Silicon Valley Clean Energy Authority
Board of Directors Meeting
Wednesday, September 11, 2024
7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

Milpitas City Hall
455 E. Calaveras Blvd.
Milpitas, CA

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

2302 Zanker Road
San Jose, CA

MEETING MINUTES

Call to Order:
Chair Walia called the meeting to order at 7:01 p.m. and requested a moment of silence to honor the lives lost on September 11, 2021 and in honor of first responders for their service.

Following the moment of silence, Director Meadows stated she was participating remotely 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 Meadows also noted she would not be on camera and would abstain from votes and discussion during the regular meeting

Roll Call
Present:
Tina Walia (Chair), Saratoga
George Tyson (Vice Chair), Los Altos Hills
Sheila Mohan, Cupertino
Rebeca Armendariz, Gilroy (participated remotely)
Sally Meadows, Los Altos (participated remotely)
Maria Ristow, Los Gatos
Evelyn Chua, Milpitas (participated remotely)
Bryan Mekechuk, Monte Sereno
Yvonne Martinez Beltran, Morgan Hill (participated remotely)
Pat Showalter, Mountain View
Larry Klein, Sunnyvale
Otto Lee, Santa Clara County

Absent:
Elliot Scozzola, Campbell

Public Comment on Matters Not Listed on the Agenda
No speakers.

Consent Calendar

Chair Walia commented on Item 1d, noting the proposed Clean Air Day Resolution and recognizing SVCE's work on reducing emissions and improving air quality.

There were no questions from the Board; there were no requests from the public to speak on any matter on the Consent Calendar.

1a) Approve Minutes of the August 14, 2024, Board of Directors Meeting

1b) Approve Minutes of the August 14, 2024, Board of Directors Special Meeting

1c) Receive July 2024 Treasurer Report

1d) Adopt Resolution Establishing October 2, 2024 as Clean Air Day

1e) Authorize the Chief Executive Officer to Execute a Two-Year Agreement with Braun Blaising Wynne P.C. ("BBW") for a Not to Exceed Amount of $330,000 for Regulatory Legal Counsel Services

1f) Authorize the Chief Executive Officer to Execute an Agreement with Maher Accountancy Through September 30, 2025 for a Not to Exceed Amount of $298,500 for Accountant Services

1g) Receive Executive Committee Report

1h) Receive California Community Power Report

1i) Receive Additional Committee Reports

MOTION: Director Mekechuk moved and Director Chua seconded the motion to approve the Consent Calendar, Items 1a through 1i.

The motion carried by verbal roll call vote with Director Scozzola absent and an abstention from Director Meadows.

Regular Calendar

2) CEO Report (Informational)

CEO Monica Padilla reported the following:

1) Introduction of Ashlie Park, Community Outreach Fellow, and Anand Govindarajan, Senior Quantitative Analyst, who both provided brief welcome comments;
2) Announcement of SVCE staff's quarterly retreat occurring September 12 and 13, 2024, which would include a tour of the City of Sunnyvale's Civic Center and SVCE's tiny demonstration home (SVCE Dream Home); and
3) Jessica Cornejo, Senior Programs Specialist, provided an update on new Member Agency and Community Grants. CEO Padilla noted a presentation provided to the Executive Committee was linked in the CEO Report of the agenda packet.

Chair Walia requested staff reach out to the Board of Directors with information on where to tour the SVCE Dream Home on September 12, 2024.

Chair Walia opened Public Comment.
No speakers.
Chair Walia closed Public Comment.

3) Adopt the Fiscal Year 2024-25 Recommended Operating Budget, Staff Benefits Update, and Updated Reserves Policy Targets (Action)

Amrit Singh, CFO and Director of Administrative Services, presented the draft operating budget for approval, which included:

- A forecast year-over-year revenues decrease of ~$112M;
- An increase in Power Supply Costs of ~6%;
- Contributions to reserves at $14M;
- Continuing a 4% customer discount with an additional 3% directed to low-income customers as bill credits (to be revisited in December once there is more certainty on PG&E rates);
- An adjustment of employee compensation for the cost of living and merit (~6%);
- The addition of a floating holiday, as suggested at the last Board of Directors meeting; and
- An increase in target reserves from 300 to 350 days of cash on hand and upper target from 490 to 500 days of cash on hand.

Staff responded to questions from board members regarding timing for rate setting, customer discounts, and Finance and Administration Committee membership.

Chair Walia opened Public Comment.
No speakers.
Chair Walia closed Public Comment.

MOTION: Director Showalter moved and Director Lee seconded the motion to adopt Resolution 2024-13 approving the fiscal year (FY) 2024-25 Recommended Operating Budget (“Recommended Budget”), which includes at a high level the following:

1. **Projects depositing $14.0 million into the reserves;**
2. **Updates SVCE’s staff benefits;**
3. **Maintains a four percent (4%) discount to PG&E’s rates; and**
4. **Updates the Reserve Policy increasing the Target for Days Cash on Hand (DCOH) from 300 to 350 and the Maximum DCOH from 490 to 500.**

The motion carried by verbal roll call vote with Director Scozzola absent and an abstention from Director Meadows.

