APPROVED ANNUAL OPERATING BUDGET

FISCAL YEAR 2020-2021
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- Staff Report to Board of Directors, September 9, 2020
- Presentation to Board of Directors, September 9, 2020
## FY 2020-21 Operating Budget

### Energy Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$285,540</td>
<td>$263,524</td>
<td>$(22,016)</td>
</tr>
<tr>
<td>Energy Sales</td>
<td>263,524</td>
<td>(22,016)</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Green Prime Premium</td>
<td>1,100</td>
<td>891</td>
<td>(209)</td>
</tr>
<tr>
<td><strong>TOTAL ENERGY REVENUES</strong></td>
<td><strong>$286,640</strong></td>
<td><strong>$264,415</strong></td>
<td><strong>$(22,225)</strong></td>
</tr>
</tbody>
</table>

### Energy Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Supply</td>
<td>239,070</td>
<td>234,662</td>
<td>(4,408)</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td><strong>$47,570</strong></td>
<td><strong>$29,753</strong></td>
<td><strong>$(17,817)</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Management</td>
<td>3,160</td>
<td>3,020</td>
<td>(140)</td>
</tr>
<tr>
<td>PG&amp;E Fees</td>
<td>1,260</td>
<td>1,350</td>
<td>90</td>
</tr>
<tr>
<td>Employment Expenses</td>
<td>5,120</td>
<td>6,240</td>
<td>1,120</td>
</tr>
<tr>
<td>Professional Services</td>
<td>3,420</td>
<td>3,800</td>
<td>380</td>
</tr>
<tr>
<td>Marketing &amp; Promotions</td>
<td>740</td>
<td>870</td>
<td>130</td>
</tr>
<tr>
<td>Notifications</td>
<td>160</td>
<td>100</td>
<td>(60)</td>
</tr>
<tr>
<td>Lease</td>
<td>500</td>
<td>500</td>
<td>0</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>960</td>
<td>1,070</td>
<td>110</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>$15,320</strong></td>
<td><strong>$16,950</strong></td>
<td><strong>$1,630</strong></td>
</tr>
</tbody>
</table>

### Operating Income (Loss)

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING INCOME (LOSS)</strong></td>
<td><strong>$32,250</strong></td>
<td><strong>$12,803</strong></td>
<td><strong>$(19,447)</strong></td>
</tr>
</tbody>
</table>

### Non-Operating Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Income</td>
<td>0</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Interest Income</td>
<td>2,000</td>
<td>1,155</td>
<td>(845)</td>
</tr>
<tr>
<td>Grant Income</td>
<td>160</td>
<td>68</td>
<td>(92)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING REVENUES</strong></td>
<td><strong>$2,160</strong></td>
<td><strong>$1,273</strong></td>
<td><strong>$(887)</strong></td>
</tr>
</tbody>
</table>

### Non-Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing</td>
<td>290</td>
<td>165</td>
<td>(125)</td>
</tr>
<tr>
<td>Interest</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING EXPENSES</strong></td>
<td><strong>$290</strong></td>
<td><strong>$165</strong></td>
<td><strong>$(125)</strong></td>
</tr>
</tbody>
</table>

### Total Non-Operating Income (Expenses)

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL NON-OPERATING INCOME (EXPENSES)</strong></td>
<td><strong>$1,870</strong></td>
<td><strong>$1,108</strong></td>
<td><strong>$(762)</strong></td>
</tr>
</tbody>
</table>

### Change in Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGE IN NET POSITION</strong></td>
<td><strong>$34,120</strong></td>
<td><strong>$13,911</strong></td>
<td><strong>$(20,209)</strong></td>
</tr>
</tbody>
</table>

### Capital Expenditures, Interfund Transfers & Other

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Outlay</td>
<td>400</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>50</td>
<td>0</td>
<td>(50)</td>
</tr>
<tr>
<td>Transfer to CRCR Fund</td>
<td>8,500</td>
<td>0</td>
<td>(8,500)</td>
</tr>
<tr>
<td>Transfer to Programs Fund</td>
<td>5,050</td>
<td>5,270</td>
<td>220</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</strong></td>
<td><strong>$14,000</strong></td>
<td><strong>$5,670</strong></td>
<td><strong>$(8,330)</strong></td>
</tr>
</tbody>
</table>

