adoption of the 2025 PG&E generation and PCIA rates, slightly increased investment income, and lower capital expenses as a result of not increasing and updating the current office space. Other minor revenue adjustments, power supply portfolio position updates, additional return of funds to customers, and increases in operating expenses from additional staffing, professional services, marketing, and general and administrative expenses partially offset these improvements.

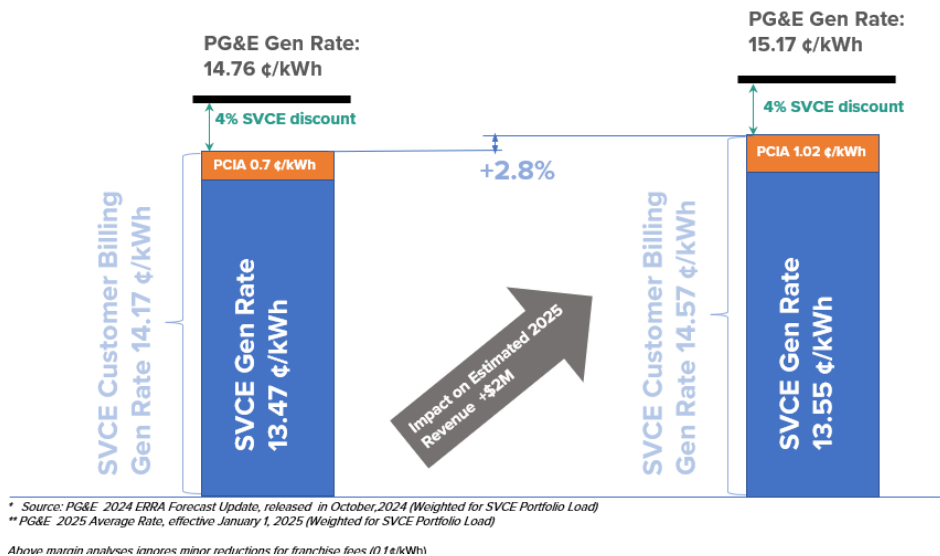
The table below illustrates the \$1.3 million increase:

Description	Variance Mid-Year Budget vs. December 2024 Adjusted Budget
Revenues	-\$2.98M
Power Supply Cost	-\$40.6M
Other Operating Expenses	+\$2.8M
Investment Income	+\$0.5M
Capital Transfers	-\$0.95M
Additional One-Time Bill Credit	-\$35.0M
<u>Reserve Balance</u>	<u>+\$1.3M</u>

Energy Revenues

Energy revenues are slightly lower by about \$2.98 million from the December adjusted budget. While CPUC's final adopted PG&E generation rates and PCIA charges improved overall SVCE's margins by about 0.5% (to 13.55 ¢/kWh) or about \$2 million, as shown in the illustration below, adjustments for the franchise fee and decrease in actual realized sales from October to December 2024 due to mild weather more than offset the increase.

² [Public Utility Code Sections 366.1](#) and [366.2](#) require the CPUC to make sure that customers leaving PG&E do not burden remaining PG&E customers with costs that were incurred to serve them. To ensure customer indifference, CCAs and Direct Access or departing load customers are required to pay a power charge indifference adjustment (PCIA).



Power Supply Expenses

Power supply expenses have decreased significantly by about \$41 million since the December update. The reduction primarily results from much lower market prices for meeting SVCE's load obligations and staff's reduced assessment of RA resources needed to comply with the newly implemented RA market framework.

The market prices, including actual/observed prices for October 2024 to December 2024 and forward prices for the remaining forecast period, for energy and RPS have declined significantly. Since the December 2024 budget update, the FY25 energy prices have dropped about 13%, and the 5-year average energy prices have dropped by about 9%. FY25 RPS prices fell by about 45%, and the 5-year average dropped by about 30% as compliance period 4 (January 2021 to December 2024) ended in December 2024. The recent record run-up in RPS prices seems partly driven by load-serving entities' rush to meet RPS period 4 compliance obligations³. The drop in RPS price does not contribute to lower power supply costs for FY25 as it does for the remainder of the 5-year forecast period because SVCE has already procured its RPS need for the current fiscal year. While RA prices for FY25 have not changed, the 5-year average has dropped about 11%. Market price changes, along with updated portfolio positions, lower retail realized retail sales volume of about 2% for October 2024 to December 2024 due to mild weather, and other minor reductions in California Independent System Operator (CAISO) charges, contribute to about \$17.5 million decrease in power supply expenses.

