SILICON VALLEY
CLEAN ENERGY AUTHORITY

Rod Sinks, Chair
City of Cupertino

Rob Rennie, Vice Chair
Town of Los Gatos

Liz Gibbons
City of Campbell

Daniel Harney
City of Gilroy

Jeannie Bruins
City of Los Altos

John Harpootlian
Town of Los Altos Hills

Burton Craig
City of Monte Sereno

Steve Tate
City of Morgan Hill

John McAlister
City of Mountain View

Joe Simitian
County of Santa Clara

Howard Miller
City of Saratoga

Jim Griffith
City of Sunnyvale

svcleanenergy.org

505 W Olive Avenue
Suite 130
Sunnyvale, CA, 94086

Silicon Valley Clean Energy Authority
Board of Directors Meeting

Wednesday, July 13, 2016
7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any item not on the Agenda. Speakers are limited to 3 minutes each.

Consent Calendar (Action)

1a) Approve Minutes of the June 8, 2016, Board of Directors Meeting

1b) Approve Professional Services Agreement with LEAN Energy US

Regular Calendar

2) Executive Committee Report (Discussion)

3) CEO Report (Discussion)

4) Adopt Resolution Approving SVCE Implementation Plan and Authorize Submittal to CPUC (Action)

5) Approve Power Supply Portfolio Parameters (Action)

6) Presentation of Community Survey Results (Discussion)

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Clerk for the Authority at (408) 730-7483. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.105 ADA Title II).

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County of Santa Clara

Howard Miller
City of Saratoga

Jim Griffith
City of Sunnyvale

7) Adopt Policy Delegating Limited Authority to Chief Executive Officer, Board Chair and Vice-Chair to Support or Oppose Legislation or Regulatory Actions Affecting SVCEA (Action)

Board Member Announcements

Adjourn

svcleanenergy.org

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Silicon Valley Clean Energy Authority
Board of Directors Meeting
Wednesday, June 8, 2016
7:00 pm
Santa Clara County Board Room
70 West Hedding Street, 1st Floor
San Jose, CA

DRAFT MINUTES

Call to Order
Chair Sinks called the meeting to order at 7 p.m.

Roll Call

Present:
Chair Rod Sinks, City of Cupertino
Vice Chair Rob Rennie, Town of Los Gatos
Director Jeannie Bruins, City of Los Altos
Director John Harpootlian, Town of Los Altos Hills
Director Burton Craig, City of Monte Sereno
Alternate Director Anthony Eulo, City of Morgan Hill
Director John McAlister, City of Mountain View
Director Howard Miller, City of Saratoga
Director Jim Griffith, City of Sunnyvale (arrived at 7:01 p.m.)
Director Liz Gibbons, City of Campbell
Director Daniel Harney, City of Gilroy

Absent:
Director Joe Simitian, County of Santa Clara

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

Consent Calendar

1a) Approve Minutes of the May 11, 2016, Board of Directors Meeting

MOTION: Director Miller moved and Director Gibbons seconded the motion to approve the Minutes of the May 11, 2016 Board of Directors Meeting as submitted.
The motion carried unanimously with Directors Simitian and Griffith absent.

Regular Calendar

2) CEO Report

CEO Tom Habashi provided a status report and responded to Board questions. Communications Manager Misty Mersich presented information regarding a proposed Silicon Valley Clean Energy Communication Working Group and responded to Board questions.

3) Approve Key Policies to Guide SVCE Implementation

CEO Habashi presented the staff report and responded to Board questions. Operations Manager Melody Tovar provided additional information and responded to Board questions. John Dulessi, Pacific Energy Advisors, responded to Board questions.

Chair Sinks opened public comment.

Bruce Karney, Carbon Free Mountain View, spoke in support of rate stability to various classes of customers and provided comments regarding supply and demand for new solar farms.

James Tuleya, Sunnyvale resident and member of Carbon Free Mountain View, spoke regarding the activities of Peninsula Clean Energy and in support of an early adopter program.

Chair Sinks closed public comment.

1 – Program Rollout

MOTION: Director Miller moved and Alternate Director Eulo seconded the motion to accept staff recommendation 1: approve a three-phase SVCE customer phase-in plan as shown in Table 1 to the report: the first phase will commence in April 2017 to all small and medium commercial customers located within SVCE's service territory as well as 20% of prospective residential accounts. The second phase will commence in July 2017, to large commercial and industrial customers and an additional 35% of prospective residential accounts. The third and final phase will commence in October 2017, including the remaining 45% of SVCE's prospective residential accounts, agricultural, street lighting and any other accounts not previously enrolled in phases 1 or 2; with changes to add all municipal accounts in phase 1, and to the extent that it is possible, make a system to allow customers to move to an earlier phase.

Director Bruins confirmed with the maker of the motion that the motion included moving municipal accounts, including their street lights and traffic signals, to phase 1.

The motion carried with Directors Gibbons and Harney dissenting, Director Simitian absent.

2 – Customer Generation Rates

MOTION: Director Gibbons moved and Alternate Director Eulo seconded the motion to approve the customer generation rates as presented by staff: for the first year of program implementation and subject to future wholesale power supply pricing received by the Authority, the SVCE Authority set customer generation rates at level 1% below PG&E's generation rates in place as of January 2017. To promote SVCE customer rate stability, SVCE generation rates remain unchanged, subject to unusual volatility in wholesale power pricing, until January 2019.

Director Bruins confirmed with the maker of the motion that the motion is to set the rate at a net 1% discount from PG&E and that the motion is just to set the rate policy.

The motion carried unanimously with Director Simitian absent.

3 - Initial working capital requirements

MOTION: Director Miller moved and Director Gibbons seconded the motion to approve the staff recommendation: secure initial working capital in the amount of $20 million for the first year of program operations. This amount would be subject to annual updates thereafter in consideration of rise in demand. With regard to requisite working capital, raise such working capital by working with willing SVCEA members, which could facilitate the accumulation of working capital amounts by offering direct loans or contributions to the Authority which would be repaid within the first 5 years of program operation.
The motion carried unanimously with Director Simitian absent.

4 - General SVCE Authority Reserve Policy

MOTION: Director Gibbons moved and Director Miller seconded the motion to approve the concept of having a reserve set aside of at least 5%, and direct staff to come back at the next meeting with a revised projected operating results report broken down by categories by years showing actual cash flow, to show what staff comes up with regarding the phasing in and who goes where, and with the understanding that when the bids come back, staff can revise it if necessary; request of staff for documentation on how the 5% is going to be obtained and how the $20 million to be financed is or is not spent, including a repayment plan.
The motion carried unanimously with Director Simitian absent.

5 - SVCE Authority Power Resource Preferences

MOTION: Director Miller moved and Director Gibbons seconded the motion to approve the staff recommendation to give strong preference to clean energy resources for purposes of fulfilling the ongoing electric energy requirements of SVCE customers, with an addition to give staff flexibility to maximize greenhouse gas free resources, to the extent possible optimize renewable resources, and direct staff to provide information regarding Renewable Energy Credits.
The motion carried unanimously with Director Simitian absent.

The Board recessed at 9:26 p.m.
The Board reconvened at 9:33 p.m. with Director Simitian absent.

4) Appoint a Board Executive Committee

CEO Habashi presented the staff report and responded to Board questions. General Counsel Greg Stepanicich provided additional information.

The Board discussed the potential makeup of the Executive Committee.

Chair Sinks opened public comment.
No speakers.
Chair Sinks closed public comment.

MOTION: Alternate Director Eulo moved and Director McAlister seconded the motion to appoint the Directors from Los Altos, Mountain View, Cupertino, Los Gatos, Sunnyvale and Gilroy to the Board Executive Committee.

MOTION WITHDRAWN: Following discussion, Alternate Director Eulo withdrew his motion.

MOTION: Director Miller moved and Director Craig seconded the motion to appoint Director Harney, Director Gibbons, Director Miller, Chair Sinks, Vice Chair Rennie and Director McAlister to the Board Executive Committee, and that the term of the Board Executive Committee turn over in January.
The motion carried unanimously with Director Simitian absent.

5) Adopt Resolution Approving Operating Rules and Regulations

General Counsel Stepanicich presented the staff report and responded to Board questions.

Following discussion, General Counsel Stepanicich suggested Article III, Section 4 *Removal of Officers* be revised to state, “An officer of the board shall be subject to removal <u>as an officer</u> at any time for any reason by a majority vote of the entire board.”

Alternate Director Eulo noted under Article IV, Section 2 *Executive Committee*, the number of members should be six members.

Chair Sinks opened public comment.
No speakers.
Chair Sinks closed public comment.

MOTION: Alternate Director Eulo moved and Director McAlister seconded the motion to adopt a resolution approving operating rules and regulations with the amendments to Article III, Section 4 and Article IV, Section 2.
The motion carried unanimously with Director Simitian absent.

6) Approve Alternate Location for July Board of Directors Meeting: Cupertino Community Hall

MOTION: Alternate Director Eulo moved and Director Miller seconded the motion to hold the July meeting at Cupertino Community Hall.

Chair Sinks opened public comment.
No speakers.
Chair Sinks closed public comment.

The motion carried unanimously with Director Simitian absent.

Board Member Announcements
Chair Sinks reported he served on a panel at the Stanford Energy Summit.

Director Miller announced his last day at Apple after over 23 years.

Director Gibbons announced an upcoming presentation by SVCE staff at the City of Campbell Chamber of Commerce luncheon.

Vice Chair Rennie announced he attended the Silicon Valley Energy Summit.

Operations Manager Tovar announced upcoming business workshops in Mountain View, Sunnyvale and Morgan Hill.

Adjournment
Chair Sinks adjourned the meeting at 10:11 p.m.

SILICON VALLEY
CLEAN ENERGY AUTHORITY

Staff Report – Item 1b

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1b: Approve Professional Services Agreement with LEAN Energy US

Date: 7/13/2016

RECOMMENDATION

Approve agreement substantially in the form shown in Attachment 1 with LEAN Energy US for consulting services in an amount not to exceed $75,000; and authorize the CEO to execute the agreement.

BACKGROUND

As a new agency, SVCEA will require time to develop its operational capacity including the hiring of staff to perform the work of SVCEA. In the meantime, SVCEA utilizes a combination of local member agency staff and consultant support under the direction of the CEO to conduct the business of SVCEA.

The development and launch of a community choice energy (CCE) program benefits greatly from the experience gained through the implementation of existing operational programs. Also, the dynamic and complex regulatory and legislative landscape requires specialized knowledge and experience to support timely and meaningful engagement to advocate the interests of SVCE and its customers. These functions are well suited to be served through consulting expertise, particularly in the formative stages of SVCE's operations.

ANALYSIS & DISCUSSION

The Silicon Valley Community Choice Energy Partnership (SVCCEP) – the partnership that formed SVCEA - contracted with LEAN to conduct an initial Assessment Report (May 2015) and to provide key strategic support to the partnership as it conducted the Technical Feasibility Study and community engagement for a regional program in Santa Clara County. LEAN also provided access to useful regulatory and legislative updates and was instrumental in supporting early engagement in proposed legislation and critical regulation. LEAN has continued to provide support through SVCCEP for financing, organizational development, and regulatory engagement as SVCE convened. The SVCEEP partnership agreement expired June 30, 2016; the proposed agreement continues work in progress and provides support for additional activities needed for program launch.

LEAN has deep experience with supporting the evaluation and launch of CCE programs. The Executive Director, Shawn Marshall, was on the Board of Directors for California's first CCE program, Marin Clean Energy, and later formed LEAN to support communities in the formation of CCE programs. LEAN has been an active participant in every major legislative and regulatory matter for CCEs since its inception in 2011. LEAN has also added team members with direct experience with the relevant regulatory agencies and so is well positioned to support SVCEA.

Key service activities proposed to support SVCEA through program launch are summarized below, and detailed in the attached Agreement's Scope of Services Exhibit A:

	Task	Estimated Budget
1	Regulatory and Legislative Support: LEAN will provide strategic guidance, monitoring, reporting and participation for priority legislative actions and regulatory proceedings that will or could impact SVCE operations and/or its customers.	$30,000
2	Staffing and Organization Planning: LEAN will assist on matters related to SVCE organizational development, planning for program launch and customer enrollment, Agency staffing, and Board and committee support.	$15,000
3	Agency Financing Support: LEAN Energy will continue to work with the City of Mountain View and the financing team on the steps required to secure the necessary banking services, credit and collateral support for early JPA operations and power purchase agreements.	$15,000
4	Data Management, Call Center, & PG&E Services Agreement Support: LEAN will provide support in the areas of vendor selection and implementation and prepare for the operational partnership with PG&E.	$10,000
5	Additional Services: LEAN is available to provide other services or support as requested by SVCE to ensure a successful program launch and transition into operational service.	$5,000
Total – Not to Exceed		**$75,000**

Compensation to LEAN Energy US will be based on hourly rates and reimbursable expenses as set forth in the agreement. The estimated budget amounts may be adjusted so long as the costs remain within the not-to-exceed amount of $75,000. The agreement will be for a term of July 1, 2016 to June 30, 2017.