### Balance Available for Reserves

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2019-20 Adopted Midyear</th>
<th>FY 2020-21 Approved Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BALANCE AVAILABLE FOR RESERVES</strong></td>
<td><strong>$20,120</strong></td>
<td><strong>$8,241</strong></td>
<td><strong>$(11,879)</strong></td>
</tr>
</tbody>
</table>
Staff Report – Item 4

Item 4: Adopt Fiscal Year 2020-21 Operating Budget and Resolution Amending the Positions Chart, Job Classifications, and Salary Schedule

From: Girish Balachandran, CEO

Prepared by: Don Rhoads, Interim CFO
Kevin Armstrong, Administrative Services Manager

Date: 9/9/2020

RECOMMENDATION
Staff recommends the Board approve the recommended Fiscal Year 2020-21 Operating Budget and Resolution 2020-26 amending the positions chart, job classifications, and salary schedule.

BACKGROUND
SVCE’s fiscal year starts in October of each year. Staff engages the Board via the Finance Committee and Board presentations to obtain feedback on the proposed budget. The Board determines Strategic Focus Areas and the budget is prepared to reflect the Board’s strategic outlook and the day-to-day operations needed to run the agency. At the August 12, 2020, Board meeting, staff presented the proposed FY20-21 budget and the accompanying Strategic Focus Areas. The Board engaged in discussion and provided feedback to staff. The accompanying budget reflects Board direction.

ANALYSIS & DISCUSSION

Follow-Up to Questions and Comments from Board Directors
The Board provided feedback to staff at the August 12th meeting when presented with the FY 2020-21 Proposed Operating Budget that resulted in minor changes to operating expenses. The recommended Operating Budget now results in an $8.2 million balance available for reserves for fiscal year 2020-21. This is a $197,000 decrease in the balance available for reserves compared to the Proposed Budget presented at the August 12, 2020 Board meeting due to additional recommended expenses as described below.

Changes to proposed budget since August Board meeting

• Increase to Regulatory Consulting budget
  o Rolling blackout follow-up / intervention

• Organizational Efficiencies and Review funding
  o Improve internal policies / procedures

• Renewable Power Prepay up-front costs
  o Majority of start-up costs to be repaid later through financing process

• Continued Work From Home (WFH) Employee Support
With these additional recommended operating expenses, the table below shows the comparison between the August Proposed Budget and currently Recommended Budget.

<table>
<thead>
<tr>
<th></th>
<th>Proposed Budget</th>
<th>Recommended Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Revenues</td>
<td>264,415</td>
<td>264,415</td>
<td>0</td>
</tr>
<tr>
<td>Power Supply</td>
<td>234,662</td>
<td>234,662</td>
<td>0</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td><strong>$29,753</strong></td>
<td><strong>$29,753</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>16,753</td>
<td>16,950</td>
<td>197</td>
</tr>
<tr>
<td>Non-Operating</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income/(Expense)</td>
<td>1,108</td>
<td>1,108</td>
<td>0</td>
</tr>
<tr>
<td>Transfers, Debt</td>
<td>5,670</td>
<td>5,670</td>
<td>0</td>
</tr>
<tr>
<td>Service and Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance Available</strong></td>
<td><strong>For Reserves</strong></td>
<td>$8,439</td>
<td>$8,242</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$197</td>
</tr>
</tbody>
</table>

**Forward looking adjustments not included in the budget**

In addition to the deltas described above, there are additional sources of budget variability that are not yet sufficiently firm to include in this recommended budget, but which should become clearer in the coming months and will be brought to the Board with additional funding requests at that time.

In particular, the rolling blackouts experienced in August and the underlying variability in the power market both point both to additional necessary regulatory work at both the CAISO and CPUC. In addition, collaboration with CalCCA will center on the industry response to the rolling blackouts, the resource adequacy market, and necessary advocacy efforts to preserve and protect CCA interests.

Longer-term, staff has identified efforts around customer equity and deeper government relations efforts, particularly with local member agencies, that will require additional personnel and program expenditures. To support those efforts, staff intends to return to the Board with proposals for additional staffing on both the power resources and policy teams in the coming months.

The following discussion related to Revenues, Expenses and Capital Expenditures is the same as what was provided in the staff report for the August 12 Board meeting and is included again here for your information.