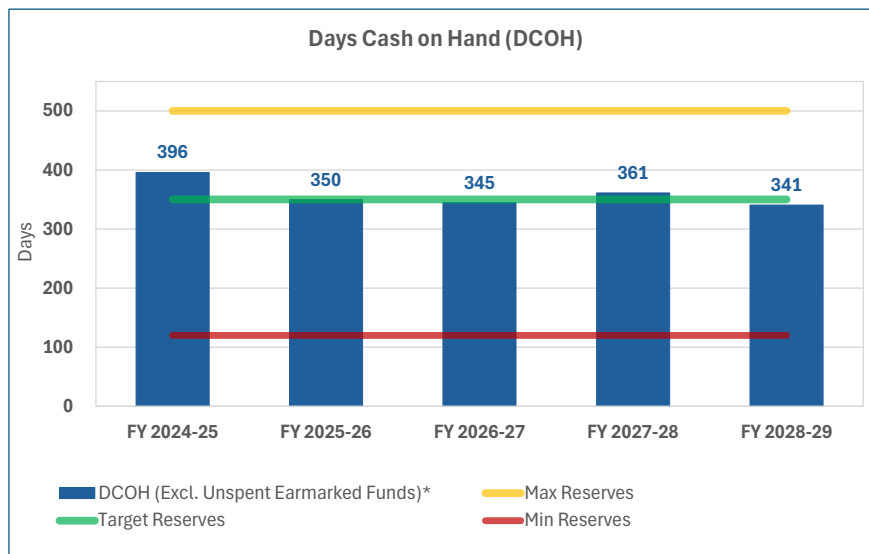
The remaining reduction of about \$23.5 million results from a decrease in staff's assessment of additional resources needed to meet RA obligations from the implementation of the new Slice of Day (SOD) RA market in 2025, where RA obligations moved from a simple monthly target to a 12-month 24-hour target. Under SOD, load serving entities such as SVCE need to demonstrate that they have the resources (capacity) to meet CAISO's worst day of the month or the day with the highest resource need. Now that the staff has a better understanding of the new market framework and has successfully met the initial requirements, staff has reassessed the resources needed to meet new compliance requirements, which has led to a significant reduction in the need for additional RA resources.

³ For compliance period 4, load serving entities had to meet 40% of their load from RPS resources. SVCE exceeded its compliance period 4 obligation, serving 44% of its load with RPS resources.

Agenda Item: 4**Agenda Date: 3/12/2025**One-time Bill Credit for All Eligible Customers

Based on the F&A Committee's feedback on staff's proposal for returning additional funds to customers, the proposed budget recommends that the Board provide a one-time bill credit to all eligible⁴ customers. The total amount of these bill credits will be targeted to be about \$33 million. The main alternative for disbursing this money discussed with the F&A Committee is to reduce SVCE's rate – this \$33 million would be equivalent⁵ on average to SVCE moving from the current 4% discount to a 10% volumetric discount relative to comparable PG&E generation rates. As explained later in this report, the budgeted amount for these bill credits is \$35 million to account for the fluctuations in customer accounts after the per-account credit is calculated.

Staff proposed the additional discount based on a forecast showing SVCE exceeding its target days of cash on hand (DCOH) of 350 at the end of the current fiscal year and remaining at or close to the 350 target DCOH over the remaining 5-year forecast period, as illustrated in the chart below that includes the expense of the \$35 million for the bill credits. With declining energy prices, future year customer rates are expected to be lower, as illustrated in the table below. As a result, rather than setting aside additional funds in the Clean Energy Community fund,⁶ where a portion is saved towards future customer rate relief, staff recommends that customers receive the rate relief this year.



