
Power Purchase Agreement Project Selection Policy

April 9, 2025



Current Practice and Power Purchase Agreement (PPA) Project Selection Policy

- Current labor provisions – require prevailing wage, which can be satisfied upon execution of a Project Labor Agreement.
- PPA Project Selection Policy guides evaluation of PPA proposals through a list of preferences.



Proposed PPA Project Selection Policy

Key elements

- Maximize regulatory and market value for best fit and value while balancing risk mitigation and reliability goals.
 - Workforce Standards
 - Environmental Stewardship
 - Technology Diversification
 - Location



Communications with Stakeholders

Stakeholder groups included:

- Working Partnerships USA
- South Bay Labor Council
- IBEW 332
- Santa Clara and San Benito Building Trades Council
- CCA Workforce and Environmental Justice Alliance
- SF Electrical Construction Industry
- Center for Sustainable Neighborhoods



Changes as result of stakeholder feedback

Partial list

- **Workforce Standards:** Project Labor Agreements as highest preference
- **Environmental Stewardship:** Preference for projects on previously disturbed/urban land
- **Community Engagement:** Developers that engage the community
- **CC Power:** Will use policy to determine whether to participate in CC Power projects
- **Reporting:** Added annual supplier diversity reporting
- **Board Direction:** GHG emissions evaluation



Executive Committee Direction

Additional changes to the proposed Policy.

- **Local Hire:** Research appropriate target goal
- **Workforce Pipeline Programs Hire:** Research appropriate target goal
- **Apprentices:** Add to medium priority preference



Recommended Action

Staff requests the Board of Directors adopt the Power Purchase Agreement Project Selection Policy.

Selecting Organizations & Local Programs for the Hanford Mitigation Fund

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Communications

Juliette Pascual, Community Outreach Specialist
April 9, 2025



Overview

- Review Hanford Mitigation Fund goals and guidelines
- Overview of local organizations and priorities
- Discuss recommended projects to fund
- Next steps



Proposal

Delegate Authority to the CEO to Execute Contracts to Disburse up to \$1,500,000 from the Hanford Hybrid Plant Emissions Mitigation Fund as follows:

1. Kings Community Action Organization up to \$300,000 for weatherization measures; and
2. Self-Help Enterprises up to \$1,200,000 for electrification initiatives.



Background

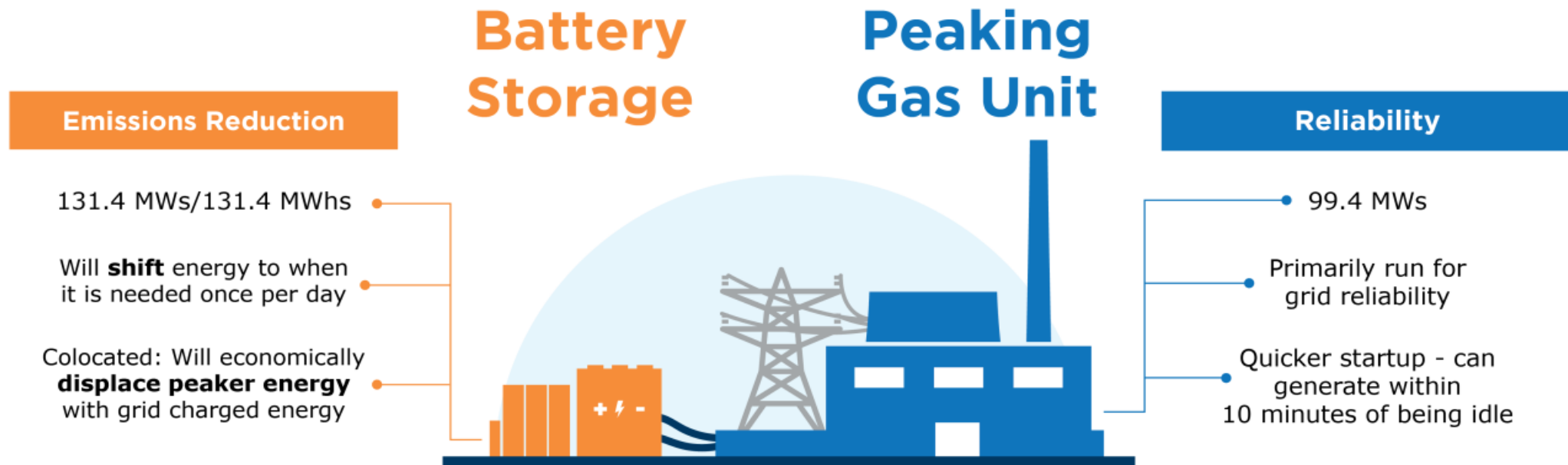
The Board approved Resolution 2024-09 in May 2024 establishing the Hanford Mitigation Fund Guidelines.