**Revenues**

- Energy revenues are projected to be $264.4 million, which is a $22.2 million or 7.8% decrease from estimated FY 2019-20 energy revenues. As noted above, this decrease is primarily due to an expected continuation of load loss from C&I customers during the fiscal year resulting from the impacts of the COVID-19 virus and an expected increase in the Power Charge Indifference Adjustment (PCIA) starting in October 2020. Projected revenues assume rates are adjusted to achieve a 1% discount to PG&E customer generation rates, rather than the current 4% discount, starting in October 2020. This adjustment is necessary to help offset the large expected PCIA increase and to maintain the recently assigned Moody’s credit
rating of Baa2. No significant changes to PG&E rates are expected until the beginning of 2021.

- Interest income is projected to decrease by $845,000 due to a reduction in interest rates.
- Grant income includes projected receipts from the Bay Area Air Quality Management District (BAAQMD) related to the Heat Pump Water Heater Program.

**Expenses**

Energy expenses are projected to be $234.7 million in FY 2020-21, a $4.4 million decrease due to expected load loss in 2020-21.

Operating expenses are projected to be $16.95 million, a $1.6 million increase over FY 2020-21. The primary drivers include an increase in personnel, as well as professional services to support program development and power supply operations.

- Data Management and PG&E billing expenses are expected to show minimal change.
- Employment expenses project to increase by $1.1 million from the FY 19-20 midyear adjusted budget. The primary drivers include:
  ➢ The Board approved the addition of three (3) new positions during FY 19-20, including a Senior Data Engineer in the Decarbonization and Grid Innovations Programs Department, a Principal Power Analyst in the Power Resources Department, and a Director of Regulatory and Legislative Policy. Two (2) new positions are being recommended for FY 20-21 and are included in this budget. Together, these additional positions result in a total Full-Time Equivalent (FTE) count of 31 positions. This FTE count is on the lower end of comparable CCAs.
  ➢ The budget includes a salary savings rate of 5% to recognize that positions are likely to remain open for part of the year.
  ➢ Personnel expenditures total $6.2 million in FY 20-21, which represents 2.4% of total expenses.
  ➢ Salary tables including the minimum and maximum pay ranges per job title were held constant from FY 19-20. Staff salaries will be adjusted within those ranges based on performance.

- Professional Services expenses are projected to increase slightly by $0.4 million, with most departments remaining flat overall from the reductions made in the FY 19-20 Midyear Budget. Drivers include:
  ➢ Funding to implement computer systems to manage Power Supply transactions.
  ➢ Funding to support negotiations of long-term power purchase agreements and for the preparation and filing of the Integrated Resource Plan (IRP).
  ➢ Support of a pro-active approach to legislative and regulatory issues including the funding of representation in the PG&E general rate case.
  ➢ Support for Programs initiatives, including Piloting of C&I offerings / long-term contracts, (e.g. GreenPrime Direct, EcoInvestment Discount).
  ➢ Support for community resilience programs, including planning and capex support to member agencies through CRCR efforts and solar+storage offerings through a partnership with Sunrun.

- Marketing & Promotions expenses project to increase by $0.1 million to fund:
  ➢ Outreach focus shift to digital engagement (vs. physical events) due to COVID
  ➢ Comprehensive campaigns and promotions leveraging the new eHub (Customer Resource Center)
  ➢ Expanded SVCE print/digital advertising campaign and collateral around electrification, EV infrastructure, resiliency, innovation, workforce)
• Notification expenses are projected to decline, given the implementation of electronic noticing for several required items.
• Building Lease expenses are projected to remain flat.
• General & Administrative expenses are projected to increase by $0.1 million primarily to fund software support for Programs, including developing DAISY 2.0, a comprehensive data analytics platform to provide cross-functional support across SVCE.
• Financing expenses include the funding for the renewal of the line of credit.

Capital Expenditures, Interfund Transfers and Other
The proposed operating budget shows a reduction of $8.3 million compared to the FY 2019-20 Mid-Year Budget.
• The large reduction is due to the one-time nature of the CRCR funding from FY 2019-20.
• Capital expenses were delayed from their anticipated expenditure during FY 19-20 due to COVID-related construction delays. The $0.4 million carried over from the FY 19-20 budget will fund those delayed expenses related to the office move.
• Transfer to the Programs Fund projects is calculated based on 2% of projected annual energy revenues.

STRATEGIC PLAN
The Proposed FY 2020-21 Operating Budget funds the goals of the strategic plan.

ALTERNATIVE
This report is being provided to inform the Board of the activities associated with the development of the FY 2020-21 Operating Budget. Consideration of alternatives are requested by staff, and the Board of Directors in developing a final budget recommendation.