ATTACHMENTS

1. Agreement with LEAN Energy US

AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND LEAN ENERGY US FOR ORGANIZATIONAL DEVELOPMENT AND REGULATORY SUPPORT SERVICES

THIS AGREEMENT, is entered into this 13th day of July, 2016, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent joint powers authority, ("Authority"), and LEAN ENERGY US, a Non-profit Organization whose address is PO Box 961, Mill Valley, CA 94941 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

RECITALS:

A. Authority is an independent joint powers authority duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. Authority and Consultant desire to enter into an agreement for professional services to support the development and launch of the Silicon Valley Clean Energy program and organization upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on July 1, 2016, and shall terminate on June 30, 2017, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed seventy-five thousand dollars ($75,000.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**

Consultant and Authority agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of similar specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

Authority and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from Authority to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**

Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority's constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. Consultant agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**

Consultant shall, to the fullest extent allowed by law, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liabilities, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of or related to the negligence or willful misconduct of Consultant or Consultant's employees, officers, officials, agents or independent contractors in the performance of this Agreement, except where caused by the sole or active negligence or willful misconduct of Authority or its members, officers, officials, agents, employees and volunteers. Such costs and expenses shall include reasonable attorneys' fees of counsel of Authority's choice, expert fees

and all other costs and fees of litigation. The acceptance of the services provided by this Agreement by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the services or termination of this Agreement.

10. **INSURANCE**:

A. General Requirements. On or before the commencement of the term of this Agreement, Consultant shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the Authority, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which it has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to its insurance for recovery. Consultant hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or Authority with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against Authority by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under any policy required by this Agreement if not named as such additional insured. An additional insured named hereunder shall not be held liable for any premium, deductible portion of any loss, or expense of any nature under any policy required by this Agreement or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by any policy required by this Agreement.

E. Sufficiency of Insurance. The insurance limits required by Authority are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement

that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits shall be available to the Authority and the additional insureds.

11. **CONFLICT OF INTEREST**

Consultant warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. Consultant agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff capacity, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a corporation, partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the entity.

13. **SUBCONTRACTOR APPROVAL**

Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance required by this Agreement. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant shall agree to be bound to Consultant and Authority in the same manner and to the same extent as Consultant is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the indemnity and insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the

required endorsements prior to commencement of any work and will provide proof of compliance to Authority.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. Consultant may retain a copy of any Report furnished to the Authority pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by Authority in the execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as Authority may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by Authority.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from Authority for all services required under this agreement.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Shawn Marshall, Executive Director, shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**

Consultant shall maintain in confidence and not disclose to any third party or use in any manner not required or authorized under this Agreement any and all proprietary or confidential

information held by Authority or provided to Consultant by Authority.

18. **NOTICES**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, addressed as hereinafter provided.

All notices, demands, requests, or approvals shall be addressed as follows:

TO AUTHORITY:
505 W. Olive Avenue
Suite 130
Sunnyvale CA 94086
Attention: Chief Executive Officer

TO CONSULTANT:
Shawn Marshall, Executive Director
LEAN Energy US
PO Box 961
Mill Valley, CA 94941

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. Upon termination, Consultant shall immediately deliver to the Authority any and all copies of reports, studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement.

20. **COMPLIANCE**

Consultant shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the parties are subject to all valid laws, orders,

rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Santa Clara, State of California.

22. **ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority.

23. **WAIVER**

A waiver by Authority of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Authority and Consultant.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal authority to do so on behalf of their respective party.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed as of the date set forth above.

LEAN ENERGY US A Non-profit Organization	SILICON VALLEY CLEAN ENERGY AUTHORITY A Joint Powers Authority
By _____	By _____

Title	Executive Director	Title	Chief Executive Officer
Date		Date	

RECOMMENDED FOR APPROVAL

_____
By: Melody Tovar, Operations Manager

APPROVED AS TO FORM:

_____
Counsel for Authority

ATTEST:

_____
Authority Clerk

Exhibit A
Scope of Services

Task 1. Regulatory and Legislative Support: *LEAN will provide strategic guidance, monitoring, reporting and participation for priority legislative actions and regulatory proceedings that will or could impact SVCE operations and/or its customers.*

1.1 Monitor and Track: Participate in legislative and regulatory coordination meetings (generally monthly); draft and distribute meeting notes and provide feedback on critical issues of particular interest to SVCE.

1.2 Follow Up and Coordinate: Conduct off-line follow up, meetings and research to coordinate regulatory activity with other CCAs in formation, and operational CCAs where possible, regarding State level legislative and regulatory activity and responses to legislation and various CPUC proceedings.

1.3 Reporting: Draft (and present if desired) monthly regulatory and legislative memo for SVCE staff leadership and Board; be available for Q&A and follow up action items

1.4 Correspondence and Reporting: Draft position and ex parte letters for SVCE signature on specific regulatory or legislative matters. Respond to regulatory reporting requirements not otherwise handled by staff or Pacific Energy Advisors.

1.5 Meetings/Contact: Arrange and participate in meetings with legislative and CPUC staff as may be needed to represent the interests of SVCE to those bodies; file ex parte notices as needed and handle necessary outreach to resolve SVCE questions and concerns.

1.6 LEAN is currently a formal party in three CPUC proceedings. These are: Integrated Resource Planning (R.16-02-020), PG&E 2015 ERRA Forecast (A.14-05-024), and PG&E 2017 ERRA Forecast (A.16-06-003). LEAN is available to draft protests, briefs, comments and pleadings on behalf of SVCE (in coordination with other entities or not) in these proceedings and/or others as directed by SVCE's CEO and as budget allows.

Task 2. Staffing and Organization Planning: *LEAN will assist the CEO and Director of Operations on matters related to SVCE organizational development, planning for program launch and customer enrollment, Agency staffing, and Board and committee support.*

2.1 Assist in the development of the Agency's staffing plan, hiring schedule, job descriptions, human resource policies and procedures, and candidate interviews.

2.2 Support and advise on overall program implementation and early operations activities as may be needed to augment the work of the CEO, operations manager or other staff as directed. This will include a variety of tasks including participation in planning meetings and related follow up activity, support for JPA Board and executive committee meetings, SVCE policy review and development, materials preparation for Board meetings, and related presentations or tasks as requested.

Task 3. Agency Financing Support: *LEAN Energy will continue to work with the City of Mountain View and financing team on the steps required to secure the necessary banking services, credit and collateral support for early JPA operations and power purchase agreements.*

3.1 Tasks will include but are not limited to: participation in finance committee meetings and related follow up; review/evaluation of banking service RFPs and participation in interview process; tasks associated with option for municipal financing, including terms and documentation; follow up and documents required for credit guarantee; preparation of related staff reports and presentations.

Task 4. Data Management, Call Center, & PG&E Services Agreement Support: *LEAN will provide support in the areas of data management and call center selection and implementation and prepare for the operational partnership with PG&E.*

4.1 Support data management/call center RFP preparation and bid review process, either as a single vendor or services provided by multiple vendors

4.2 Work with selected vendors(s) on integration of electronic data system, Customer Relationship Management (CRS) system and call center scripting and preparation.

4.3 Schedule and participate in planning meetings with PG&E staff to ensure alignment on overall implementation timing, customer phasing schedule and enrollment plan, completion of the utility service agreement, utility deposit and bond posting, and other tasks needed to facilitate a productive working partnership with PG&E.

Task 5: Additional Services: *LEAN is available to provide other services or support as requested by SVCE to ensure a successful program launch and transition into operational service.*

5.1 Augment the efforts of the outreach and key accounts team which could include some or all of the following: SVCE presentations and meetings with key accounts and stakeholder groups, feedback on public advertising/campaign plans, support customer notification process.

Exhibit B
Schedule of Performance

This schedule may be modified with the written approval of the Authority.

Task	Begin	Complete
1. Regulatory / Legislative Support	July 2016	June 2017
2. Staffing and Organization Planning	July 2016	December 2016
3. Agency Financing Support	July 2016	November 2016
4. Data Management, Call Center, & PG&E Services Agreement Support	August 2016	April 2017
5. Additional Services	October 2016	June 2017

Exhibit C
Compensation

Authority shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of seventy-five thousand dollars ($75,000.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority. The estimated budget amounts shown below are estimates and may be adjusted across categories or tasks provided that the total costs do not exceed the total amount set forth in Section 3 of this Agreement.

Task	**Estimated Budget**
1. Regulatory and Legislative Support	$ 30,000
2. Staffing and Organization Planning	$ 15,000
3. Agency Financing Support	$15,000
4. Data Management, Call Center, & PG&E Services Agmt Support	$10,000
5. Additional Services	$5,000
Total	$ 75,000

Rates

Personnel	**Title**	**Hourly**
Shawn Marshall	Executive Director (Project Manager for Contract)	$170
Trina Horner/Joe Como	Regulatory and Legislative Consultants	$200
Alison Elliott	Administrative Assistant	$50

Invoices

Monthly Invoicing: In order to request payment, Consultant shall submit monthly invoices to the Authority describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed).

Reimbursable Expenses
Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority.

Exhibit D
Insurance Requirements and Proof of Insurance

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE**:

(1) **Workers' Compensation**:
Statutory coverage as required by the State of California.

(2) **Liability**:
Commercial general liability coverage with minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.

(3) **Automotive**:
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.

(4) **Professional Liability**
Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least $1,000,000.

SILICON VALLEY
CLEAN ENERGY AUTHORITY

Staff Report – Item 3

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 3: CEO Report

Date: 7/13/2016

REPORT

Mountain View Leads
The Mountain View City Council recently reviewed their climate action strategies and directed staff to include in the fall 2016 final recommendations, a commitment that the City of Mountain View purchase 100% renewable energy for its municipal accounts from SVCE when service commences in spring of 2017. We applaud the Mountain View City Council's direction and hope that all member agencies will follow Mountain View's lead. SVCE staff are available to assist with evaluation of the prospective 100% renewable energy program upon request.

SVCEA Headquarters
During the first Executive Committee meeting, staff shared the criteria that will be used to search for an office space (attached). The Executive Committee supported staff's approach and staff will continue to work on finding an appropriate office with a target move-in date of November 2016.

Renewable Energy Portfolio Requirement
During the BOD meeting in June, Director Miller asked staff to provide a write up to explain the difference amongst the type of resources that SVCE can acquire to meet its obligations to legislative mandates for renewable resources. Attached to this report is a paper titled "Renewable Energy Product Overview" which explains the difference between the various renewable resource options available to SVCE.

Workshop on Energy Markets and Commodity Hedging
Staff would like to schedule an all day workshop this summer for the Board of Directors to examine 1) The difference between the technical, contractual and political realms in which the electricity markets in California operates and 2) Physical and financial energy risk management and the role each should play in hedging energy risks. Once we design the workshop, we'll be in contact with the Board members to schedule a day for the workshop.

ATTACHMENTS

1. Staff Report to Executive Committee re: Office Space Criteria
2. Renewable Energy Product Overview

SILICON VALLEY
CLEAN ENERGY AUTHORITY

Staff Report – Item 3

To: SVCEA Executive Committee

From: Tom Habashi, CEO

Item 3: Office Space Criteria

Date: 7/7/2016

SUMMARY

Staff proposes that the following criteria be used to identify a commercial office space to house the operations of SVCEA:

- Size to range between 5500-7500 sq. ft. to accommodate 20-24 employees
- Close proximity to train station, located in one of the member agencies
- Central to Service area with easy access to customers
- Require little, or no renovation prior to occupation
- Provides suitable security for customer service and data management
- Preferably is LEED certified

ANALYSIS & DISCUSSION

With an anticipated staff team of 20-24 personnel, staff estimates that 5500 sq. ft. should be sufficient to house SVCEA's operations using an open concept office space. If a larger office space at a reasonable rate is available, staff recommends a board room to accommodate Board and committee meetings. An additional 2000 sq. ft. of office space may be required for that purpose.