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

	2025	2026	2027	2028	2029	2030
Forecast Rates*	15.17	10.45	11.96	12.16	12.22	12.49
YoY Change		-31.2%	14.5%	1.6%	0.5%	2.2%
* Customer effective rates before applying any discounts						

The F&A Committee agreed with staff's proposal to provide customers with additional bill relief this year and asked the staff to recommend to the Board either moving to a 10% volumetric rate discount relative to the comparable PG&E rates or issuing checks or bill credit(s) to customers. The F&A Committee and staff believe that a one-time return to customers will be the more impactful approach – even moving to a 10% discount relative to PG&E's generation rate may not be very apparent to customers, given that the generation charges

⁴ Customers under any custom pricing arrangements are not eligible for these bill credits, which is consistent with the terms of those arrangements.

⁵ The calculations are based on a forecast of 2025 revenues, and the actual amount may vary from \$33 million based on fluctuations in actual customer usage relative to the forecast.

⁶ The Clean Energy Community Fund was discussed with the Board at the December 11th, 2024, meeting and is separately discussed in Item 1i on the March Board of Directors meeting Consent Calendar.

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make up a fraction of the total electricity bill. Consolidating all those smaller monthly reductions into a single, one-time payment will increase the likelihood of customer awareness and attention to the value SVCE is providing. Upon further discussion, staff determined that deploying the funds through checks to all customers would be logistically challenging and introduce a myriad of issues that could be sidestepped by deploying via the bills. To help ensure that recipients notice the credit on their bills, staff intends to run a campaign using direct mail and other channels. Staff recommends issuing the one-time bill credit during the August billing cycle because the bill credit would more meaningfully offset the costs of the month when most customers receive their highest electricity bills.

Because of the normal fluctuations in the number of customer accounts and the need to set the bill credit amounts at the start of the billing cycle, staff will not know the exact expenditure until after the bill credits are issued. To account for this fluctuation, staff requests an additional \$2 million above the targeted disbursement of about \$33 million. The remaining funds at the end of the billing cycle will be transferred to the operating reserves.

Shortly before the August billing cycle, staff will compute the bill credits for each customer segment based on share of total SVCE load, such that the credits sent to every customer add up to the targeted disbursement of about \$33 million. The table below illustrates the bill credits for each service agreement or customer meter within a customer class if calculated today. As illustrated below, every account within a segment would receive the same flat bill credit (e.g., every Residential customer account would receive a \$48 bill credit) rather than varying within the segment based on each customer's usage – this is to simplify the administration of the credits and to make the communication around the credits consistent (e.g., otherwise SVCE's outreach on the credit will have to reflect a variable amount, and word-of-mouth between neighbors could be frustrating to some who received a lower amount than the person next door). However, for non-residential customers, instead of providing each customer within a class the same flat amount, staff may instead (based on additional analyses) provide a bill credit that is aligned with the customer's proportionate share of the historical usage of that class.

Segment	ILLUSTRATIVE Bill Credit Amount per Service Agreement ID (SAID)
Residential	\$48
Small Commercial	\$165
Medium Commercial	\$2,200
Large Commercial	\$7,500
Agricultural Sm/Med	\$110
Agricultural Large	\$1,200
Business Electric Vehicles	\$9,600
Standby	\$3,700
Street Lighting	\$80
Traffic Control	\$43

The customer designation illustrated above may change or be further delineated based on additional staff analysis of customers and customer classes.

Operating Expenses

Operating expenses have increased by about \$2.85 million from December 2024's adjusted budget. The increase in projected operating expenses is mainly comprised of costs associated with increased staffing.

About \$1.42 million of the \$2.85 million increase in operating expenses is associated with the request for five new positions across the organization. These positions are described in the next section of this report. These

Agenda Item: 4**Agenda Date: 3/12/2025**

positions will enable the expansion of customer programs and cost-effectively build bench strength in various parts of the organization. The agency has successfully filled key roles in its current phase of operations. Now, the focus is to ensure that there's staffing at different levels behind critical positions to enhance business continuity and to efficiently create a learning and development opportunity for skilled employees to move into advanced roles, which also reduces some costly external sourcing of key functions and promotes retention of critical institutional knowledge.