FISCAL IMPACT
The Proposed FY 2020-21 Operating Budget includes total revenues of $265.7 million and total expenses and transfers to other funds of $257.5 million projecting a surplus of $8.2 million.

ATTACHMENTS
1. Recommended FY 2020-21 Operating Budget and Positions Chart – Funded Positions
2. Resolution 2020-26 – Amendment of the Positions Chart, Job Classifications, and Salary Schedule
3. Job Descriptions for New Positions: Associate Power Analyst, Power Analyst, Senior Power Analyst, and Data Scientist
FY 2020-21 OPERATING BUDGET

BOARD OF DIRECTORS

September 9, 2020
**ROADMAP**

01 Budget Preview
- June 25th – Exec. Committee

02 Mid-Year Budget Review
- Feb/March 2021

03 Proposed Budget presented to Board at August meeting

04 Strategic Plan adopted Sept/Oct

05 Recommended Budget presented for adoption at Sept. Board meeting

06 August 5th – Review with Finance Committee
HIGHLIGHTS

1. SVCE FINANCIALLY STABLE; BALANCE AVAILABLE FOR RESERVES OF $8.2 MILLION DESPITE CONTINUED PROJECTED LOAD LOSS DUE TO COVID-19

2. ENERGY EXPENSES DECREASED $4.4 MILLION; BUDGET INCLUDES REQUEST FOR NEW POWER ANALYST AND DATA SCIENTIST POSITIONS

3. BUDGET ASSUMES 1% DISCOUNT FROM PG&E RATES DUE TO EXPECTED INCREASE IN PCI AND CONTINUED LOAD LOSS IN ORDER TO RETAIN MOODY’S CREDIT RATING
**KEY ASSUMPTIONS**

**TRADE-OFFS**
To maintain balance between ratepayer value and agency sustainability – lower the discount to PG&E to 1%

**PCIA**
SVCE will plan for a significant spike to near 5 cents in October then backing down to near 4 cents in 2021

**RETAIL LOAD**
SVCE will plan on an extended, double-dip recovery that continues to impact energy sales

**PG&E RATES**
Big threat would be PG&E rate decrease. Minimal chance. Budget assumes static PG&E rates through 2021.

**BAD DEBT**
SVCE has one of the lowest bad debt rates of CCA’s. Should plan on 3x-4x historical performance to ~1%
$4.4 million reduction reflects lower load to serve
88% hedged in FY2020-21

$264.4 MM
Energy Revenues
- Load reduction continues due to Covid-19
- PCIA increase
- Move from 4% to 1% discount

$234.7 MM
Energy Costs
- $4.4 million reduction reflects lower load to serve
- 88% hedged in FY2020-21

$29.7 MM
Operating Margin
- Margin to fund operations, reserves, programs, and capital

$21.5 MM
Other revenue, expenses and transfers
- $17 million for other operations
- $1.1 net non-operations
- $5.7 million for programs & capex

$8.2 MM
Reserves
- End the FY at Reserve Target Range of 219 Days

FINANCIAL SUMMARY
PROJECTED RESERVES

- 219 Days of Cash on Hand
- 270 days
- 180 days
- 90 days

Bar chart showing projected reserves for FY19A to FY23E:
- FY19A: Reserves
- FY20B: Target, Reserves
- FY21E: Target, Reserves, Max
- FY22E: Target, Reserves, Max
- FY23E: Target, Reserves, Max, Min
## BUDGET DELTAS (Aug – Sept)

### $ in Thousands

<table>
<thead>
<tr>
<th>Item</th>
<th>Proposed Budget</th>
<th>Recommended Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Revenues</td>
<td>264,415</td>
<td>264,415</td>
<td>0</td>
</tr>
<tr>
<td>Power Supply</td>
<td>234,662</td>
<td>234,662</td>
<td>0</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td><strong>$29,753</strong></td>
<td><strong>$29,753</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>16,753</td>
<td>16,950</td>
<td>197</td>
</tr>
<tr>
<td>Non-Operating Income/(Expense)</td>
<td>1,108</td>
<td>1,108</td>
<td>0</td>
</tr>
<tr>
<td>Transfers, Debt Service and Other Expenses</td>
<td>5,670</td>
<td>5,670</td>
<td>0</td>
</tr>
<tr>
<td><strong>Balance Available For Reserves</strong></td>
<td><strong>$8,439</strong></td>
<td><strong>$8,242</strong></td>
<td><strong>$197</strong></td>
</tr>
</tbody>
</table>