- Establishing guidelines and the fund were part of the 12-year power purchase agreement for energy and reliability products from the Hanford Hybrid Natural Gas Power Plant and Battery Energy Storage System.
- Funds to be used for programs and/or projects to help mitigate emissions associated with energy produced by the project.
- SVCE is proactive about ensuring its portfolio management activities leave a net positive impact on communities.



About the Hanford Hybrid Plant

- The Hanford Hybrid Plant is a hybrid natural gas peaker power plant and battery energy storage system that SVCE contracted with to ensure that SVCE can meet its Resource Adequacy (RA) program obligations.





More on the Hanford Hybrid Plant's Location



- Hanford is located Kings County, which is in the San Joaquin Valley
- Kings County population in 2020 was 152,486
- Median household income in 2023 was \$66,428
- Majority of county has designated disadvantaged communities as defined by the 2022 version of CalEPA's CalEnviroScreen 4.0

Source for population and income data: U.S. Census Bureau and CalEnviroScreen 4.0



Approved Hanford Fund Guidelines

	<i>Abbreviated</i>
1	Establish the Hanford Hybrid Plant Emissions Mitigation Fund (“Hanford Fund”).
2	The Hanford Fund goal is to fund programs for low-income and disadvantaged communities to help reduce emissions from greenhouse gases through electrification activities in Kings County.
3	Staff shall seek approval for a one-time funding allocation of \$750,000 to \$1.8 million– for the entire duration of the Hanford contract (12 years).
4	Conduct a stakeholder engagement process to receive feedback directly from Kings County community members about the types of emission reduction programs most beneficial to local residents.
5	Staff shall use the feedback to determine the best course of action for spending funds.
6	Funds shall be used to pay for programs to help reduce emissions from greenhouse gases through electrification activities in disadvantaged or low-income communities in Kings County.
7	One year after disbursement from the fund, staff must report on progress to the Board, and annually thereafter until funds are completely spent.
8	All funds in the Hanford Fund must be disbursed by June 1, 2036.



Staff reached out to six organizations and met with four.

- Interviews focused on understanding local priorities and learning about existing energy-related programs.
- **Kings Community Action Organization** – local community services
- **Self-Help Enterprises** – housing-focused nonprofit serving San Joaquin Valley
- **California Health Collaborative** – statewide nonprofit with Kings County public health initiatives
- **Central Valley Community Fund** – the community foundation serving San Joaquin Valley



SVCE and Local Priorities

SVCE Fund Priorities

Support low-income and disadvantaged communities

Electrification

Reduce GHGs

Stakeholder-driven programs

Kings County Priorities*

Utilities assistance

Food insecurity

Affordable housing

Home repairs

*Data from Jan. 2025 Kings Partnership Got Needs survey



Staff Recommendation

Distribute Hanford Fund to two organizations:

- 1. Kings Community Action Organization – weatherization**
- 2. Self-Help Enterprises – electrification initiatives**

Kings Community Action Organization (KCAO)

Item 4
PRESENTATION

- KCAO is an anti-poverty service organization with a wide array of different services for income-qualified customers
- Their goal is to help individuals and families achieve self-sufficiency through their programs





KCAO Project Proposal

Weatherization Program

- Existing efforts to lower customer bills by providing energy efficiency education and upgrades
 - In 2024, 81 households served, \$5,633.27 average cost per home
- Staff proposes providing KCAO with \$300,000 over two years to increase reach of the weatherization program.
- **Benefits:** Energy efficiency leads to lower bills through reduced energy demand, and increased comfort.