Given the high cost of living in the Silicon Valley, we should expect that many of SVCEA's employees may commute to work. Finding an office close to the train station can considerably shorten the time that employees spend commuting and avoid vehicle trips, thus offering both an employee benefit and a reduction in greenhouse gas emissions.

It is important to have SVCEA offices in close proximity to customer centers. This should reduce the distance that customers, contractors and vendors must drive to reach SVCEA offices. In addition, the Authority marketing staff should be able to easily reach key commercial customers to address any concerns that may arise.

With the commencement of service only nine months, it is important that we find offices in nearly move-in condition. Based on recent conversation with local commercial real estate agents, it is likely that in the best of circumstances that we would have to wait 4-6 months for space design, painting, carpet replacement and the occupation permit process to move in. An older office requiring more effort would shift our staff focus from launching SVCEA service at a time when it is most needed.

The motivation for forming SVCEA is to reduce community GHG emissions. In further support of that objective, moving to a building that's LEED certified will promote and reinforce that objective with customers, employees, and stakeholders. Also, it is crucial that we safeguard customer data, requiring emphasis on secured office space.

Staff proposes that we use the above criteria to begin the search for office space for SVCEA and that we bring a recommended lease to the Board of Directors at their August meeting.

Renewable Energy Product Overview

Under California's Renewables Portfolio Standard ("RPS") Program, there are three key renewable energy products that are available to demonstrate regulatory compliance. The terminology used to describe each product is Portfolio Content Category ("PCC") or, more generically, "Bucket," with specific energy delivery requirements creating pertinent distinctions amongst the three product definitions. Under the RPS Program, there are also certain rules regarding the proportionate use of each PCC product, which change over time, obligating retail sellers, including SVCEA, to thoughtfully procure renewable energy for purposes of ensuring that applicable compliance mandates are satisfied. Regardless of the PCC designation relating to each product, all RPS-eligible renewable energy must be produced by a generating resource that successfully achieves and maintains certification from the California Energy Commission (an "RPS-eligible generating resource"). For the period of time beginning January 1, 2017 through December 31, 2020, the following RPS procurement specifications apply:

Calendar Year	Overall RPS Compliance Mandate (% of Total Retail Sales)	Minimum PCC1 Procurement Mandate (% of Overall Compliance Mandate)	PCC2 Allowance (% of Overall Compliance Mandate)[1]	Maximum PCC3 Allowance (% of Overall Compliance Mandate)
2017	27%	75%	15%	10%
2018	29%	75%	15%	10%
2019	31%	75%	15%	10%
2020	33%	75%	15%	10%

Because electrons are physically indistinguishable from one another, the only mechanism for tracking the ownership of renewable energy volumes is a Renewable Energy Certificate, or "REC." One REC represents the renewable attributes (i.e., environmental benefits, including emissions impacts) associated with one megawatt hour, or one thousand kilowatt hours, of renewable energy that is produced, metered and delivered to the grid - *RECs cannot exist without equivalent quantities of renewable energy being produced, metered and delivered to the grid*. RECs may be sold/traded with the associated electric energy (produced by the renewable generator), as a "bundled" renewable energy product, or separately (with no electric energy delivery obligations applying to the seller), as an "unbundled" renewable energy product. Without owning a REC, no claims can be made with regard to the renewable or environmental attributes associated with a renewable energy purchase. From a practical standpoint, RECs are not "good" or "bad"; RECs simply represent the title to renewable energy production.

Within the Western U.S., the Western Renewable Energy Generation Information System, or "WREGIS," is responsible for creating RECs and providing the framework for REC tracking, trading and retirement. The WREGIS system functions similarly to an online banking portal through which registered account holders can track and transfer RECs prior to retirement, a term used to describe the process of taking a REC out of the market, so that it can no longer be transferred or claimed for use by another party. REC retirement is a critical element of demonstrating RPS compliance.

With regard to the various PCCs that may be used under California's RPS Program, the following details apply:

1. **PCC1, or Bucket 1**
    a. *Description:* renewable energy volumes that are produced by RPS-eligible generating resources that: 1) have a first point of electrical interconnection to California (i.e., a renewable generator that is physically located within California or that is directly connected to California); or 2) are located outside of California (but within the Western U.S.) but produce renewable energy that is scheduled for delivery to California (without substituting electricity from another source). PCC1 products represent bundled renewable energy.

[1] PCC2 products may be used to fulfill the difference between the PCC1 procurement mandate and the maximum PCC3 product allowance. PCC2 products may also be used in place of PCC3 products. If desired, retail sellers may also procure additional PCC1 products in place of either PCC2 or PCC3 volumes to fulfill the overall RPS compliance mandate.

b. *Pricing and availability:* the most costly renewable energy options available to California buyers with price premiums ranging from $12/MWh to $20/MWh (relative to conventional power prices over shorter term transactions; certain PCC1 products, depending on the associated renewable generating technology, may trade at higher price premiums). While PCC1 supply is relatively limited in 2016 (due to 2016 being the final year of Compliance Period 2 under the RPS Program), this situation is not expected to persist moving forward, as there are abundant PCC1 purchase opportunities within and outside of California.

c. *Restrictions related to use:* there are no limitations with regard to the use of PCC1 products under the RPS Program. However, retail sellers must meet the minimum PCC1 procurement mandates, as specified in the previous table.

d. *Other details:* in general terms, increases in California's overall RPS compliance mandate and PCC1 procurement mandate have supported the addition/development of significant new renewable generating capacity within California.

2. PCC2, or Bucket 2:

a. *Description:* renewable energy volumes that are produced by RPS-eligible generating resources located outside of California but within the Western U.S. PCC2 products represent bundled renewable energy but have less restrictive scheduling criteria when compared to PCC1 products.

b. *Pricing and availability:* PCC2 products are less costly than PCC1 alternatives: price premiums range from $5/MWh to $8/MWh (relative to conventional power prices over shorter term transactions).

c. *Restrictions related to use:* PCC2 products may be used in limited quantity under California's RPS Program – PCC2 purchases may comprise 15% to 25% of a retail seller's overall procurement mandate, as reflected in the previous table.

3. PCC3, or Bucket 3:

a. *Description:* unbundled renewable energy volumes, or RECs that are sold separately from the electrical energy produced by the RPS-eligible generator. PCC3 products are typically produced by generators located outside of California.

b. *Pricing and availability:* PCC3 products are readily available and are currently the most cost-effective RPS-eligible products with prices ranging from $0.75 to $2.00 per MWh/REC.

c. *Restrictions related to use:* PCC3 products may be used in limited quantity under California's RPS Program: no more than 10% of a retail seller's overall procurement mandate can be sourced from PCC3 products.

d. *Other details:* recently, there has been a great deal of debate and criticism focused on the use of PCC3 products. However, the use of such products is endorsed by several organizations, including the U.S. Environmental Protection Agency, which noted that "RECs and utility green power are fundamentally equivalent environmental products."[2] Buyers of PCC3 products should also consider the potential for changing GHG emissions calculations methodologies, which may eventually limit the manner in which PCC3 products can be incorporated when determining the GHG emissions intensity associated with a retail seller's electric resource portfolio – the timeline for such changes is uncertain.

There are good reasons for considering each of the PCC product options that are available for use under California's RPS Program. Each of the PCCs has its strengths and weaknesses, including relative cost, availability, operational flexibility and political sensitivity amongst other considerations. There are no "perfect" renewable energy products, so it is important that SVCEA consider all available renewable energy options when assembling its current and future resource portfolios.

[2] U.S. Environmental Protection Agency. ***The Environmental Value of Purchasing RECs (EPA Report)***. October 2010.

SILICON VALLEY
CLEAN ENERGY AUTHORITY

Staff Report – Item 4

To:	Silicon Valley Clean Energy Authority Board of Directors
From:	Tom Habashi, CEO
Item 4:	Adopt Resolution Approving SVCE Implementation Plan and Authorize Submittal to CPUC
Date:	7/13/2016

RECOMMENDATION

Adopt resolution approving the SVCE Implementation Plan and authorize submittal to the CPUC.

BACKGROUND

Before providing community choice aggregation services, SVCEA must meet certain regulatory requirements set forth by the California Public Utilities Commission (CPUC). This includes the adoption of an Implementation Plan by the governing body, the SVCEA Board of Directors, and the submittal of that Plan to the CPUC. The Implementation Plan must include the following:

- An organizational structure of the program, its operations, and its funding;
- Rate-setting and other costs to participants;
- Provisions for disclosure and due process in setting rates and allocating costs among participants;
- Methods for entering and terminating agreements with other entities;
- Rights and responsibilities of program participants;
- Provisions for termination of the program; and
- Description of third parties that will be supplying electricity under the program.

The CPUC has 90 days to complete a review and certify the Plan, though previous reviews for other programs have been completed in less time.

ANALYSIS & DISCUSSION

The Board received an introductory presentation regarding the requirements for the Implementation Plan at its April 13, 2016, Board meeting. SVCEA contracted with Pacific Energy Advisors (PEA) to develop the Implementation Plan under the direction of the CEO. The Draft SVCE Implementation Plan (Attachment 1) was developed based on a template used for Implementation Plans for other CCA programs. The Plan content is consistent with direction from the Board regarding customer phasing, financing and rate-setting, but the Plan is also intended to be flexible to respond the changes in energy demands or other needs.

A first draft of the Plan was distributed and posted to the SVCE website on June 27, 2016. Minor corrections have been made based on feedback received to date.

ATTACHMENTS

1. Draft SVCE Implementation Plan
2. Resolution Adopting the Implementation Plan

SILICON VALLEY CLEAN ENERGY

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[July 2016]

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CHAPTER 1 – Introduction

The Silicon Valley Clean Energy Authority ("SVCEA") is a public agency located within Santa Clara County, formed for the purpose of implementing a community choice aggregation program ("CCA", or "Community Choice Energy" – "CCE" – which has been recently used as an alternative identifying term for the CCA service model), which has been named Silicon Valley Clean Energy (the "Program" or "SVCE"). Member Agencies of SVCEA include eleven (11) municipalities located within the County of Santa Clara ("County") as well as the unincorporated areas of the County itself (together, the "Members" or "Member Agencies"), which have elected to allow SVCEA to provide electric generation service within their respective jurisdictions. Currently, the following Members Agencies comprise SVCEA:

City of Campbell	City of Monte Sereno
City of Cupertino	City of Morgan Hill
City of Gilroy	City of Mountain View
City of Los Altos	City of Saratoga
Town of Los Altos Hills	City of Sunnyvale
Town of Los Gatos	County of Santa Clara (unincorporated areas)

This Implementation Plan and Statement of Intent ("Implementation Plan") describes SVCEA's plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of its Member Agencies that currently take bundled electric service from Pacific Gas and Electric Company ("PG&E"). The SVCE Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E's transmission and distribution system. The planned start date for the Program is April 3, 2017, the first business day in April, 2017. All current PG&E customers within SVCEA's service area will receive information describing the SVCE Program and will have multiple opportunities to choose to remain full requirement ("bundled") customers of PG&E, in which case they will not be enrolled. Thus, participation in the SVCE Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out.

Implementation of SVCE will enable customers within SVCEA's service area to take advantage of the opportunities granted by Assembly Bill 117 ("AB 117"), the Community Choice Aggregation Law. SVCEA's primary objectives in implementing this Program are to provide cost competitive electric services; reduce electric sector greenhouse gas emissions ("GHGs") within the County; stimulate renewable energy development; promote energy efficiency and demand reduction programs; and sustain long-term rate stability for residents and businesses through local control. The prospective benefits to consumers include increased renewable and other low-GHG emitting energy supplies, stable and competitive electric rates, and the

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opportunity for public participation in determining which technologies are utilized to meet local electricity needs.

To ensure successful operation of the Program, SVCEA will solicit energy suppliers and marketers through a competitive process and will negotiate with one or more qualified suppliers throughout the summer and fall of 2016. Final selection of SVCE's initial energy supplier(s) will be made by SVCEA following administration of the aforementioned solicitation process and related contract negotiations. Information regarding the anticipated solicitation process for SVCE's initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code provides the relevant legal authority for SVCEA to become a Community Choice Aggregator and invests the California Public Utilities Commission ("CPUC" or "Commission") with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the SVCE Program. The CPUC also has responsibility for registering SVCEA as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On July 13, 2016, SVCEA, at a duly noticed public hearing, considered and adopted this Implementation Plan, through Resolution No. 2016-05 (a copy of which is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E has approved tariffs for imposition of the cost recovery mechanism. Finally, each of SVCEA's Members has adopted an ordinance to implement a CCA program through its participation in SVCEA, and each of the Members has adopted a resolution permitting SVCEA to provide service within its jurisdiction.[1] With each of these milestones having been accomplished, SVCEA submits this Implementation Plan to the CPUC. Following the CPUC's certification of its receipt of this Implementation Plan and resolution of any outstanding issues, SVCEA will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by PU Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides SVCEA's statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;

[1] Copies of individual ordinances adopted by SVCEA's Members are included within Appendix A.

- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process
Chapter 3: Organizational Structure
Chapter 4: Startup Plan & Funding
Chapter 5: Program Phase-In
Chapter 6: Load Forecast & Resource Plan
Chapter 7: Financial Plan
Chapter 8: Rate setting
Chapter 9: Customer Rights and Responsibilities
Chapter 10: Procurement Process
Chapter 11: Contingency Plan for Program Termination
Appendix A: SVCEA Resolution No. 2016-05 (Adopting Implementation Plan)
Appendix B: SVCEA Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

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AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination

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CHAPTER 2 – Aggregation Process

Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Beginning in 2014, the Silicon Valley Community Choice Energy ("SVCCE") Partnership, which included the Cities of Cupertino, Mountain View, and Sunnyvale as well as the County of Santa Clara, began investigating formation of a CCA Program in the County, pursuant to California state law, with the following objectives: 1) provide cost-competitive electric services; 2) reduce greenhouse gas emissions related to the use of electric power within the County; and 3) increase the use of renewable energy resources relative to the incumbent utility. Thereafter, eight additional communities within the County were added to the SVCCE Partnership, increasing the Partnership to twelve communities, which comprise SVCEA's current membership. A technical feasibility study for a CCA Program serving the County was completed for the SVCCE Partnership in April 2016.

After nearly two years of collaborative work by representatives of the SVCCE Partnership, independent consultants, local experts and stakeholders, SVCEA was formed in March 2016 for purposes of implementing the SVCE Program. Subsequently, SVCEA released a draft Implementation Plan in June 2016, which described the planned organization, governance and operation of the CCA Program. Following consideration of comments related to the draft document, a final Implementation Plan was prepared and duly adopted by SVCEA's Board of Directors ("Board").

The SVCE Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the Member Agencies. SVCEA plans to offer choices to eligible customers through creation of innovative programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, energy efficiency, demand responsiveness to promote reductions in peak demand, customized pricing options for large energy users, and support of local renewable energy projects through offering of a standardized power purchasing agreement or Feed-In-Tariff.

Process of Aggregation

Before they are enrolled in the Program, prospective SVCE customers will receive two written notices in the mail, from SVCEA, that will provide information needed to understand the Program's terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date no later than thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will

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be provided to the first phase of customers in January 2017. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by SVCEA. These notices will be sent to customers in subsequent phases twice within 60 days of automatic enrollment.

Customers enrolled in the SVCE Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by SVCEA as well as other charges related to electricity delivery and other utility charges assessed by PG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the SVCE Program without penalty and return to the distribution utility (PG&E). SVCE customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by SVCE but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the SVCE Program and to have agreed to the SVCE Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

SVCE Customers will pay the generation charges set by SVCEA and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

SVCEA's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (PG&E). SVCEA will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by SVCEA's Board.

Initial SVCE Program rates will be established following approval of SVCEA's inaugural program budget, reflecting final costs from the SVCE Program's energy supplier(s). SVCEA's rate policies and procedures are detailed in Chapter 7. Information regarding final SVCE Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once SVCEA gives definitive notice to PG&E that it will commence service, SVCE customers will generally not be responsible for costs associated with PG&E' future electricity procurement

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contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers.[2]

Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to exceed California's prevailing renewable energy procurement mandate for all enrolled customers. SVCE customers may also voluntarily participate in a 100 percent renewable supply option. To the extent that customers choose SVCE's 100 percent renewable energy option, the renewable content of SVCE's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, SVCEA may consider independent development of new renewable generation resources.

Energy Efficiency Impacts

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the distribution utility are not expected to change as a result of SVCE Program implementation. SVCE customers will continue to pay the public benefits surcharges to the distribution utility, which will fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for the SVCE Program, as described in Chapter 6, will follow SVCEA's successful application for and administration of requisite program funding (from the CPUC) to independently administer energy efficiency programs within its jurisdiction. Such programs will be in addition to the level of investment that would continue in the absence of SVCEA-administered energy efficiency programs. Thus, the SVCE Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs.

[2] For PG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in PG&E's tariffs as separate rates/charges paid by all customers (with limited exceptions).

CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of SVCEA and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of SVCEA are outlined and discussed below.

Organizational Overview

In April 2016, SVCEA formed its Board of Directors to serve as its Governing Board. The Board is responsible for establishing SVCE Program policies and objectives and overseeing SVCEA's operation. In May of 2016, the Board appointed a Chief Executive Officer to manage the operation of SVCEA in accordance with policies adopted by the Board. When SVCEA receives CPUC certification, the CEO will proceed to appoint staff and contractors to manage SVCEA's activities. These activities include support services (administration, finance and IT), marketing and public affairs (community outreach, key account management and customer advocacy), Supply acquisition (energy trading, contract negotiation and system development) and Legal and government affairs

Governance

The SVCE Program will be governed by SVCEA's Board, which shall include one appointed designee from each of the Members. SVCEA is a joint powers agency created in March 2016 and formed under California law. The Members of SVCEA include eleven (11) municipalities located within the County as well as the unincorporated areas of the County, all of which have elected to allow SVCEA to provide electric generation service within their respective jurisdictions. SVCEA is the CCA entity that will register with the CPUC, and it is responsible for implementing and managing the program pursuant to SVCEA's Joint Powers Agreement ("JPA Agreement"). SVCEA's Board is comprised of representatives appointed by each of the Members in accordance with the JPA agreement. The SVCE Program will be operated under the direction of a Chief Executive Officer ("CEO") appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, approve rates and provide policy direction to the CEO, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has elected a Chairman and Vice Chairman and has established an Executive Committee. In the future, the Board may also establish other committees and sub-committees, as needed, to address issues that require greater expertise in particular areas. SVCEA may also form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect SVCEA and its customers and would provide analytical support and recommendations to the Board in these regards.

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Management

In May 2016, SVCEA's Board appointed a CEO, who has management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs as well as SVCEA's General Counsel. In performing his obligations to SVCEA, the CEO may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, may be performed initially by third-party contractors.

Major functions of SVCEA that will be managed by the CEO are summarized below.

Administration

SVCEA's CEO will be responsible for managing the organization's human resources and administrative functions and will coordinate with the Board, as necessary, with regard to these functions. The functional area of administration will include oversight of employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues.

Finance

The CEO is also responsible for managing the financial affairs of SVCEA, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. SVCEA will have the flexibility to consider rate adjustments within certain ranges, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as economic development or low income subsidy programs, provided that the overall revenue requirement is achieved.

SVCEA may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than is currently available.

SVCEA's finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the SVCE Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, SVCEA will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

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Marketing & Public Affairs

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. SVCEA will conduct program marketing to raise consumer awareness of the SVCE Program and to establish the SVCE "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the SVCE Program. Communications will also be directed at key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance SVCEA's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. SVCEA will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the SVCE Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and SVCEA, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of SVCEA.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. SVCEA will initially contract with a third party, who has demonstrated the necessary experience and administers an appropriate customer information system to perform the customer account and billing services functions.

Power Resources & Energy Programs

SVCEA must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. SVCEA's long term resource plans (addressing the 10-20 year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. SVCEA may develop and administer complementary energy programs that may be offered to SVCE customers, including green pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching goals and objectives of SVCEA.

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SVCEA will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Such integrated resource plans will also conform to applicable requirements imposed by the State of California. Integrated resource planning efforts of SVCEA will make maximum use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by SVCEA on an annual basis.

Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

SVCEA will initially contract with one or more experienced and financially sound third party energy services providers to perform most of the electric supply operations for the SVCE Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

Local Energy Programs

A key focus of the SVCE Program will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs and other energy programs responsive to community interests. These programs are likely to be phased in during the first several years of operations. The implementation of such programs will follow the identification of requisite funding sources.

SVCEA will eventually administer energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-resources. SVCEA will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory, including the CPUC application process for third party

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administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by SVCE customers.

Governmental Affairs & General Counsel

The SVCE Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California's Renewables Portfolio Standard ("RPS"), and overall representation on issues that will impact SVCEA, its Members and customers. SVCEA will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission.

Under the direction of its General Counsel, SVCEA may retain outside legal services, as necessary, to administer SVCEA, review contracts, and provide overall legal support related to activities of the SVCE Program.

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CHAPTER 4 – Startup Plan & Funding

This Chapter presents SVCEA's plans for the start-up period, including necessary expenses and capital outlays. As described in the previous Chapter, SVCEA may utilize a mix of staff and contractors in its CCA Program implementation.

Startup Activities

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
    - Electric supplier and scheduling coordinator
    - Data management provider (if separate from energy supply)
- Define and execute communications plan
    - Customer research/information gathering
    - Media campaign
    - Key customer/stakeholder outreach
    - Informational materials and customer notices
    - Customer call center
- Post CCA bond and complete requisite registration requirements
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Other costs related to starting up the SVCE Program will be the responsibility of the SVCE Program's contractors (and are assumed to be covered by any fees/charges imposed by such contractors). These may include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

Staffing and Contract Services

Personnel in the form of SVCEA staff or contractors will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements would include a CEO, a General Counsel, and other personnel needed to support regulatory, procurement, finance, and communications activities.

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For budgetary purposes, it is assumed that nine full-time equivalents (staff or contracted professional services) supporting the above listed activities would be engaged during the initial start-up period. Following this period, additional staff and/or contractors will be retained, as needed, to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

Capital Requirements

The Start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Based on SVCEA's anticipated start-up activities and phase-in schedule, a total need of $22.73 million has been identified to support the aforementioned functions. The finance plan in Chapter 7 provides some additional detail regarding SVCEA's expected capital requirements and general Program finances.

Related to SVCEA's initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations (as well as operating reserve deposits that will likely be required by SVCEA's power supplier(s)); 2) requisite deposit with the California Independent System Operator prior to commencing market operations; 3) CCA bond (posted with the CPUC); and 4) PG&E service fee deposit.

Operating revenues from sales of electricity will be remitted to SVCEA beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30 day payment/collections cycle. SVCEA will need working capital to support electricity procurement and costs related to program management, which is included in SVCEA's initial $22.73 million capital requirement.

Financing Plan

SVCEA's initial capital requirement will be provided via terms loans from the Member Agencies and/or conventional financing methods (e.g., bank loans and/or lines of credit); subsumed in the initial capital requirement is SVCEA's initial start-up funding ($2.73 million), which has been provided by the Member Agencies in accordance with SVCEA's JPA Agreement – such amounts are to be repaid by SVCEA no later than March 31, 2020. For all other amounts borrowed, SVCEA will make repayments (including any interest, as applicable) over an assumed 5-year term, commencing in January 2018. SVCEA will recover the principal and interest costs associated with the start-up funding via retail generation rates charged SVCE customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first several years of operations.

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CHAPTER 5 – Program Phase-In

SVCEA will roll out its service offering to customers over the course of three or more phases:

Phase 1. All municipal accounts, all small and medium commercial accounts, 20 percent of residential accounts, and all customer accounts that have voluntarily expressed interest in Phase 1 enrollment.
Phase 2. All large commercial and industrial accounts as well as 35 percent of residential accounts.
Phase 3. All agricultural and street lighting accounts as well as the remaining 45 percent of residential accounts.
Phase 4. Any remaining accounts, if necessary.

This approach provides SVCEA with the ability to initiate its program with sufficient economic scale before building to full program integration for an expected customer base of approximately 210,000 accounts, post customer opt-out. SVCEA will offer service to all customers on a phased basis, which is expected to be completed within seven months of initial service to Phase 1 customers.

Phase 1 of the Program is targeted to begin on or about April 3, 2017, subject to a decision to proceed by SVCEA. During Phase 1, SVCEA anticipates serving approximately 57,000 accounts, comprised of all municipal accounts, small and medium commercial accounts, and a certain portion of residential accounts, totaling nearly 1,100 GWh of annual energy sales. SVCEA is currently refining the potential composition of Phase 1 accounts in consideration of cost of service and customer load characteristics as well as other operational considerations. Specific accounts to be included in Phase 1 will approximate thirty (30) percent of SVCEA's total customer load and will be specifically defined after further analysis and consideration by SVCEA.