Item 4 - PRESENTATION REVISED
BUDGET DELTAS (cont)

• Increase To Regulatory Consulting budget (+$40k)
  • Rolling blackout follow-up / intervention

• Organizational Review funding (+$50k)
  • Improve internal policies / procedures

• Power Prepay up-front costs (+$75k)
  • To be repaid later through financing process

• Continued WFH Employee Support (+$32k)
PERSONNEL REVIEW

• Recommended Budget Funds 31 FTE’s + 5 Temporary
  • New Data Scientist (Decarb & Grid Innovation)
  • New Analyst (Power Resources)

• Anticipate Additional Staffing Requests in late 2020
  • Policy - Senior Government Relations
  • Power – additional Power Resources Analyst
FORWARD-LOOKING CHANGES

• Continued intervention in regulatory arena
  • Added regulatory work at CAISO and CPUC
  • Added coordination through CalCCA

• Continued volatility will impact power supply budget; effects to be realized at mid-year

• Equity program to be defined / expanded following decarbonization hiring
Supplemental
Uncertainty, Risk, and COVID-19

**Project Delays and Financing Issues:**
- New IRP/RA rules; Ops issues with PPAs online next summer

**Load Loss:**
- ~8% load loss; return to “normal” in 2022

**Payments:**
- Customer defaults, payment issues due to COVID-19

**Supply:**
- Project delays and financing issues; new IRP/RA rules; Ops issues with PPAs online next summer

**L&R Issues:**
- Central buyer, PCIA, Transparency, PSPS, Long-duration storage

**Reserves:**
- PCIA uncapped later in 2020, 10+M reserve call in 2021

**Direct Access:**
- Potential for additional DA market expansion
Mid-Case represents the “W” recovery curve

- C&I load drops a second time due to resurgence in COVID-19 in the winter.

- Second recovery period followed by permanent reductions to a majority of small & medium C&I customers.
ACCOUNTS & SALES

Customer Accounts
• 267,000 Accounts

Energy Sales (MWh’s)
• 3.76 million MWh’s
TOTAL REVENUES

- Continued exposure to COVID load loss and volatile PCIA
- Long-term revenue vulnerability from Direct Access
POWER SUPPLY

- $234.7 million Energy Supply Cost
- Well hedged (88%) for FY 2020-21
- Resource Adequacy increases each year
Low Overhead keeps SVCE nimble to respond to changing business
NEW POSITIONS

CURRENT STATE

Long-Term Procurement Negotiations

Developing customized contracts for high load customers

React to regulatory rules changes

Data systems and processes currently being centralized, streamlined and automated

Rudimentary modeling approaches used for consequential business functions

FUTURE STATE

New Power Analyst provides analytical support and management of resources obtained through the PPA negotiations

Evaluates new resources and products

Energy portfolio optimization and risk management

New Data Scientist Generates agency-wide data-driven insights to support mission

Leads high-impact analyses to enhance operational performance and mitigate risk (e.g. load analysis, customer segmentation, program operations, etc.)
ORG. CHART

SVCE RATEPAYERS

BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER

BOARD CLERK / EXECUTIVE ASSISTANT

CHIEF FINANCIAL OFFICER & DIRECTOR OF ADMINISTRATIVE SERVICES

DIRECTOR OF ACCOUNT SERVICES & COMMUNITY RELATIONS

ACCOUNT SERVICES MANAGER

COMMUNICATIONS MANAGER

ADMINISTRATIVE SERVICES MANAGER

COMMUNITY OUTREACH SPECIALIST

ADMINISTRATIVE ANALYST

COMMUNICATIONS SPECIALIST

ADMINISTRATIVE ASSISTANT

DIRECTOR OF POWER RESOURCES

POWER RESOURCES MANAGER

SENIOR ENERGY CONSULTANT

POWER RESOURCES ANALYST

ENERGY CONSULTANT (2)

ASSOCIATE ENERGY CONSULTANT

POWER RESOURCES PLANNER

POWER SETTLEMENTS & COMPLIANCE ANALYST

DIRECTOR OF DECARBONIZATION & GRID INNOVATION PROGRAMS

SENIOR DATA ENGINEER

DATA SCIENTIST

PRINCIPAL POWER ANALYST

POWER RESOURCES ANALYST (2)

MANAGER OF REGULATORY & LEGISLATIVE AFFAIRS

MANAGER OF REGULATORY & LEGISLATIVE POLICY

Full-Time Staff = 31
Temporary Staff = 5

Item 4
PRESENTATION REVISED
DEPT HIGHLIGHTS

• Executive Administration
  • Strategic Plan Implementation
  • Cross-CCA Collaboration