Self-Help Enterprises (SHE)



- **Self-Help Enterprises** – community development organization serving nine counties whose mission is to work with low-income families to build and sustain healthy homes and communities.
- Relevant programs/experience:
 - Sustainable Energy Solutions team – focuses on affordable energy, EV adoption, and community engagement.
 - Outreach implementation partner for CPUC-funded PG&E electrification pilot.





SHE Project Proposal

Community Outreach, Electrification Readiness and Electrification Hub

Three proposed programs:

1. Community Energy Navigators
 2. Lincoln Plaza Affordable Housing Electrification Readiness in Hanford, CA
 3. Electrification Hub & Education Program at Lakeview Terrace in Corcoran, CA (Kings County)
- Proposal is for a five-year engagement.
 - **Benefits:** SHE can learn more about outreach approaches to enable electrification adoption, particularly at low-income housing developments. Focusing on long-term use and maintenance to reduce bills is necessary; they can use these learnings for the other counties they serve.



SHE Project Details

Community Energy Navigators (CENs)

- Employs local people to help enroll residents in energy efficiency programs and educate the broader community on energy incentives, EVs and use of electric tech.
- **Benefit:** Learn more about how CENs can help reach low-income customers to participate in energy programs and offer long-term electrification education.

Lincoln Plaza Electrification Readiness

- Electrification of the community building at an affordable housing community in Hanford.
- **Benefit:** Utilize community building as an education center and location for CENs to conduct workshops and community education.

Lakeview Terrace Electrification Hub

- Planned affordable housing development in Corcoran; funding to be used for electrification and smart technologies.
- **Benefit:** Education center to serve as central community space to educate low-income residents and the surrounding community about electrification through events and workshops.

Total project + admin costs: \$1,146,606 over 5 years

(includes \$69,956 for contract admin)



Next Steps

- Seek board approval to delegate authority for CEO to execute contracts with the two organizations.
- Staff will begin the contracting process with selected organizations, this includes developing reporting and evaluation criteria.
- Organizations will be invited to attend the Hanford Hybrid Plant ribbon cutting ceremony being held on April 17.
- Staff will provide the board with updates on an annual basis, as required by the Hanford Fund Guidelines.



Conclusion

- The two local organizations have a strong track record of delivering programs and are trusted in Kings County communities.
- These are complementary programs – KCAO for weatherization and SHE for electrification outreach and projects in affordable housing communities.
 - SVCE currently offers similar efficiency programs (e.g. DIY energy savings toolkits and in home upgrade programs).
 - SVCE can also benefit from the outreach learnings from SHE for SVCE income-qualified electrification programs.
- Total contracts for both organizations will not exceed the total \$1.8M reserved in the Hanford Fund, reserving opportunities for future partnerships.

Questions?



Appendix





SHE Project Funding Breakdown

Total project + admin costs: \$1,146,606

(includes \$69,956 for contract admin, not reflected below)

Community Energy Navigators (CEN)

- Budget is over 5 years
- \$260,000 – two part-time CENs \$156,000 for program administration, oversight and training of CENs
- \$22,000 – Materials and mileage for events
- Total: \$438,000

Lincoln Plaza Electrification Readiness

- Project timeline is 1 year
- \$15,000 – Engineering assessment
- \$210,650 – Capital project costs
- \$18,000 Project management
- Total: \$243,650

Lakeview Terrace Electrification Hub

- Budget is over 5 years
- \$30,000 – Project Design
- \$360,000 - Capital project costs (electric technologies)
- \$5,000 – Educational signage
- Total: \$395,000

Informational Briefing - Regionalization

April 09, 2025



Agenda

- What is regionalization?
- Why does this matter to SVCE?
- What is the value?
- What is the problem?
- What is SB540?
- What are the next steps?