SVCEA may provide the opportunity for future customers of SVCE to make a positive election to enroll in Phase 1, even if that customer is not initially scheduled to be offered service during Phase 1. This accelerated enrollment opportunity would open during summer 2016 and close on November 1, 2016.

Phase 2 of the Program will commence following successful operation of the SVCE Program over an approximate 3-month term, which corresponds with an expected Phase 2 service commencement date occurring on or about July 3, 2017. It is anticipated that approximately 67,000 additional customers, comprised of large commercial and industrial customers as well as additional residential accounts, will be included in Phase 2, with annual energy consumption approximating 1,750 GWh, or fifty (50) percent of SVCEA's total prospective customer load.

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Following the successful completion of Phase 1 and Phase 2 customer enrollments, SVCEA will commence the process of completing the CCA roll out to all remaining customers in Phase 3, which is expected to occur on or about October 2, 2017. This phase is expected to comprise the remaining residential accounts within SVCEA's service territory as well as all agricultural and street lighting accounts. Phase 3 will total approximately 87,000 accounts with annual energy consumption of approximately 595 GWh, or twenty (20) percent of SVCEA's total prospective customer load.

To the extent that additional customers require enrollment after the completion of Phase 3, SVCEA will evaluate a subsequent phase of CCA enrollment.

SVCEA may also evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

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CHAPTER 6 - Load Forecast & Resource Plan

Introduction

This Chapter describes the planned mix of electric resources that will meet the energy demands of SVCE customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key polices are as follows:

- SVCEA will seek to increase use of renewable energy resources and reduce reliance on fossil-fueled electric generation for purposes of reducing electric sector GHG emissions.
- SVCEA will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- SVCEA will apply for the administration of energy efficiency program funding to help customers reduce energy costs through administration of enhanced customer energy efficiency, distributed generation, and other demand reducing programs.
- SVCEA will benefit the area's economy through investment in local infrastructure, projects and energy programs.

SVCEA's initial resource mix will include a proportion of renewable energy exceeding California's prevailing RPS procurement mandate. As the SVCE Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the SVCE Program to achieve increased renewable energy content over time. SVCEA's aggressive commitment to renewable generation adoption may involve both direct investment in new renewable generating resources, partnerships with experienced public power developers/operators and purchases of renewable energy from third party suppliers.

The plan described in this section would accomplish the following:

- Procure energy through one or more contracts with experienced, financially stable energy suppliers sufficient to offer two distinct generation rate tariffs: 1) 100 percent renewable energy, offered to SVCE customer on a voluntary basis; and 2) a default SVCE service option that includes a proportion of renewable energy exceeding California's prevailing renewable energy procurement mandate.
- Continue increasing renewable energy supplies over time, subject to resource availability, economic viability and applicable compliance mandates.
- To the extent that SVCEA is successful in applying for administration of public funding to support locally administered efficiency programs, it will attempt to reduce net electricity purchases within the region.

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- Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff; a standardized power purchase agreement or "Feed-In Tariff"; and other creative, customer-focused programs targeting increased access to local renewable energy sources.

SVCEA will comply with regulatory rules applicable to California load serving entities. SVCEA will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. SVCEA will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve SVCEA's customers, even if there were a need for the SVCE Program to cease operations and return customers to PG&E. In addition, SVCEA will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS (33 percent renewable energy by 2020, increasing to 50 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

Resource Plan Overview

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to SVCEA's status as a California load serving entity, SVCEA's resource plan includes a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of SVCEA's resource plan is to reduce electric sector GHG emissions while offering competitive generation rates to participating customers. The planned power supply is initially comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by SVCEA.

Once the SVCE Program demonstrates it can operate successfully, SVCEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by SVCEA or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of SVCEA's electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the SVCE Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, SVCEA may consider partnering with an experienced public power developer and could enter into a long-term (20-to-30 year) power purchase

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agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the SVCE Program's operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract. This option may be preferable to SVCEA as it works to achieve increasing levels of renewable energy supply to its customers.

SVCEA's resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, SVCEA will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources.

SVCEA's indicative resource plan for the years 2017 through 2026 is summarized in the following table. Note that SVCE's projections reflect a portfolio mix of 40% renewable resources and 60% conventional resources. Subject to the availability of funds, a sizable percentage of the conventional resources reflected in the following table will be replaced with GHG-free resources.

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Silicon Valley Clean Energy
Proposed Resource Plan
(GWH)
2017 to 2026

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SVCE Demand (GWh)										
Retail Demand	-1,779	-3,438	-3,455	-3,473	-3,490	-3,507	-3,525	-3,543	-3,560	-3,578
Distributed Generation	0	0	4	5	7	9	11	12	14	16
Energy Efficiency	0	0	0	0	3	7	11	14	18	21
Losses and UFE	-107	-206	-207	-208	-209	-210	-210	-211	-212	-212
Total Demand	-1,886	-3,644	-3,659	-3,675	-3,688	-3,701	-3,714	-3,727	-3,740	-3,753
SVCE Supply (GWh)										
Renewable Resources										
Total Renewable Resources	712	1,413	1,459	1,505	1,551	1,598	1,645	1,693	1,741	1,789
Conventional Resources										
Total Conventional Resources	1,174	2,231	2,200	2,171	2,137	2,103	2,069	2,035	2,000	1,964
Total Supply	1,886	3,644	3,659	3,675	3,688	3,701	3,714	3,727	3,740	3,753
Energy Open Position (GWh)	0	0	0	0	0	0	0	0	0	0

Supply Requirements

The starting point for SVCEA's resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program's "load profile". The electric sales forecast and load profile will be affected by SVCEA's plan to introduce the SVCE Program to customers in phases and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. SVCEA's phased roll-out plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in the SVCE Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. SVCEA anticipates an overall customer participation rate of approximately 85 percent of PG&E bundled service customers, based on reported opt-out rates for the Marin Clean Energy, Sonoma Clean Power and Lancaster Choice Energy CCA programs. It is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part due to the fact that SVCEA will offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as SVCEA's public outreach and market research efforts continue to develop.

Customer Forecast

Once customers enroll in each phase, they will be switched over to service by SVCEA on their regularly scheduled meter read date over an approximately thirty day period. Approximately 1,906 service accounts per day will be switched over during the first month of service. For Phase 2, the number of accounts switched over to SVCE service will increase to about 2,153 accounts per day. For Phase 3, the number of accounts switched over to SVCE service will increase again to about 2,778 accounts per day. The number of accounts served by SVCEA at the end of each phase is shown in the table below.

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Silicon Valley Clean Energy
Enrolled Retail Service Accounts
Phase-In Period (End of Month)

	Apr-17	Jul-17	Oct-17
SVCE Customers			
Residential	37,627	103,475	188,136
Small Commercial	16,497	16,497	16,497
Medium Commercial	2,180	2,180	2,180
Large Commercial	141	1,007	1,007
Industrial	<15	37	37
Street Lighting & Traffic	743	743	1,376
Agricultural & Pumping	-	-	814
Total	**57,192**	**123,939**	**210,048**

SVCEA assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (0.5% annual growth) over the noted

planning horizon. While the successful operating track record of California CCA programs continues to grow, there is a relatively short history with regard to CCA operations, which makes it fairly difficult to anticipate the actual levels of customer participation within the SVCE Program. SVCEA believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Santa Clara County and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by SVCEA for each of the next ten years is shown in the following table:

Silicon Valley Clean Energy
Retail Service Accounts (End of Year)
2017 to 2026

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SVCE Customers										
Residential	188,136	189,077	190,022	190,972	191,927	192,887	193,851	194,820	195,794	196,773
Small Commercial	16,497	16,579	16,662	16,746	16,829	16,914	16,998	17,083	17,169	17,254
Medium Commercial	2,180	2,191	2,202	2,213	2,224	2,235	2,247	2,258	2,269	2,280
Large Commercial	1,007	1,012	1,017	1,022	1,027	1,032	1,038	1,043	1,048	1,053
Industrial	37	37	37	38	38	38	38	38	39	39
Street Lighting & Traffic	1,376	1,383	1,390	1,397	1,404	1,411	1,418	1,425	1,432	1,439
Agricultural & Pumping	814	819	823	827	831	835	839	843	848	852
Total	**210,048**	**211,098**	**212,154**	**213,214**	**214,280**	**215,352**	**216,429**	**217,511**	**218,598**	**219,691**

Sales Forecast

SVCEA's forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. Annual energy requirements are shown below.

Silicon Valley Clean Energy
Energy Requirements
(GWH)
2017 to 2026

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SVCE Energy Requirements (GWh)										
Retail Demand	1,779	3,438	3,455	3,473	3,490	3,507	3,525	3,543	3,560	3,578
Distributed Generation	0	0	-4	-5	-7	-9	-11	-12	-14	-16
Energy Efficiency	0	0	0	0	-3	-7	-11	-14	-18	-21
Losses and UFE	107	206	207	208	209	210	210	211	212	212
Total Load Requirement	1,886	3,644	3,659	3,675	3,688	3,701	3,714	3,727	3,740	3,753

Capacity Requirements

The CPUC's resource adequacy standards applicable to the SVCE Program require a demonstration one year in advance that SVCEA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, SVCEA must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of SVCEA's capacity requirements must be procured locally, from the Greater Bay area as defined by the CAISO and another portion must be procured from local reliability areas outside the Greater Bay Area. SVCEA would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on SVCEA's forecasted peak load. SVCEA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

SVCEA is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO's flexible resource adequacy framework.

The estimated forward resource adequacy requirements for 2017 through 2019 are shown in the following tables[3]:

Silicon Valley Clean Energy
Forward Capacity and Reserve Requirements
(MW)
2017 to 2019

Month	2017	2018	2019
January	-	681	682
February	-	705	706
March	-	606	607
April	275	677	678
May	301	702	703
June	319	765	767
July	662	790	792
August	674	786	788
September	669	787	789
October	694	695	696
November	668	668	669
December	661	662	663

SVCEA's plan ensures that sufficient reserves will be procured to meet its peak load at all times. SVCEA's projected annual capacity requirements are shown in the following table:

[3] The figures shown above are estimates. SVCEA's resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC's resource adequacy compliance process.

Silicon Valley Clean Energy
Capacity Requirements
(MW)
2017 to 2026

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Demand (MW)										
Retail Demand	604	687	691	694	698	701	705	708	712	715
Distributed Generation	-	-	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Energy Efficiency	-	-	-	-	(1)	(1)	(2)	(3)	(4)	(5)
Losses and UFE	-	-	-	-	-	-	-	-	-	-
Total Net Peak Demand	604	687	689	691	693	695	696	698	700	702
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	91	103	103	104	104	104	104	105	105	105
Capacity Requirement Including Reserve	694	790	792	795	797	799	801	803	805	807

Local capacity requirements are a function of the PG&E area resource adequacy requirements and SVCEA's projected peak demand. SVCEA will need to work with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of SVCEA's annual local capacity requirement for the ten-year planning period ranges from approximately 247 MW to 253 MW as shown in the following table:

Silicon Valley Clean Energy
Local Capacity Requirements
(MW)
2017 to 2026

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SVCE Peak (MW)	604	687	689	691	693	695	696	698	700	702
Local Capacity Requirement (% of Peak)	-	36%	36%	36%	36%	36%	36%	36%	36%	36%
Greater Bay Area Share of Local Capacity Requirment (%)	-	34%	34%	34%	34%	34%	34%	34%	34%	34%
Other PG&E Areas Share of Local Capacity Requirment (%)	-	66%	66%	66%	66%	66%	66%	66%	66%	66%
SVCEA Local Capacity Requirement Greater Bay (MW)	-	84	84	85	85	85	85	85	86	86
SVCEA Local Capacity Requirement Other PG&E (MW)	-	163	164	164	165	165	165	166	166	167
SVCEA Local Capacity Requirement, Total (MW)	-	247	248	249	249	250	251	251	252	253

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

SVCEA will coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to SVCEA during CCA program phase-in. For system resource adequacy requirements, SVCEA will make month-ahead showings for each month that SVCEA plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. SVCEA will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).

Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, SVCEA will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining SVCEA's renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to SVCE.