• Finance & Administration
  • Cybersecurity
  • Power Prepay
  • Workforce Productivity and Wellness

• Power Resources
  • Operational Management of long-term power contracts
  • Portfolio Optimization
DEPT HIGHLIGHTS

• Account Services & Community Relations
  • Digital Engagement and Outreach
  • Customer Program Implementation
  • C&I Offerings – GreenPrime Direct; EcoInvestment

• Decarbonization & Grid Innovation Programs
  • Resiliency and Building Electrification
  • Electric Vehicle Charging Infrastructure Support
  • Innovative Pilot Programs
  • Data Analysis and Governance

• Regulatory and Legislative Policy
  • PCIA Reform
  • Industry Restructuring
NEXT STEPS

01 Budget Preview June 25th – Exec. Committee

02 August 5th – Review with Finance Committee

03 Proposed Budget presented to Board at August meeting

04 Recommended Budget presented for adoption at Sept. Board meeting

05 Strategic Plan adopted Sept/Oct

06 Mid-Year Budget Review Feb/March 2021
Changes in FY 2020-21
Projected Budget Surplus since Mid-year
(June 25 update)

Surplus increase $3.2 million

Energy Revenues Unfavorable $1.2 million
- Energy sales assumptions the same; Using Ascend Analytics model

Power Supply Favorable $6.6 million

Operating Exp Unfavorable $1.7 million
- Personnel costs increased $1.1 million

Non-oper Rev/Exp Unfavorable $0.2 million
- Reduced interest income estimate due to lower rates

Cap/Transfers Unfavorable $0.3 million
- Increase due to carry over of Capex budget from 2019-20
# SILICON VALLEY CLEAN ENERGY
## FY 2020-21 RECOMMENDED OPERATING BUDGET
($ in thousands)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FY 2019-20 BUDGET AS ADOPTED MIDYEAR</th>
<th>FY 2020-21 RECOMMENDED BUDGET</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Sales</td>
<td>285,540</td>
<td>263,524</td>
<td>(22,016)</td>
</tr>
<tr>
<td>Green Prime Premium</td>
<td>1,100</td>
<td>891</td>
<td>(209)</td>
</tr>
<tr>
<td>TOTAL ENERGY REVENUES</td>
<td>286,640</td>
<td>264,415</td>
<td>(22,225)</td>
</tr>
<tr>
<td>ENERGY EXPENSES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Supply</td>
<td>239,070</td>
<td>234,662</td>
<td>(4,408)</td>
</tr>
<tr>
<td>OPERATING MARGIN</td>
<td>47,570</td>
<td>29,753</td>
<td>(17,817)</td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Management</td>
<td>3,160</td>
<td>3,020</td>
<td>(140)</td>
</tr>
<tr>
<td>PG&amp;E Fees</td>
<td>1,260</td>
<td>1,350</td>
<td>90</td>
</tr>
<tr>
<td>Employment Expenses</td>
<td>5,120</td>
<td>6,240</td>
<td>1,120</td>
</tr>
<tr>
<td>Professional Services</td>
<td>3,420</td>
<td>3,800</td>
<td>380</td>
</tr>
<tr>
<td>Marketing &amp; Promotions</td>
<td>740</td>
<td>870</td>
<td>130</td>
</tr>
<tr>
<td>Notifications</td>
<td>160</td>
<td>100</td>
<td>(60)</td>
</tr>
<tr>
<td>Lease</td>
<td>500</td>
<td>500</td>
<td>0</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>960</td>
<td>1,070</td>
<td>110</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENSES</td>
<td>15,320</td>
<td>16,950</td>
<td>1,630</td>
</tr>
<tr>
<td>OPERATING INCOME (LOSS)</td>
<td>32,250</td>
<td>12,803</td>
<td>(19,447)</td>
</tr>
</tbody>
</table>
## SILICON VALLEY CLEAN ENERGY
### FY 2020-21 RECOMMENDED OPERATING BUDGET
($ in thousands)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FY 2019-20 BUDGET AS ADOPTED MIDYEAR</th>
<th>FY 2020-21 RECOMMENDED BUDGET</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON-OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>0</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Interest Income</td>
<td>2,000</td>
<td>1,155</td>
<td>(845)</td>
</tr>
<tr>
<td>Grant Income</td>
<td>160</td>
<td>68</td>
<td>(92)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING REVENUES</strong></td>
<td>2,160</td>
<td>1,273</td>
<td>(887)</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td>290</td>
<td>165</td>
<td>(125)</td>
</tr>
<tr>
<td>Interest</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING EXPENSES</strong></td>
<td>290</td>
<td>165</td>
<td>(125)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING INCOME (EXPENSES)</strong></td>
<td>1,870</td>
<td>1,108</td>
<td>(762)</td>
</tr>
<tr>
<td><strong>CHANGE IN NET POSITION</strong></td>
<td>34,120</td>
<td>13,911</td>
<td>(20,209)</td>
</tr>
<tr>
<td><strong>CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>400</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>50</td>
<td>0</td>
<td>(50)</td>
</tr>
<tr>
<td>Transfer to CRCR Fund</td>
<td>8,500</td>
<td>0</td>
<td>(8,500)</td>
</tr>
<tr>
<td>Transfer to Programs Fund</td>
<td>5,050</td>
<td>5,270</td>
<td>220</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</strong></td>
<td>$14,000</td>
<td>$5,670</td>
<td>(8,330)</td>
</tr>
<tr>
<td><strong>BALANCE AVAILABLE FOR RESERVES</strong></td>
<td>$20,120</td>
<td>$8,241</td>
<td>($11,879)</td>
</tr>
</tbody>
</table>
# CCA Base Rate Comparison