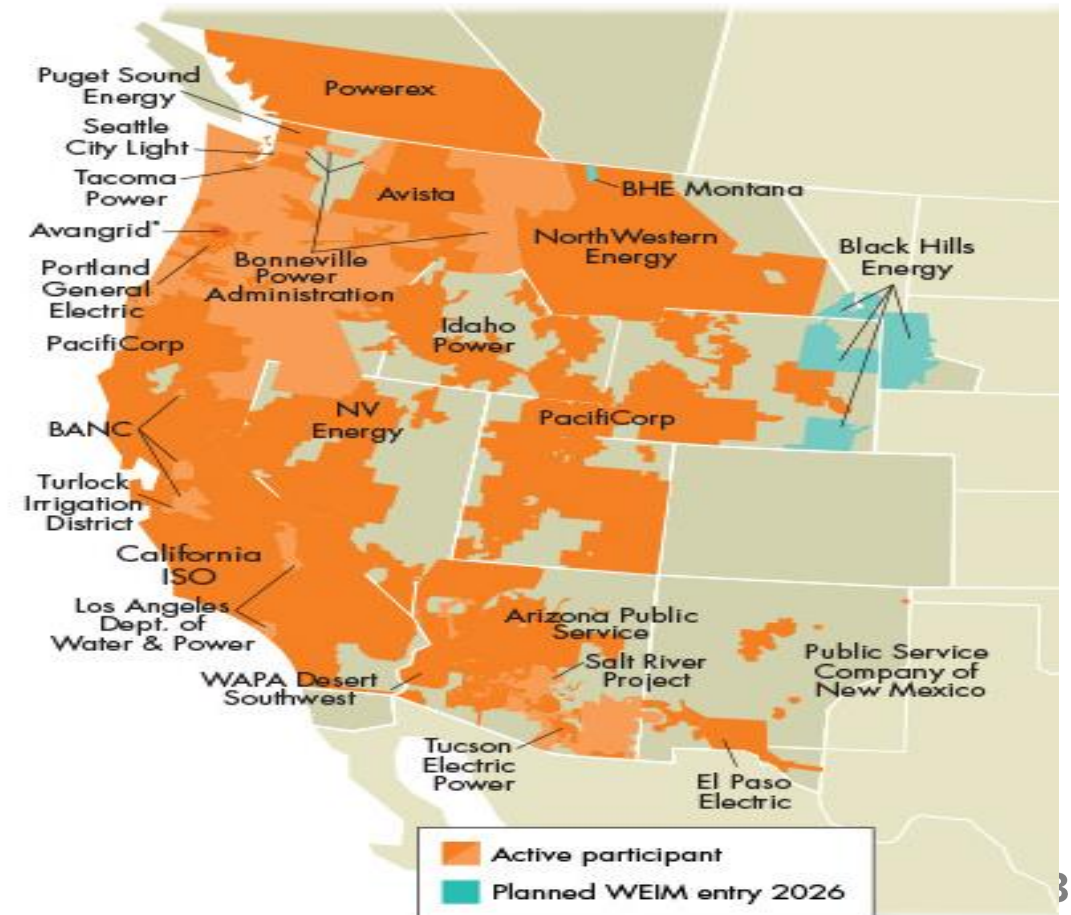


What is Regionalization?

Regionalization is not a new topic. In 2014 CAISO launched the Western Energy Imbalance Market (WEIM), a real-time only market.