The professional services increase by \$0.66 million. Some cost increases are due to additional vendor support and expertise needed to comply with various tax employment requirements for out-of-state employees, additional support on decarbonization initiatives, and some increases in legislative and legal consulting services. In addition, SVCE currently has business data in various systems or spreadsheets. To reduce operating risks, enhance data security, and automate costly and manual time-consuming data collection and processing, SVCE is creating an integrated organization-wide central data repository, internally called RADaR (Repository for Analytics, Data and Reporting). This project will also automate the preparation of some of the recurring monthly and quarterly reports and provide greater data-driven insights for making key business decisions. SVCE plans to source a vendor to help develop the central data repository. The RADaR project is budgeted at \$0.8 million. There were also decreases due to the expiration of some contracts, which offset some of these increases, resulting in a net increase of \$0.66 million.

There is a slight increase of \$0.27 million in marketing and promotions to implement Board-approved educational non-profit grants and scholarships and additional overall marketing outreach materials to promote SVCE services.

Staff renewed the Data management services agreement, and final costs were lower by about \$0.19 million than the amount included in the December budget update.

The General Administration (G&A) costs increased by about \$0.69 million due to additional administrative costs associated with the request for five new positions, increases in membership renewals to professional trade associations, and additional insurance costs due to the new office building purchase.

While not an increase in cost, \$1.5 million of the costs from the professional services category were re-categorized to G&A to align with the accounting cost categories.

Additional Staffing

In the Customer Success department, staff requests two new positions. The first is an Energy Lead to take charge of the upcoming demand flex program (deploying and controlling batteries, HVAC, EVs, etc.), which requires specific expertise and increases the department's workload. This new position will also increase the capacity to engage with various dynamic rate pilots and implement CPUC-required load management standards. Without this additional support, other programs will need to be deprioritized.

The second role identified to support the Customer Success department is a Senior Energy Specialist. For staff to pursue the ability to administer energy efficiency program funding from the state, a skilled resource to manage the application and ongoing reporting for the funds is required to access and deploy significant new funding sources (if pursued, this funding would also eventually be able to pay for this resource).

In the Regulatory, Policy, Planning, and Legislative (RPPL) department, an additional Resource Planner is requested. Bringing more of SVCE's energy resource planning in-house will improve efficiency and effectiveness for long-term planning, strategic policy development, and gaining long-term market insights. Bringing more core resource planning functions in-house is more cost-effective. It provides a better approach to this critical function because internal staff will retain and use the institutional knowledge needed for this strategic function.

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SVCE has recently consolidated Data and Analytics functions across the organization. To achieve business maturity goals (what staff calls "SVCE 3.0") in data and modeling, SVCE requires expanded staffing at a lower level to ensure existing data needs are met while allowing experienced staff to meet new data and modeling goals. The department requests an Associate Data Scientist to address the continued need for data requests, data analyses, and quantitative energy portfolio risk analyses. Without this resource, higher-level staff will continue to be inundated with basic data query and analysis work and would be unable to address the more challenging work associated with building more efficient automated work processes and addressing sophisticated energy portfolio risk analytics. While consultants are available for project work at a higher level, having senior staff work toward these goals is more cost-effective, promotes staff development, enhances business continuity through cross-training, and enables retention of core institutional knowledge.

The Power Resources team requests a rotational Power Program Analyst to promote long-term business continuity while enabling existing staff to develop and reduce reliance on some externally sourced core functions, for example, in the area of portfolio valuation. The Power Program Analyst will be trained to support front, middle, back office, and regulatory areas, allowing for cross-training, coverage, and succession planning in key roles. After the two-year training period, the incumbent can move into any of the four functions. The cost of turnover (from a recruitment/consultant/training perspective) and the risks associated with future promotion, attrition, and other staff movement will be mitigated by creating this essential role.