<table>
<thead>
<tr>
<th>CCA</th>
<th>Base Rate</th>
<th>Base Rate Renewable</th>
<th>Base Rate Discount to PGE Gen</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCE</td>
<td>ECOplus</td>
<td>50%</td>
<td>-5%</td>
</tr>
<tr>
<td>SVCE</td>
<td>GreenStart</td>
<td>50%</td>
<td>-4%</td>
</tr>
<tr>
<td>MBCP</td>
<td>MBChoice</td>
<td>34%</td>
<td>-2%</td>
</tr>
<tr>
<td>CleanPower SF</td>
<td>CPSF Green</td>
<td>48%</td>
<td>-1%</td>
</tr>
<tr>
<td>SJCE</td>
<td>GreenSource</td>
<td>45%</td>
<td>-1%</td>
</tr>
<tr>
<td>EBCE</td>
<td>Bright Choice</td>
<td>41%</td>
<td>-1%</td>
</tr>
<tr>
<td>MCE</td>
<td>Light Green</td>
<td>61%</td>
<td>3%</td>
</tr>
<tr>
<td>Sonoma Clean Power</td>
<td>CleanStart</td>
<td>49%</td>
<td>6%</td>
</tr>
</tbody>
</table>
FTE COMPARE

FTE's

<table>
<thead>
<tr>
<th>Entity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCP</td>
<td>28</td>
</tr>
<tr>
<td>SVCE</td>
<td>29</td>
</tr>
<tr>
<td>CPA</td>
<td>30</td>
</tr>
<tr>
<td>MBCP</td>
<td>32</td>
</tr>
<tr>
<td>PCE</td>
<td>35</td>
</tr>
<tr>
<td>EBCE</td>
<td>37</td>
</tr>
<tr>
<td>MCE</td>
<td>65</td>
</tr>
</tbody>
</table>

Ratio Comparison

- CPA: 299
- EBCE: 165
- SVCE: 134
- PCE: 103
- MBCP: 100
- SCP: 89
- MCE: 81

Graph showing ratios for different entities with GWh/FTE and GWH.
Scenario: Mid Case

Below are average changes to load based on a pre-covid forecast

<table>
<thead>
<tr>
<th>Period</th>
<th>Small/Medium C&amp;I</th>
<th>Large C&amp;I</th>
<th>Residential</th>
<th>Total Load (Weighted avg by rate class)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelter-in-Place #1</td>
<td>-23%</td>
<td>-13%</td>
<td>11%</td>
<td>-8%</td>
</tr>
<tr>
<td>Mar 17 - May 30, 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery Period #1</td>
<td>-12%</td>
<td>-8%</td>
<td>3%</td>
<td>-5%</td>
</tr>
<tr>
<td>Jun 1 - Nov 30, 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shelter-in-Place #2</td>
<td>-16%</td>
<td>-7%</td>
<td>9%</td>
<td>-3%</td>
</tr>
<tr>
<td>Dec 1, 2020 - April 30, 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery Period #2</td>
<td>-9%</td>
<td>-6%</td>
<td>3%</td>
<td>-4%</td>
</tr>
<tr>
<td>May 1 – Jun 31, 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Normal</td>
<td>-9%</td>
<td>-4%</td>
<td>1%</td>
<td>-3%</td>
</tr>
<tr>
<td>Phase 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 1 – Dec 31, 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Normal</td>
<td>-4%</td>
<td>-2%</td>
<td>0%</td>
<td>-2%</td>
</tr>
<tr>
<td>Phase 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
REVENUES INPUTS