WEIM has been incredibly successful

- This market allows for organized transfer of power between balancing authorities which enables enhanced resource sharing.
- Since the end of 2014 EIM has saved its participants just over \$5 billion by optimizing network flows across the west.





SVCE Operates as a Load Serving Entity in CAISO marketplace

CAISO is a Balancing Authority (BA)

- Not all of California is a part of CAISO
- Not all of CAISO is in California
- CAISO is the largest BA in the West
- As a Load Serving Entity SVCE bids its load into CAISO
- As a PPA holder SVCEs generation is bid into CAISOs market

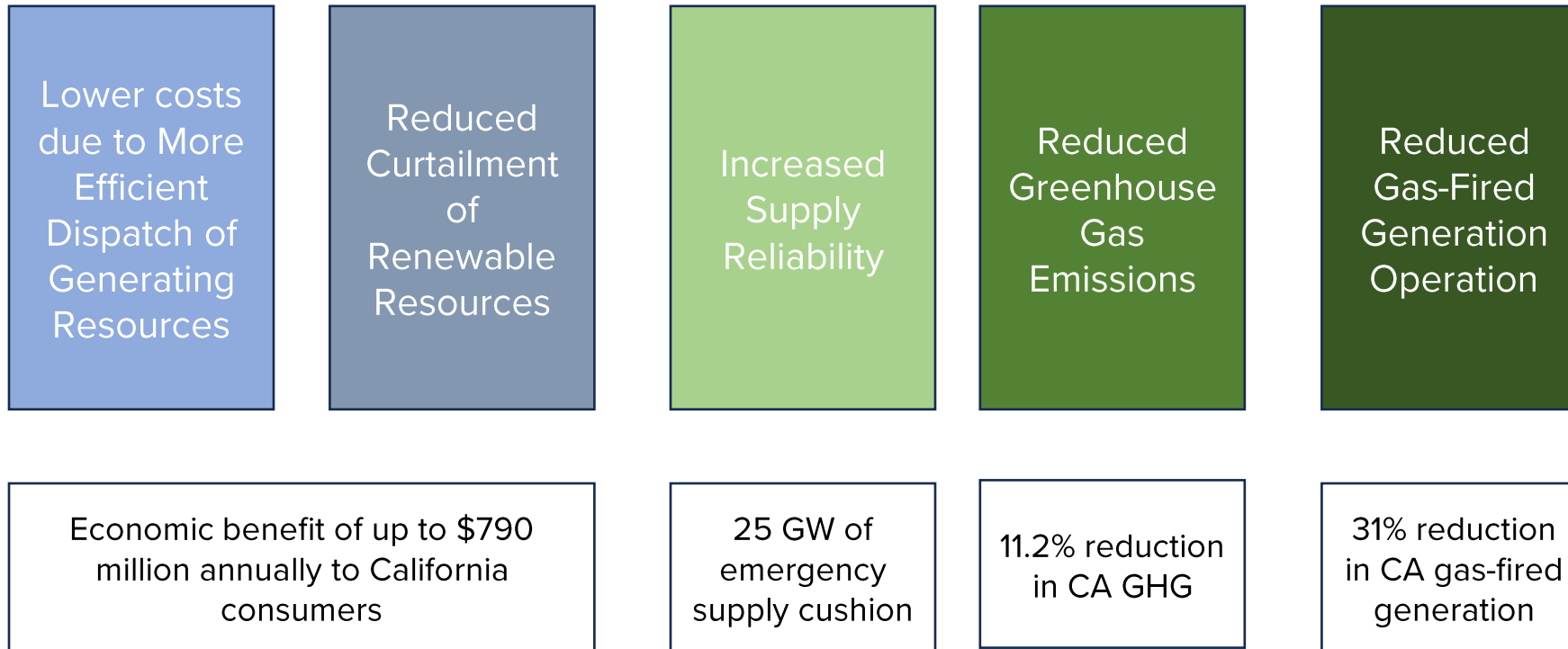


SVCE cannot leave CAISO

- SVCE's future is tied with PG&E and its transmission and distribution services
- Since CAISO is PG&Es host BA SVCE can not leave