California's RPS program is currently undergoing reform. On October 7, 2015, Governor Brown signed Senate Bill 350 ("SB 350"; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased California's RPS procurement target from 33 percent by 2020 to 50 percent by 2030 amongst other clean-energy initiatives. Many details related to SB 350 implementation will be developed over time with oversight by designated regulatory agencies. However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 50 percent procurement mandate – for planning purposes, SVCEA has assumed straight-line annual increases (1.7 percent per year) to the RPS procurement target beginning in 2021, as the state advances on the 50 percent RPS. SVCEA will also adopt an integrated resource plan in compliance with SB 350 – SVCEA understands that various details related to this planning requirement have yet to be developed, and SVCEA intends to monitor and participate, as appropriate, in pertinent proceedings to promote the preparation and submittal of a responsive planning document. Furthermore, SVCEA will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

SVCEA's Renewables Portfolio Standards Requirement

SVCEA's annual RPS procurement requirements, as specified under California's RPS program, are shown in the table below. When reviewing this table, it is important to note that SVCEA projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity, resulting in only a slight upward trend in projected retail electricity sales.

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Silicon Valley Clean Energy
RPS Requirements
(MWH)
2017 to 2026

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Retail Sales	1,778,887	3,438,203	3,455,394	3,472,671	3,490,034	3,507,484	3,525,022	3,542,647	3,560,360	3,578,162
Annual Procurement Target	480,299	997,079	1,071,172	1,145,981	1,211,042	1,276,724	1,343,033	1,409,973	1,477,549	1,545,766
% of Current Year Retail Sales*	27%	29%	31%	33%	35%	36%	38%	40%	42%	43%

*Note: Specific details related to SB 350 implementation have yet to be identified. For purposes of this table, SVCEA assumed a straight-line increase from California's 33 percent RPS procurement mandate in 2020 to California's new, 50 percent RPS procurement mandate in 2030.

Purchased Power

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of SVCE Program operation. SVCEA will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including SVCEA's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the Program. SVCEA

Renewable Resources

SVCEA will initially secure necessary renewable power supply from its third party electric supplier(s). SVCEA may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by SVCEA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by SVCEA, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by SVCEA. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of SVCEA's load zone, as defined by the CAISO.

Energy Efficiency

SVCEA's energy efficiency goals will reflect a strong commitment to increasing energy efficiency within the County, expanding beyond the savings achieved by PG&E's programs. To promote the achievement of this goal, SVCEA plans to complete the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by SVCE customers. To the extent that SVCEA is successful in this application process, receiving funding to administer additional energy efficiency programs within the region, it will seek to maximize end-use customer energy

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efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace SVCEA's need for traditional electric procurement activities. Additional details related to SVCEA's energy efficiency plan will be developed once SVCE Program phase-in is underway.

With regard to SVCEA's anticipated energy efficiency savings, a reasonable baseline assumption (for efficiency savings related to the demand-side portion of the SVCE resource plan) appears to be steady growth towards 0.5 percent of SVCEA's projected energy sales by 2024. For example, the National Action Plan for Energy Efficiency states among its key findings "consistently funded, well-designed efficiency programs are cutting annual savings for a given program year of 0.15 to 1 percent of energy sales."[4] The American Council for an Energy-Efficient Economy (ACEEE) reports for states already operating substantial energy efficiency programs that an energy efficiency goal of one percent, as a percentage of energy sales, is a reasonable level to target.[5] These savings would be in addition to the savings achieved by PG&E administered programs. Achieving this goal would mean at least a doubling of energy savings relative to the status quo (without the program administered by SVCEA). It is assumed that energy efficiency programs of SVCEA will focus on closing the gap between the vast economic potential of energy efficiency within the County and what is typically achieved.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., SVCEA), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California's resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be counted for local capacity requirements. This resource plan anticipates that SVCEA's demand response programs would partially offset its local capacity requirements beginning in 2020.

PG&E offers several demand response programs to its customers, and SVCEA intends to recruit those customers that have shown a willingness to participate in utility programs into similar programs offered by SVCEA. SVCEA may also adopt a demand response program that enables

[4] National Action Plan for Energy Efficiency, July 2006, Section 6: Energy Efficiency Program Best Practices (pages 5-6)

[5] Energy Efficiency Resource Standards: Experience and Recommendations, Steve Nadel, March 2006, ACEEE Report E063 (pages 28 - 30).

it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in SVCEA's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. SVCEA may utilize experienced third party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with SVCEA's policies and the state's Energy Action Plan, clean distributed generation is a component of the integrated resource plan. SVCEA will work to promote deployment of photovoltaic (PV) systems within SVCEA's service territory, with the goal of optimizing the use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. SVCEA also plans to implement a net energy metering program and a feed-in-tariff to promote local investment in distributed generation.

There are clear environmental benefits and strong customer interest in distributed PV systems. To support such systems, SVCEA may provide direct financial incentives from revenues funded by customer rates to further support use of solar power and/or other renewable resources within the local area. With regard to SVCE's prospective net energy metering program, it is anticipated that SVCEA would eventually adopt a program that would allow participating customers to sell excess energy produced by customer-sited renewable generating sources to SVCEA. Such a program would be generally consistent with principles identified in Assembly Bill 920 ("AB 920"), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by net energy metered facilities located within the service territories of California's large investor owned utilities, including PG&E. However, SVCEA may choose to offer enhanced compensation structures, relative to those implemented as a result of AB 920, as part of the direct incentives that may be established to promote distributed generation development within Santa Clara County. To the extent that incentives offered by SVCEA improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the County would increase.

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CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the SVCE Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

SVCEA's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the SVCE Program's monthly costs and revenues and specifically accounts for the phased enrollment of SVCE Program customers described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- Scheduling Coordination;
- Grid Management and other CAISO Charges;
- CCA Bond and Security Deposit;
- Pre-Startup Cost Reimbursement; and
- Debt Service.

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that SVCEA charges a standard, default electricity tariff similar to the generation rates of PG&E for each customer class and an optional 100% renewable energy tariff at a premium reflective of incremental renewable power costs. More detail on SVCE Program rates can be found in Chapter 8.

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Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for SVCEA to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by SVCEA, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, was determined to be $22.73 million. Working capital requirements peak soon after enrollment of the Phase 1 customers.

CCA Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to move SVCEA through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for debt service are included as a cost item.

The results of the pro forma analysis are shown in the following tables. In particular, the summary of CCA program startup and phase-in addresses projected SVCE Program operations for the period beginning January 2017 through December 2026. [6] SVCEA has also included a summary of Program reserves, which are expected to accrue over this same period of time.

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[6] Costs projected for staffing & professional services and other administrative & general relate to energy procurement, administration of energy efficiency and other local programs, generation development, customer service, marketing, accounting, finance, legal and regulatory activities necessary for program operation.

Silicon Valley Clean Energy
Summary of CCA Program Startup and Phase-In
(January 2017 through December 2026)

CATEGORY	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
I. REVENUES FROM OPERATIONS ($)											
ELECTRIC SALES REVENUE	141,649,821	254,134,823	263,046,930	272,272,193	281,821,620	291,706,606	301,938,943	312,530,841	323,494,937	334,844,315	2,777,441,028
LESS UNCOLLECTIBLE ACCOUNTS	(706,470)	(1,267,236)	(1,311,779)	(1,357,888)	(1,405,618)	(1,455,026)	(1,506,170)	(1,559,112)	(1,613,914)	(1,670,643)	(13,853,856)
TOTAL REVENUES	140,943,350	252,867,587	261,735,150	270,914,305	280,416,002	290,251,580	300,432,773	310,971,729	321,881,023	333,173,672	2,763,587,172
II. COST OF OPERATIONS ($)											
(A) OPERATIONS AND ADMINISTRATIVE (O&A)											
STAFFING & PROFESSIONAL SERVICES	3,230,338	4,869,531	5,015,617	5,166,085	5,321,068	5,480,700	5,645,121	5,814,475	5,988,909	6,168,576	52,700,420
MARKETING	2,299,952	1,776,976	1,832,880	1,890,553	1,950,050	2,011,430	2,074,753	2,140,080	2,207,475	2,277,004	20,461,155
DATA MANAGEMENT SERVICES	1,349,567	2,913,152	2,927,718	2,942,356	2,957,068	2,971,853	2,986,713	3,001,646	3,016,654	3,031,738	28,098,465
IOU FEES (INCLUDING BILLING)	562,045	1,217,950	1,260,761	1,305,077	1,350,951	1,398,437	1,447,592	1,498,474	1,551,146	1,605,669	13,198,102
OTHER ADMINISTRATIVE & GENERAL	666,594	928,288	956,136	984,820	1,014,365	1,044,796	1,076,140	1,108,424	1,141,677	1,175,927	10,097,165
ENERGY PROGRAMS	1,545,000	3,182,700	3,278,181	3,376,526	3,477,822	3,582,157	3,689,622	3,800,310	3,914,320	4,031,749	33,878,387
SUBTOTAL O&A	9,653,496	14,888,597	15,271,294	15,665,419	16,071,324	16,489,373	16,919,939	17,363,409	17,820,180	18,290,663	158,433,693
(B) COST OF ENERGY	98,843,618	194,211,684	199,816,542	210,072,872	218,064,336	226,383,647	235,044,109	244,059,556	253,444,374	263,213,522	2,143,154,259
(C) OPERATING RESERVE	7,082,491	12,706,741	13,152,346	13,613,610	14,091,081	11,668,264	12,077,558	12,501,234	12,939,797	13,393,773	123,226,895
TOTAL COST AND OPERATING RESERVE	115,579,605	221,807,022	228,240,182	239,351,900	248,226,741	254,541,284	264,041,606	273,924,199	284,204,351	294,897,957	2,424,814,847
CCA PROGRAM SURPLUS/(DEFICIT)	25,363,745	31,060,565	33,494,968	31,562,405	32,189,262	35,710,296	36,391,167	37,047,530	37,676,672	38,275,715	338,772,324

Silicon Valley Clean Energy
Reserves Summary
(January 2017 through December 2026)

CATEGORY	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
I. RESERVE ADDITIONS											
(A) OPERATING RESERVE CONTRIBUTION	7,082,491	12,706,741	13,152,346	13,613,610	14,091,081	11,668,264	12,077,558	12,501,234	12,939,797	13,393,773	123,226,895
(B) CASH FROM FINANCING	20,000,000	-	-	-	-	-	-	-	-	-	20,000,000
SUBTOTAL RESERVE ADDITIONS	27,082,491	12,706,741	13,152,346	13,613,610	14,091,081	11,668,264	12,077,558	12,501,234	12,939,797	13,393,773	143,226,895
II. RESERVE SUBTRACTIONS											
(A) STARTUP FUNDING REPAYMENT	511,875	682,500	682,500	682,500	170,625	-	-	-	-	-	2,730,000
(B) WORKING CAPITAL REPAYMENT	3,763,960	3,878,445	3,996,411	4,117,966	4,243,218	-	-	-	-	-	20,000,000
(C) INTEREST PAYMENTS	548,526	434,041	316,074	194,520	69,268	-	-	-	-	-	1,562,429
SUBTOTAL RESERVE SUBTRACTIONS	4,824,361	4,994,986	4,994,986	4,994,986	4,483,111	-	-	-	-	-	24,292,429
III. RATE STABILIZATION RESERVE BALANCE	22,258,130	29,969,886	38,127,246	46,745,870	56,353,841	68,022,105	80,099,662	92,600,896	105,540,694	118,934,466	

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The surpluses achieved during the phase-in period serve to build SVCEA's net financial position and credit profile and to provide operating reserves for SVCEA in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time. In addition, financial surpluses could be used to increase renewable and GHG-free resources within SVCE's resource mix.

SVCE Financings

It is anticipated that one or more financings, inclusive of prospective direct term loans between SVCEA and its Member Agencies, will be necessary to support SVCE Program implementation. Subsequent capital requirements will be self-funded from SVCEA's accrued financial reserves. The anticipated financing approach is described below.

CCA Program Start-up and Working Capital

As previously discussed, the anticipated start-up and working capital requirements for the SVCE Program are $22.73 million. This amount is dependent upon the electric load served by SVCEA, actual energy prices, payment terms established with the third-party supplier, and program rates. This figure would be refined during the startup period as these variables become known. Once the SVCE Program is up and running, these costs would be recovered from customers through retail rates.

It is assumed that this financing will be primarily secured via term loans from the Member Agencies and/or via a short term loan or letter of credit, which would allow SVCEA to draw cash as required. Requisite financing would need to be arranged no later than the fourth quarter of 2016.

Renewable Resource Project Financing

SVCEA may consider project financings for renewable resources, likely local wind, solar, biomass and/or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful SVCE Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. SVCEA's ability to directly finance projects will likely require a track record of five to ten years of successful program operations demonstrating strong underlying credit to support the financing; direct financing undertaken by SVCEA would not be expected to occur sooner than 2023.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs, and would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of SVCEA.

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CHAPTER 8 – Rate Setting, Program Terms and Conditions

Introduction

This Chapter describes the initial policies proposed for SVCEA in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by SVCEA's Board. SVCEA would retain authority to modify program policies from time to time at its discretion.