• No changes to rates since May 2020
  • 1% discount to PG&E rates for FY20-21
    • Resume 4% discount in FY21-22
  • Forecasting stable rates through Spring 2021
• Double-dip Recovery through late 2020
• PCIA trigger and fallback anticipated, but timing uncertain
• No change to customer participation rate
• Direct Access Expansion, pending CPUC report release
Executive Administration

Strategic Plan
- Less task-orientated document
- Implementation of Strategic Plan

Collaboration
- Continued collaboration with other Bay Area CCAs
- Long-duration Storage
- Power Prepay

Board
- General Counsel
- Board/Committee meetings support
Finance & Administration

Cybersecurity
- Continued funding to support cybersecurity initiatives
- Focus on security and reliability

Facility Improvements
- Increased rent budget to support larger new office space
- Continued capital budget to support delayed construction improvements in new upstairs space

HR/Payroll Improvements
- Maintain competitive compensation and benefits package
- Support remote workforce productivity and wellness

Risk Management
- Support for risk management of agency (insurance, etc.)
- Support for risk management of energy supply and compliance

Power Pre-Pay
- Support for analysis and possible execution of a power prepay agreement that would lower power supply cost
**Power Resources**

**PPAs & Contracts**
- Consultants and Legal support for new PPA negotiations
- Monitoring and action for ongoing PPAs
- Coordinated Operations Agreement with MBCP
- Master Agreements (EEI) management

**Portfolio Optimization**
- Monitoring & management of Power Supply Costs
- Assist with Direct Access strategies and response
- Hybrid Resource valuation & optimization
- Compliance
- Leg/Reg support

**Operations**
- Scheduling Coordination
- Clean energy procurement
- Resource Adequacy & joint procurement
- Risk management, load forecasting, and software tools/solutions to support more integrated trade and settlements system

**Integrated Resource Plan (IRP)**
- Preparation and filing in 2020
- Implementation of 2021-30 IRP
- Assessment of SVCE's clean goals
- Joint Long Duration Storage RFP
- Stand-alone storage procurement
Account Services & Community Relations

Data Management
- Continued coordination with Calpine
- Long-Term data management strategies

Outreach
- Continued shift in focus to digital outreach and engagement due to COVID
- Outbound email Marketing and Promotions to drive eHub utilization

Awareness
- Expanded print / digital advertising campaign around electrification
- Collateral development and marketing to support new programs (EV Charging, HPWH, Workforce Training)

Programs Support
- Collaboration with the Decarbonization and Grid Innovations Team to roll out programs
- C&I Offerings / Long-Term contracts including:
  - GreenPrime Direct
  - EcoInvestment

Required Notifications
- Funding for various mailers that are required by the CPUC, such as the annual joint rate mailer, with coordination of PG&E
- Transition to electronic distribution when feasible
Decarbonization & Grid Innovation Programs

Programs Funding
Continue with the 2% of energy revenues formula for annual funding of programs
Carry over unused $ from this fiscal year by creating programs fund

Programs Roadmap
Continued rollout of various programs identified in the roadmap
Building Decarbonization Joint Action Plan
Community Resilience Planning & Capital Support
Community Equity

Innovation
Launch multiple pilots through Innovation Onramp
Telematics Smart Charging
Smart Electrical Panel Demonstrations

Tools
Develop DAISY 2.0 – a comprehensive data analytics platform to provide cross-functional support
Build on DER and VPP valuation assessments to improve avoided cost model and GHG forecasting
**Regulatory & Legislative**

- **Pro-Active with Legislature**
  - Funding for Lobbyist presence
  - Funding for continued communications with key stakeholders

- **CalCCA**
  - Membership Dues
  - Support of various committees and initiatives

- **Regulatory / Rate-Setting**
  - PCIA Reform
  - Direct Access Expansion
  - Industry Restructuring
  - Keyes & Fox
  - M. Cubed
  - MRW