Further Regionalization has tremendous value



From CalCCA's Community Education Webinar SB540



There remains a problem

Governance remains the pre-eminent issue

- CAISOs board is appointed by the California Governor
- Other Western States are reluctant to join a day-ahead market that has this Governance structure
- State legislature has tried to change this structure before and it has failed
- There is a new approach that piecemeals functions so that more California advocates can be supportive



West Wide Pathways

Multi Step process where a new Regional Organization (RO) is created, and functions are moved from CAISO to the new RO.

Regional Coordination Key Building Blocks



Lately the regionalization discussion has centered around the expansion of the **Energy Market** via the Day-Ahead market.

CAISO initiative is called the Extended Day-Ahead Market (EDAM).



Pathways Legislation – SB 540 (Becker)

- Multi-state stakeholder process
- Would allow for many of the benefits of regional energy markets
- SB 540 allows creation of a new governing body to oversee west-wide regional energy markets
- CAISO would retain all other traditional activities
- Supported by wide range of labor, environmental, and business interests





Next steps

No action needed today.

SVCE will look to work through political organizations to voice its support of SB 540

SB 540 creates a way for CAISO Governance of specific functions to transition from CAISO to a Regional Organization “RO.”

With SB540 the RO will be given governance over the Day-Ahead and Real-time markets

Expected timeline of activities:

Now through Sep '25: Provide education and necessary support to ensure SB 540 passes

Sep '25: If Passed, SB 540 goes to the Governor's desk

Oct '25: SB 540 signed into law



Appendix



The CAISO aka "The Grid"

CAISO – California Independent System Operator Corporation is a Balancing Authority serving 80% of California.

BA or ISO – Balancing Authority represents a geographic area responsible for ensuring supply meets demand at all times.

RO – Regional Operator serves a greater region and spans multiple states

RTO – Regional Transmission Operator

DA Market – Day Ahead Market whereby load and resources are matched 1-2 days in advance

EIM – Energy Imbalance Market, whereby load and resources are matched in real-time

EDAM – Extended Day Ahead Market for market participants that are not a part of the CAISO BA

Regionalization – involves combining with other BAs to form a larger Market

- SVCE is a CAISO customer/participant
 - Load serving entity, schedule our load needs on an hourly basis "demand"
 - Resources/Supply are also scheduled hourly
 - Our load and resources are "pooled" with all other CAISO participants
- CAISO facilitates many functions, including transmission, reliability (capacity) and energy markets.
- CAISO ensures that the load and resources are matched in "real time" 24 hours per day 7 days a week.
- CAISO operates an economic dispatch model to ensure most economic resources are dispatched based on location.
- CAISO is responsible for "curtailing" resources if capacity exceeds demand
- CAISO responsible for ensuring reliability is available at all times.

2025 Local Agency Action Planning

*Resources to support the transition to
pollution-free buildings and transportation.*

April 2025

Objective

Provide the Board with a status update on agency electrification readiness planning