Rate Policies

SVCEA will establish rates sufficient to recover all costs related to operation of the SVCE Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by SVCEA. As a general policy, rates will be uniform for all similarly situated customers enrolled in the SVCE Program throughout the service area of SVCEA.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option (default service offering), including a proportionate quantity of renewable energy in excess of California's prevailing renewable energy procurement mandate;
- 100 percent renewable energy supply option (voluntary service offering);
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

The primary goal is to offer competitive rates for electric services that SVCEA would provide to participating customers. For participants in SVCEA's standard Tariff, the goal would be for SVCE Program rates to be initially one percent below, subject to actual energy product pricing and decisions of SVCEA's Board, similar generation rates offered by PG&E. For voluntary participants in the SVCE Program's 100 percent renewable energy Tariff, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such customers – based on current estimates, the anticipated cost premium for the SVCE Program's 100 percent renewable supply option would be 5 to 10 percent relative to the default SVCE tariff.

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Competitive rates will be critical to attracting and retaining key customers. In order for SVCEA to be successful, the combination of price and value must be perceived as superior when compared to the bundled utility service alternative. As planned, the value provided by the SVCE Program will include a higher proportion of renewable energy and reduced GHG emissions relative to the incumbent utility, enhanced energy efficiency and customer programs, community focus, local investment and control.

As previously discussed, the SVCE Program will increase renewable energy supply to program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for SVCE Program customers will be the standard Tariff, which will increase renewable energy supply while maintaining generation rates that are generally comparable to PG&E's. The initial renewable energy content provided under SVCE's standard Tariff will exceed California's prevailing renewable energy procurement mandate, and SVCEA will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. SVCEA will also offer its customers a voluntary 100% renewable energy Tariff, which will supply participating customers with 100 percent renewable energy at rates that reflect SVCE's cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the standard Tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

Rate Stability

SVCEA will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent SVCE Program rates from directly tracking similar rates offered by the distribution utility, PG&E, and may result in differences from the general rate-related targets initially established for the SVCE Program. SVCEA will attempt to maintain general rate parity with PG&E to ensure that SVCE Program rates are not drastically different from the competitive alternative.

Equity among Customer Classes

SVCE's initial rates will be set at 1% below similar rates offered by PG&E. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by SVCEA.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the SVCE

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Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

SVCE Program rates must collect sufficient revenue from participating customers to fully fund SVCEA's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of costs of the SVCE Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in SVCEA's rate stabilization fund may be used from time to time to augment operating revenues.

Rate Design

SVCEA will generally match the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the SVCE Program.

Custom Pricing Options

SVCEA may work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. SVCEA may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

Net Energy Metering

As planned, customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from SVCEA. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The PG&E net metering tariff (NEM) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule E-NEM. The objective is that SVCEA's net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility's portion of the bill. SVCEA plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by SVCEA.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial program rates will be adopted by SVCEA following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, SVCEA will prepare an annual budget and corresponding customer rates. Any proposed rate

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adjustment will be made to the Board of Directors and ample time will be given to affected customers to provide comment on the proposed rate changes.

After proposing a rate adjustment, SVCEA will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer's monthly electricity bill (on the page addressing SVCEA charges). The notice will provide a summary of the proposed rate adjustment and will include a link to the SVCE Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of SVCEA to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.

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CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the SVCE Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the SVCE Board from time to time.

By adopting this Implementation Plan, SVCEA will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. SVCEA retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. SVCEA will likely use its own mailing service for requisite enrollment notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying SVCEA using the SVCE Program's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they would be transferred to the SVCE Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after SVCE service commences. Opt-out requests made on or before the sixtieth day following start of SVCE Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by SVCEA during the time the customer took service from the SVCE Program, but will otherwise not be subject to any penalty or transfer fee from SVCEA.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the SVCE Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing SVCEA's privacy policy regarding customer usage information. SVCEA will have the authority

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to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the SVCE Program's customer base.

Termination Fee

Customers that are automatically enrolled in the SVCE Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which SVCEA reserves the right to impose, if deemed necessary. Customers that relocate within SVCEA's service territory would have SVCE service continued at their new address. If a customer relocating to an address within SVCEA's service territory elected to cancel CCA service, the Termination Fee could be applied. Program customers that move out of SVCEA's service territory would not be subject to the Termination Fee. If deemed applicable by SVCEA, PG&E would collect the Termination Fee from returning customers as part of SVCEA's final bill to the customer.

For illustrative purposes, SVCEA Termination Fee could vary by customer class as set forth in the table below, subject to a final determination by SVCEA.

SVCE Program: Illustrative Schedule of Fees for Service Termination*

Customer Class	Fee
Residential	$5
Non-Residential	$25

*Note that SVCEA has yet to adopt a Schedule of Fees for Service Termination. The fees reflected in this table are representative of similar charges adopted by California's operating CCA programs.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by SVCEA subject to applicable customer noticing requirements.

Customers electing to terminate service after the initial notification period would be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by PG&E and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

Customer Confidentiality

SVCEA will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. SVCEA will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers,

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and electricity consumption, except where reasonably necessary to conduct business of SVCEA or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable SVCEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. SVCEA will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at SVCEA's discretion.

Responsibility for Payment

Customers will be obligated to pay SVCE Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, SVCEA will not be able to direct that electricity service be shut off for failure to pay SVCE bills. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

Customer Deposits

Under certain circumstances, SVCE customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the SVCE Program. A deposit would be required for an applicant who previously had been a customer of PG&E or SVCEA and whose electric service has been discontinued by PG&E or SVCEA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally a customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment[7]. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

[7] A customer whose service is discontinued by SVCEA is returned to PG&E generation service.

CHAPTER 10 - Procurement Process

Introduction

This Chapter describes SVCEA's initial procurement policies and the key third party service agreements by which SVCEA will obtain operational services for the SVCE Program. By adopting this Implementation Plan, SVCEA will have approved the general procurement policies contained herein to be effective at Program initiation. SVCEA retains authority to modify Program policies from time to time at its discretion.

Procurement Methods

SVCEA will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that SVCEA will generally utilize Competitive Procurement methods for services but may also utilize Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

SVCEA will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at SVCEA's discretion. Authority for terminating agreements will generally mirror the authority for entering into such agreements.

Key Contracts

Electric Supply Contract

SVCEA will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet SVCE customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. SVCEA may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. SVCEA would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

SVCEA will solicit the services of a certified Scheduling Coordinator to schedule loads and resources to meet SVCE customer demand. SVCEA may designate the primary supplier to be responsible for day-to-day energy supply operations of the SVCE Program and for managing the predominant supply risks for the term of the contract. The primary supplier may also contribute to meeting the Program's renewable energy supply goals. However, additional suppliers may be identified to supplement requisite renewable energy supplier of the SVCE

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program. Finally, the primary supplier may be responsible for ensuring SVCEA's compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

As this point in time, SVCEA has not yet commenced the requisite competitive solicitation process to identify its initial energy supplier(s). However, SVCEA anticipates executing the electric supply contract for Phase 1 loads in late-2016. The contract for Phase 2 and Phase 3 loads will be executed contemporaneously or shortly thereafter.

Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with PG&E, billing, remittance processing, and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract may be separate from the electric supply contract. It is anticipated that a single contractor will be selected to perform all of the data management functions.[8]

The data manager is responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract gives SVCEA greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

As this point in time, SVCEA has not yet commenced the requisite competitive solicitation process to identify its data management services provider. However, it is anticipated that SVCE will execute a contract for data management services in September or October, 2016.

[8] The contractor providing data management may also be the same entity as the contractor supplying electricity for the program.

Electric Supply Procurement Process

In the third quarter of 2016, SVCEA plans to solicit proposals for shaped energy, renewable energy, carbon free energy, resource adequacy capacity, and scheduling coordinator services from a highly qualified pool of suppliers. Contract negotiations will commence immediately following proposal evaluation. Following the identification of short-listed energy services provider candidates, SVCEA will update the Commission regarding its selection process. It is anticipated that final supplier selection will be made by SVCEA in late 2016.

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CHAPTER 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of SVCE Program termination. By adopting the original Implementation Plan, SVCEA will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that SVCEA would terminate the SVCE Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. SVCEA retains authority to modify program policies from time to time at its discretion.

Termination by SVCE

SVCEA will offer services for the long term with no planned Program termination date. In the unanticipated event that SVCEA decides to terminate the Program, each of its Member Agencies would be required to adopt a termination ordinance or resolution and provide adequate notice to SVCEA consistent with the terms set forth in the JPA Agreement. Following such notice, SVCEA's Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that SVCEA affirmatively votes to proceed with JPA termination, SVCEA would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice would be provided to PG&E and the CPUC before transferring customers, and SVCEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

SVCEA will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. SVCEA will post financial security in the

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appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

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CHAPTER 12 – Appendices

Appendix A: SVCEA Resolution No. 2016-05 (Adopting Implementation Plan)

Appendix B: Silicon Valley Clean Energy Authority Joint Powers Agreement

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RESOLUTION NO. 2016-5

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY ADOPTING THE IMPLEMENTATION PLAN REQUIRED BY PUBLIC UTILITIES CODE SECTION 366.2(c)(3)

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

Section 1. Recitals.

(a) The Silicon Valley Clean Energy Authority ("SVCEA") is a joint powers authority established on March 31, 2016 for the purpose of studying, promoting, developing, conducting, operating and managing energy and energy-related climate change programs including but not limited to implementing a community choice aggregation program under Public Utilities Code Section 366.2.

(b) The members of SVCEA include the Cities of Campbell, Cupertino, Gilroy, Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga and Sunnyvale, the Towns of Los Altos Hills and Los Gatos and the County of Santa Clara.

(c) Public Utilities Code Section 366.2 requires that before commencing a community choice aggregation program, SVCEA first must prepare and adopt an Implementation Plan to be filed with the California Public Utilities Commission.

(d) The draft SVCEA Community Choice Aggregation Implementation Plan and Statement of Intent was presented to the Board of Directors at a duly noticed public hearing for its consideration and adoption.

Section 2. Adoption. After conducting a duly noticed public hearing as required by Public Utilities Code Section 366.2(c)(3), the Board of Directors hereby adopts the SVCEA Community Choice Aggregation Implementation Plan and Statement of Intent.

ADOPTED AND APPROVED this 13th day of July, 2016.

_____
Chair

ATTEST:

_____
Secretary

SILICON VALLEY
CLEAN ENERGY AUTHORITY

Staff Report – Item 5

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 5: Approve Power Supply Portfolio Parameters

Date: 7/13/2016

RECOMMENDATION

This recommends that the SVCE BOD authorize the CEO to negotiate acquisition of electric supplies to meet the needs of customers within SVCE service area. The following criteria will guide negotiations and acquisition of power supply portfolios for the next five years.

- Acquisition will hedge 100% of forecasted demand for CY 2017 and 2018, 80% for 2019, 65% for 2020 and 50% for 2021
- The hedged portion of the power supply mix will be 100% carbon free, comprised of 25% renewable PCC1, 25% renewable PCC2 and 50% carbon free (large hydroelectric)

In addition, staff recommends that the following strategies would be implemented in the pursuit of long-term planning.

- SVCE will pursue long-term commitment to large hydro from Federal and State agencies and California water districts
- SVCE will set aside 1% of its revenue to invest in local generation and demand side programs

The following shows the ten year financial forecast provided Board approval of the above recommendations.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Revenue ($M)	127	228	236	244	252	261	270	280	290
Operating Expenses ($M)	10	15	15	16	16	16	17	17	18
Power Cost ($M)	98	192	198	208	215	223	231	240	248
Reserves ($M)	6	11	12	12	13	11	11	11	12
Residual ($M)	13	9	10	8	9	11	12	12	12

ANALYSIS & DISCUSSION

SVCE Power Supply Strategic Choices

The conventional approach to power supply acquisition is to plan for the least cost and most diverse portfolio (term, technology, providers, etc.). In California, electric utilities, including CCEs, are required to use qualifying renewable resources to meet a portion of their demand (exclusive of large hydro). The following analysis illustrates the choices that SVCE has to increase carbon free supplies in its supply portfolio beyond the minimum renewable energy content mandated by legislation.

To conservatively consider the risk that PG&E generation rates may decrease and/or the PCIA may increase in 2017 and 2018 when SVCE will establish, and hold steady its initial rates, total SVCE revenue has been reduced by 10% relative to the figures shown in the Implementation Plan.