During fiscal year 2025, staff assessed the agency's overall functional needs. The assessment resulted in the realignment of several departments and the identification of the need to add the aforementioned five positions. The table below is a summary of full-time equivalent (FTE) positions.

Budget Process	Existing FTEs	New FTEs Requested	Total FTEs
FY 2025	62	0	62 (3 vacancies)
Mid-Year 2025	62	5	67 (8 vacancies)

In addition to the FTE positions, SVCE employs three part-time employees and six Climate Corp Fellows and/or part-time interns.

Programs Budget

SVCE will continue incorporating projected Decarbonization Programs spending over the 5-year forecast into the reserve balance projections. For the current fiscal year, Program spending is projected to be \$19.8 million, with an additional spend of \$620 thousand from the Customer Relief and Community Resilience Program (CRCR)⁷ Fund, and \$300 thousand in E-Elec (all electric) Fund, the all-electric rate discounts.

Non-Operating Revenues

Investment income is projected to increase by \$0.5 million, resulting from higher returns from SVCE's investments.

STRATEGIC PLAN

The recommendation supports all of the Board's adopted strategic plan goals. Specifically, this budget update supports SVCE Strategic Plan Goal 6 – "Maintain healthy financial position; avoid failures in the management of market risk, credit risk, liquidity risk, operational risks, and enterprise risks."

The requested positions align with Strategic Focus Area 5 – Attract and Retain Employees.

⁷ CRCR, the ~\$10 million Customer Relief and Community Resilience Program, was established in 2020 to provide COVID credit payments to income-qualified customers as bill assistance, support local workforce training, and fund resiliency planning and capital expenditures at SVCE member cities.

Agenda Item: 4**Agenda Date: 3/12/2025**

ALTERNATIVE

Staff is open to feedback and suggestions from the Board. At a strategic level, the Board can change the discount to PG&E, reduce the power supply portfolio's carbon-free and/or renewable percentages, and cut the expenditure on the Decarbonization Programs.

Staff does not recommend any specific reductions given a sufficient projected reserve balance that maintains SVCE's stable financial condition.

FISCAL IMPACT

The MY 2025 Adjusted Operating Budget includes \$523.5 million in revenues and \$425.5 million in expenses, non-operating revenues, and transfers, contributing to reserves of \$98.1 million.

ATTACHMENT

1. MY 2024-25 Adjusted Operating Budget
2. Resolution 2025-08 Approving the Mid-Year 2024-2025 Adjusted Budget for SVCE

Attachment: MY 2024-25 Adjusted Operating Budget

SILICON VALLEY CLEAN ENERGY FY 2024-25 OPERATING BUDGET (\$ in thousands)	
DESCRIPTION	FY 2024-25 MID-YEAR ADJUSTED BUDGET
ENERGY REVENUES	
Energy Sales	521,650
Green Prime	1,884
TOTAL ENERGY REVENUES	<u>523,534</u>
ENERGY EXPENSES	
Power Supply	349,478
OPERATING MARGIN	<u>174,056</u>
OPERATING EXPENSES	
Data Management	3,549
PG&E Fees	1,516
Salaries and Retirement	18,805
Professional Services	7,797
Marketing & Promotions	1,885
General & Administrative	5,733
TOTAL OPERATING EXPENSES	<u>39,284</u>
OPERATING INCOME (LOSS)	<u>134,771</u>
NON-OPERATING REVENUES	
Interest Income	19,756
TOTAL NON-OPERATING REVENUES	<u>19,756</u>
NON-OPERATING EXPENSES	
Financing	12
TOTAL NON-OPERATING EXPENSES	<u>12</u>
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>19,743</u>
CHANGE IN NET POSITION	<u>154,515</u>
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	
Capital Outlay	50
Program Fund	10,530
Nuclear Allocation	3,708
Customer Bill Relief (Existing CARE/FERA)	5,370
Additional One-Time Bill Credit for All Customers	35,000
Hanford Emissions Mitigation Fund	1,800
Other	
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	<u>56,458</u>
BALANCE AVAILABLE FOR RESERVES	<u>98,057</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY RESOLUTION