Despite Legal Changes, Reach Codes Drove Electrification, while Reducing Cost

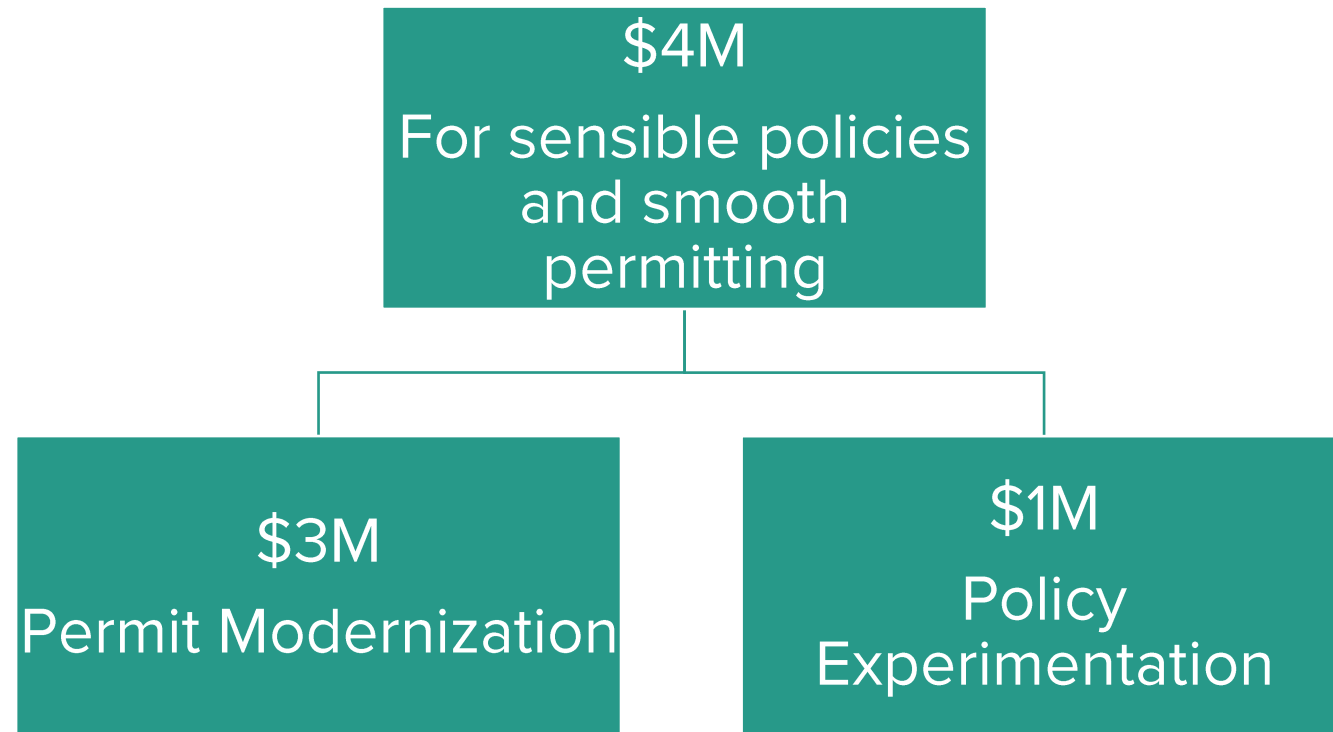
A few of the benefits in our territory 2020-2023

- >11,000 HPWHs
- ~\$34M in on-bill savings
- >\$71M in avoided retrofit costs
- Thousands of EV Chargers
- Thousands of induction cooktops

SVCE and Member Agency Partnership

SVCE rebates and federal tax credits can reduce the financial cost of electrification. Local codes and permitting can increase adoption at the best time and with less friction.

SVCE is launching two complementary programs to provide our member agencies \$4M in technical resources and grants to enable sensible local policies and smoother local permitting.



Each agency selects from a menu of options to help their community more easily make this transition.

There are three tiers of action.

Foundational Practices	Advancing Practices	Leading Practices
Choose 3	Foundational + Choose 3 Advancing	Advancing + Choose 4 Leading
Distribute info about BAAQMD, incentives, etc. with each permit	Train on avoiding unnecessary service upgrades	Allow plumbers to perform minor electrical work to streamline HPWH installations per CSLB
Implement Permit Concierge	Participate in meeting(s) on certified contractors network	BAAQMD ramp up (includes electrification readiness) on remodels
Provide staff training on building electrification technologies	Free permit pilot with outreach campaign	Require disclosures about gas appliances at time of sale
Enhance pre-application support materials	Insert comments in plans encouraging rewiring during other work	Implement certified contractors program
		Incentive-based remodels for electrification
		Adopt real-time permitting for HPWHs
		Require heat pumps at time of AC install or replacement