4) Adopt the Fiscal Year 2024-25 Strategic Focus Areas and Strategic Plan (Action)

CEO Padilla presented the proposed fiscal year 2024-25 Strategic Focus Areas and Strategic Plan Goals, as shown below:

<u>Strategic Focus Areas</u>
1. Expand Affordability Efforts
2. Expand Clean & Reliable Grid Actions
3. Expand Offerings to C/I Customers
4. Prepare Region for Electrification at Scale
5. Attract & Retain Employees

<u>Strategic Plan Goals</u>
1. Advance policies which support SVCE’s mission to reduce dependence on fossil fuels.
2. Long-term, target for 100% clean energy annually by building a balanced portfolio with consideration for both affordability and reliability while exploring long-term pathways to clean power supply.
3. Create a long-term decarbonization plan that integrates supply and demand changes, opportunities, and challenges.
4. Acquire power supply resources in a cost-effective manner to meet legislative and regulatory obligations, Board directives and customer specific products.

5. Manage and optimize load and power resources to meet affordability, GHG reduction and reliability objectives.
6. Maintain healthy financial position; avoid failures in management of market risk, credit risk, liquidity risk, operational risks, and enterprise risks.
7. Support all SVCE communities to decarbonize through local investments that reduce barriers and demonstrate sensible, scalable, and equitable solutions.
8. Engage customers and community stakeholders to build trust of SVCE and advance decarbonization.
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).
10. Hire, retain and develop high-performing talent via competitive benefits and rewarding work culture.

Board members provided supportive comments on the proposed Strategic Focus Areas and Plan.

Chair Walia opened Public Comment.
No speakers.
Chair Walia closed Public Comment.

MOTION: Director Lee moved and Director Mekechuk seconded the motion to adopt the proposed FY 2024-25 Strategic Focus Areas and Strategic Plan.

The motion carried by verbal roll call vote with Director Scozzola absent and an abstention from Director Meadows.

5) Local Agency Action Planning (Informational)

Zoe Elizabeth, Deputy Director of Decarbonization Programs and Policy provided a status update on the Bay Area Air Quality Management District (BAAQMD) rule and agency readiness planning.

Staff responded to questions and comments on reach codes, adjusting to the Ninth Circuit’s Ruling on the Berkeley gas ban, and advocacy to modernize laws.

Chair Walia opened Public Comment.
No speakers.
Chair Walia closed Public Comment.

6) Clean Pathways and 24x7 Study (Discussion)

Director Meadows left the meeting at 8:38 p.m.

CEO Padilla introduced the item and Maren Wenzel, Director of Regulatory, Policy and Planning, provided a presentation on clean energy pathways. The presentation included the following:

- Background on market fundamentals;
- Background on market outlook;
- Background on portfolio management best practices;
- The E3 Study overview and purpose;
- Current portfolio;
- Initial results of the E3 study; and
- Risk analysis.

Planned next steps were reviewed and included:

- Staff to further assess viability of 2035 target
  - Maintaining 100% clean target
  - Achieving 100% RPS
  - Determining achievable hourly clean target
- Assess role of demand side options via integrated decarbonization planning process
- Return to board by March 2025 with recommended clean targets to assess for 2025 IRP

Staff responded to questions from board members, which included the following:

- The definition of “dirtier hours” and load management standards,

- Rates not being aligned with carbon power,
- Review of the merit of clean options,
- Next steps for staff to bring a recommendation back to the Board of Directors,
- Over-procurement risks,
- Finding capacity to store energy,
- Unknown artificial intelligence energy growth,
- The future of resources once an agreement ends and if there is a certain life cycle for projects,
- Target goals and flexibility,
- If geothermal energy is viable,
- Mechanical storage facilities in California,
- Demand management,
- Total impact range clarification, and
- Other Community Choice Aggregator targets.

Chair Walia opened Public Comment.
Bruce Karney thanked staff for the presentation and made the following comments: 1) Peninsula Clean Energy performed a similar analysis and modeled matching 100% of the one-day-ahead forecast; 2) the affordability aspects of electricity versus natural gas, and his opinion that it is more important to accelerate the swap-out of natural gas for electricity, even if that electricity is not pristinely clean electricity; and 4) the importance of service territory-wide GHG emissions data to see which model is likely to drive natural gas use down.

Chair Walia closed Public Comment.

CEO Padilla noted a recommendation would be brought back to the Executive Committee before being presented to the Board of Directors.

Board Member Announcements and Future Agenda Items
Director Mekechuk congratulated Chair Walia and Alternate Director Ristow on their appointments to their respective councils; Director Mekechuk announced he would be attending the Victory Pass ribbon cutting event on October 10, 2024 and the League of California Cities Annual Conference and Expo October 16, 2024.

Alternate Director Ristow confirmed Director Meadows left the meeting at 8:38 p.m.

Director Klein announced an invitation to the City of Sunnyvale's State of the City event on September 21, 2024.

Public Comment on Closed Session
No speakers.

The Board of Directors convened to Closed Session at 9:15 p.m.

Closed Session
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Chief Executive Officer

CONFERENCE WITH LABOR NEGOTIATORS
Agency designated representatives: Director Walia, Board Chair, and Director Tyson, Board Vice Chair
Unrepresented employee: Chief Executive Officer

The Board of Directors returned from Closed Session at 10:08 p.m.

Report from Closed Session
Chair Walia announced there was nothing to report.

Adjourn
Chair Walia adjourned the meeting at 10:08 p.m.

ATTEST:

DocuSigned by:

Andrea Pizano

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Andrea Pizano, Board Secretary