NO. 2025-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY TO APPROVE THE MID-YEAR 2024-2025 ADJUSTED BUDGET FOR SILICON VALLEY CLEAN ENERGY

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016, pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, the Authority operates on a fiscal year budget cycle from October 1st through September 30th;

WHEREAS, a mid-year adjusted version of the Authority’s budget for each fiscal year is generally presented to the Board of Directors at the midpoint of the fiscal year in March;

WHEREAS, staff has incorporated direction from recent Board and Finance and Administration Committee discussions around rates, programs, and customer relief and has prepared an adjusted budget, set forth in Exhibit A (the “Adjusted Budget”);

NOW THEREFORE, the Board of Directors of the Silicon Valley Clean Energy Authority does hereby resolve that:

1. The foregoing recitals are true and correct.
2. The Board of Directors hereby approves and adopts the Mid-Year Adjusted Budget, as set forth in Exhibit A, as the Authority’s fiscal year 2024-2025 budget.

PASSED AND ADOPTED this 12th day of March 2025, by the following vote:

JURISDICTION	NAME	AYE	NO	ABSTAIN	ABSENT
City of Campbell	Director Scozzola				
City of Cupertino	Director Fruen				
City of Gilroy	Director Hilton				
City of Los Altos	Director Meadows				
Town of Los Altos Hills	Director Tyson				
Town of Los Gatos	Director Rennie				
City of Milpitas	Director Barbadillo				
City of Monte Sereno	Director Mekechuk				
City of Morgan Hill	Director Martinez Beltran				
City of Mountain View	Director Showalter				
County of Santa Clara	Director Lee				

City of Saratoga	Director Walia				
City of Sunnyvale	Director Klein				

Chair

ATTEST:

Andrea Pizano, Board Secretary

Exhibit A: Mid-Year Adjusted Budget

Exhibit A: MY 2024-25 Adjusted Operating Budget

SILICON VALLEY CLEAN ENERGY FY 2024-25 OPERATING BUDGET (\$ in thousands)	
DESCRIPTION	FY 2024-25 MID-YEAR ADJUSTED BUDGET
ENERGY REVENUES	
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OPERATING INCOME (LOSS)	<u>134,771</u>
NON-OPERATING REVENUES	
Interest Income	19,756
TOTAL NON-OPERATING REVENUES	<u>19,756</u>
NON-OPERATING EXPENSES	
Financing	12
TOTAL NON-OPERATING EXPENSES	<u>12</u>
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>19,743</u>
CHANGE IN NET POSITION	<u>154,515</u>
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	
Capital Outlay	50
Program Fund	10,530
Nuclear Allocation	3,708
Customer Bill Relief (Existing CARE/FERA)	5,370
Additional One-Time Bill Credit for All Customers	35,000
Hanford Emissions Mitigation Fund	1,800
Other	
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	<u>56,458</u>
BALANCE AVAILABLE FOR RESERVES	<u>98,057</u>

**Staff Report – Item 5**

Item 5: Affordability Strategic Focus Area Update

From: Monica Padilla, CEO

Prepared by: Justin Zagunis, Director of Customer Success

Date: 3/12/2025

REQUEST

In Sept. 2024 the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) adopted affordability as an SVCE FY 24'-25' strategic focus area. Staff will provide an informational presentation on the activities staff have identified under this focus area to pursue. This presentation encompasses the categories of energy- and rate-related education, legislative and regulatory advocacy, and rate-setting principles and programs to address the strategic focus area. The presentation includes a recap of some underlying rate elements and affordability challenges for SVCE customers from what staff presented to the Board at the [Affordability Study Session](#) in August 2024. The presentation includes work that has already been completed, is in progress, is in the planning phase, and is being explored for the immediate future.

This an informational discussion item. No action requested.

ATTACHMENTS

The PowerPoint presentation for this item is posted to SVCE's website.