All 13 Jurisdictions Have a Final Action Plan

Item 6
PRESENTATION

Member Agency	Action Plan Status	Actions Planned		
		Foundational	Advancing	Leading
Campbell	Finaled	2	2	5
Cupertino	Finaled	1	3	3
Gilroy	Finaled	2	2	2
Los Altos	Finaled	3	3	4
Los Altos Hills	Finaled	2	2	4
Los Gatos	Finaled	2	3	4
Milpitas	Finaled	2	4	4
Monte Sereno	Finaled	1	1	5
Morgan Hill	Finaled	1	3	5
Mountain View	Finaled	3	5	4
Saratoga	Finaled	2	1	5
Sunnyvale	Finaled	1	4	7
County of Santa Clara	Finaled	3	3	6

Member agencies are leading the way!

1. **Cupertino finalized energy performance reach code for new construction**
2. **Gilroy is implementing the permitting communication improvements**
3. **Santa Clara County has trainings scheduled for all planning and building staff**

Sensible Retrofit Policies Can Reduce Friction, Lower Cost, and Transform the Market

Key 2025 Policy AC > HP Could Lead To:

- 15,000 new HPs 2026-2029
- \$120M saved in redundant equipment costs
- >\$54M in on-bill savings

Your Efforts Matter

SVCE will continue to work with your staff to develop sensible actions and continue to pivot as circumstances evolve.

Thank you!



svcleanenergy.org



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Appendix

AB 306 (Schultz/Rivas) - State and local building codes

Item 6
PRESENTATION

- Imposes 6-year moratorium on state and local building codes for residential
- Limited exemptions for emergencies related to health and safety and hardening
- SVCE issued concerns letter with amendment suggestions:
 1. Clarify that the state can adopt the 2025 State Building Code and local governments can adopt that code.
 2. Limit the pause to only new construction; allow local governments to pursue existing building policies like ACs to heat pumps
- Advocating on these amendments

The Impact of Your Leadership - Assumptions

Sensible action now can make this transition easier and cheaper. For example, if every jurisdiction...

- Adopted rewiring requirements it could lead to **tens of thousands of electric-ready homes by 2030.**
- There are at least 5000 permits drawn per year in our service territory that could reasonably require pre-wiring. This could mean at least 25,000 electric-ready homes by 2030. Given the variety of ways these policies could be written, we are not stating a certain number, but rather an order of magnitude.
- Required bi-directional AC at the time of replacement, it could add **~16,000 heat pumps by 2029** and **save residents \$ millions in redundant costs.**
- According to the market saturation study that SVCE conducted, there are ~100,000 ducted AC systems in our territory and they last ~20 years. Assuming an even annual turnover, that is ~5 replacements per year and ~20,000 by 2029 if policies went into effect in 2025.

BAAQMD Update

1. BAAQMD will report to the Board in December on market readiness, including costs, technology, workforce, and tenant protections.
2. SVCE is coordinating the 7 Bay Area CCAs to develop scalable solutions that support our communities.
3. South Coast Air Quality Management District passed similar phase out rules, but starting with larger water heaters and including new construction.
4. CAAir Resources Board – the current [proposal](#) would make phaseout gas water heaters statewide starting in 2027.

SVCE is providing a comprehensive set of resources to help each agency meet its goals.

Available
to All

Resources Available	Permit Modernization	Policy Experimentation
1:1 consultation w/SVCE staff (Board member & agency staff)	X	X
Tailored action plan for each jurisdiction	X	X
Technical, legal, and staff support resources	X	X
Access to national-level climate change trainings	X	X
Stipend for part-time, one-year fellow	X	X
Expanded consultant support to implement leading-edge initiatives	X	X

Available
to
Leadership
Cohort