The following table is the pro forma summary showing a 9 year forecast of revenue, operating expenses, reserves and power supply costs assuming that SVCE will meet the minimum renewable energy requirements mandated by law.[1]

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Revenue ($M)	127	228	236	244	252	261	270	280	290
Operating Expenses ($M)	10	15	15	16	16	16	17	17	18
Power Cost w/Minimum Renewable ($M)	91	179	186	196	203	211	218	226	235
Reserves ($M)	6	11	12	12	13	11	11	11	12
Residual ($M)	20	22	22	20	20	24	24	25	26

The residual revenue can be used to increase the carbon free resources in SVCEA's portfolio mix in a number of ways.

Option 1. Build local renewable (PV > 1 MW) sources or acquire systems that are locally sited within the service area. This approach would have the benefit of promoting local economic development and use of local resources, but would have the disadvantage of high cost relative to other carbon free resource options and may exacerbate the regional resource congestion during the early afternoon hours. The following table describes the additional portion of load that would be met if all residual funds are used to invest in local generation, mainly photovoltaic systems.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Minimum Renewable	27%	29%	31%	33%	35%	36%	38%	40%	42%
Add'l Local PV	13%	7%	8%	7%	7%	8%	8%	8%	8%
Carbon-based	60%	64%	61%	60%	58%	56%	54%	52%	50%
Residual funds ($M)	0	0	0	0	0	0	0	0	0

[1] Current law requires increasing renewable portfolio percentages to 33% by 2020 and 50% by 2030. The interim requirements between 2020 and 2030 have not yet been established, and we have assumed a straight-line trajectory; e.g., the 2025 requirement is assumed to be 41.5%.

Option 2. Acquire renewable resources defined in legislation as PCC1. These would generally be purchases from utility scale renewable generation projects located within California or scheduled into California from adjoining states. While relatively high cost, these purchases are unlimited for purposes of regulatory compliance with the renewable portfolio standards and are generally considered to be carbon free sources.[2]

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Minimum Renewable	27%	29%	31%	33%	35%	36%	38%	40%	42%
Add PCC1 in %	71%	40%	41%	36%	37%	42%	43%	44%	45%
Carbon-based	2%	31%	28%	31%	29%	21%	19%	16%	13%
Residual funds ($M)	0	0	0	0	0	0	0	0	0

Option 3. Acquire renewable resources defined in legislation as PCC2. These are renewable energy credits from neighboring states bundled with energy purchases from non-renewable generation imported into California. The premium for this type of resource is roughly one third of the premium paid to PCC1 resource. These purchases are deemed carbon free resources. However, recently CARB has signaled its intent to eliminate this RPS adjustment, and this change may undermine retailer claims that PCC2 supply is a carbon free source.[3]

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Minimum Renewable	27%	29%	31%	33%	35%	36%	38%	40%	42%
Add PCC2 in %	73%	71%	69%	67%	65%	64%	62%	60%	59%
Carbon-based	0%	0%	0%	0%	0%	0%	0%	0%	0%
Residual funds ($M)	13	9	10	7	8	12	13	14	15

Option 4. Acquire renewable resources defined in legislation as PCC3. These are purchase of unbundled Renewable Energy Certificates ("Unbundled RECs") produced by qualified renewable generators, which are combined with grid power and sold to customers as renewable energy. These transactions are considered to be renewable and carbon free sources. Use of unbundled RECs has drawn increasing controversy in recent years. Legislation introduced in 2015 (AB 1110) would explicitly disallow any reported carbon benefits associated with use of PCC3 for purposes of retail portfolio emissions reporting. While this bill is inactive at this time, its existence highlights the potential regulatory risk associated with reliance on PCC3 as a carbon free supply source.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Minimum Renewable	27%	29%	31%	33%	35%	36%	38%	40%	42%
Add PCC3 in %	73%	71%	69%	67%	65%	64%	62%	60%	59%
Carbon-based	0%	0%	0%	0%	0%	0%	0%	0%	0%
Residual funds ($M)	19	19	20	17	18	21	22	23	23

[2] Some renewable resources, such as geothermal, may have small GHG emissions associated with energy production.

[3] It should be noted that CARB has no jurisdictional oversight related to retail GHG emissions reporting, and this change would not directly impact a retailer's methodology for reporting GHG portfolio emissions rates.

Option 5. Acquire energy from large hydro-electric generators. This supply option would include purchases from hydro-electric generators of greater than 30 MW in size, which makes them ineligible for the renewable portfolio standards program. Large hydro-electric generation is considered a carbon free resource. The cost premium associated with large hydro is relatively low at the present time.

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Minimum Renewable	27%	29%	31%	33%	35%	36%	38%	40%	42%
Add large hydro in %	73%	71%	69%	67%	65%	64%	62%	60%	59%
Carbon-based	0%	0%	0%	0%	0%	0%	0%	0%	0%
Residual funds ($M)	17	17	17	15	16	19	20	20	21

Analysis

The primary mission for SVCE is meet electric demand obligation utilizing clean, carbon free resources. It's clear from the previous analysis that not only we can satisfy legislative and regulatory mandates for minimum renewables in SVCE resource mix, but we can also meet the entire demand of our service area using carbon free resources.

Attempting to expand the clean portfolio by pursuing large scale local development of renewable resources is very costly, requires sizable empty space, a scarce find in Silicon Valley, time consuming and require a level of credit worthiness that SVCE has yet to establish.

Using PCC1 renewables is less costly than locally developed ones, with an estimated premium or 1.5 cent/kwh relative to carbon based supply. Relative to other alternative carbon free options, this approach is more costly and generally meets the least political opposition. However, Using PCC1 as the only option to expand the carbon free portfolio won't result in meeting SVCE's ultimate goal of becoming 100% carbon free.

Large hydro, despite being 100% carbon free and considered by grid operators to be the most flexible and dispatchable resource in the State supply portfolio, was excluded by legislators as an option for utilities to meet their obligations to minimum renewable standards. Large hydro can provide a relatively low cost carbon free supply option.

The analysis shows that the most economical approach is to use PCC3 renewable certificates. While it's the least expensive option, this approach seems to garner the widest and fiercest political opposition in California.

Conclusions

While the least expensive means for SVCE to expand its carbon free resource commitment is to acquire PCC3 certificate (unbundled renewables), the legislative and regulatory risk associated with that approach is too great to ignore.

A better approach is to pursue carbon free resources, the status of which is not subject to legislative uncertainties or regulatory mandates, such as large hydro. Considering that hydroelectric resources are limited and that the premium for acquiring it, nowadays, is very reasonable, SVCE should aim to expand that resource in the portfolio mix in the short and the long term.

In anticipation of the regulatory scheme to implement SB 350, SVCE should acquire 50% of its portfolio from type PCC1 and PCC2 renewable, equally, with the remaining 50% from large hydro to the extent cost-effective supply can be acquired. In light of the fact that there will remain a portion of the supply unhedged in 2019 and beyond, SVCE may consider adding PCC3 to the extent that the political opposition to its inclusion in the clean portfolio mix has eased.

Silicon Valley Clean Energy/MIG:
Community Choice Energy Resident Survey

July 2016

Overview and Research Objectives

GODBE RESEARCH
Gain Insight

Silicon Valley Clean Energy (SVCE), through MIG, commissioned Godbe Research to conduct a survey of residents in eleven (11) participating cities/towns as well as unincorporated Santa Clara County with the following primary research objectives:

- Determine the importance and perceived effort of addressing climate change in Santa Clara County;
- Evaluate initial interest in the upcoming SVCE Community Choice Energy (CCE) Program, and;
- Assess interest in potential future SVCE CCE Program options by amount of renewable energy content and price increase/savings associated with that amount of renewable energy content.

Methodology Overview

GODBE RESEARCH
Gain Insight

➢ Data Collection	Telephone and Internet Interviewing
➢ Universe	459,044 adult (age 18 and older) residents in eleven cities/towns and unincorporated areas in Santa Clara County
➢ Fielding Dates	May 29 through June 12, 2016
➢ Interview Length	18-minutes
➢ Sample Size	n=601
➢ Interview Breakdown	Internet = 46 Cell phone = 197 Landline = 359
➢ Margin of Error	+/-3.99% at the 95% confidence level

Note: The data have been weighted by respondent gender, age, ethnicity and city/area of residence to reflect the actual population characteristics of the adult residents in the areas surveyed in Santa Clara County (2014 ACS or American Community Survey).

Executive Summary

GODBE RESEARCH
Gain Insight

Below are several key conclusions supported by the CCE Resident Survey results listed in the *Key Findings* section.

- Residents are very familiar with the term “climate change”, significantly more so than the terms “community choice energy” or “community choice aggregation”, or even Silicon Valley Clean Energy or SVCE.
- While residents feel that “climate change” is an important issue facing Santa Clara County, there is concern that not enough is being done to address the issue and/or a lack of awareness of what is being done to address “climate change”.
- Residents report a high rate of adoption of “green” or sustainable household practices already, and the CCE Program should be a good fit as a passive addition to these current practices.
- Residents are also very aware of how much they currently pay specifically for electricity, although they do not find this amount to be onerous in general.

Executive Summary II

GODBE RESEARCH
Gain Insight

- Support for the SVCE CCE Program in concept is quite high, with about two-thirds of residents showing interest even without detailed pricing or renewable energy content information.
- Of the options tested, the 75% renewable energy content for no more than what residents are currently paying for electricity option was the most popular, demonstrating a similar support level of two-thirds.
- Automatic enrollment into the CCE Program does present a concern, however, as long as the value proposition outlined to residents is maintained, opting out can be minimized.
- Trust-related issues are the primary drivers of a lack of support for any potential future CCE Program offering, and can be mitigated by keeping the value proposition of the program and providing more information about the Program to residents.
- Local information sources such as local television news, local city/town newspapers, and the San Jose Mercury News are excellent sources to disseminate information about SVCE and the CCE Program.

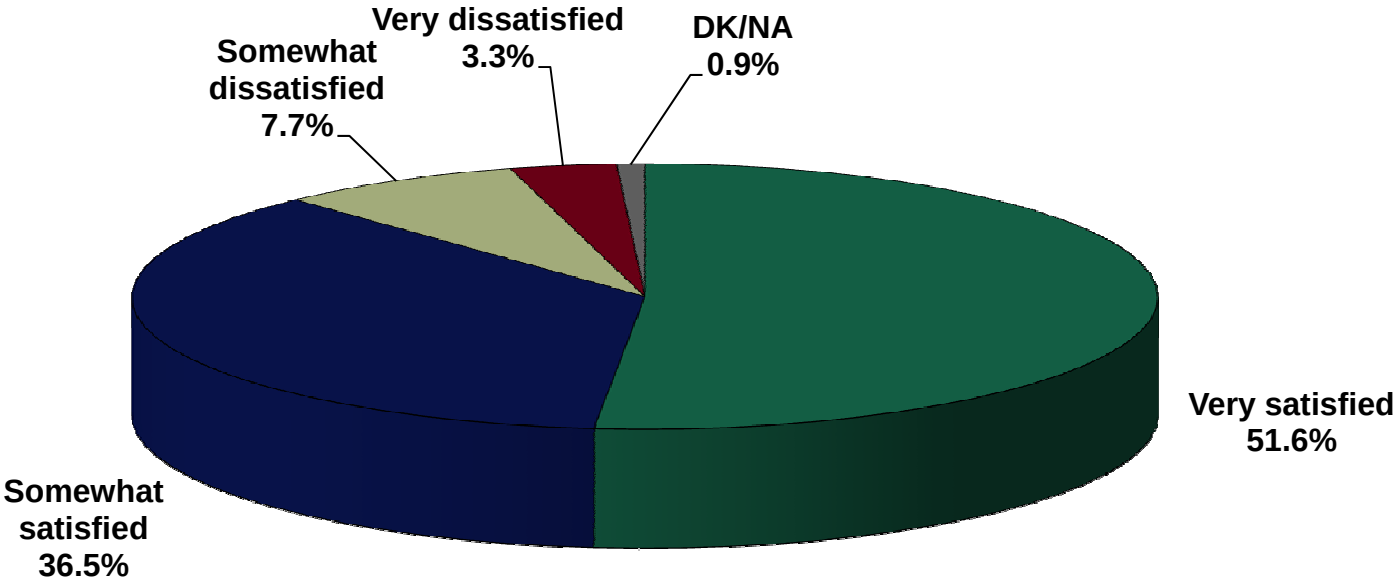
Key Findings

Awareness and Perception

Q1. Satisfaction with Quality of Life in Santa Clara County (n=601)

GODBE RESEARCH
Gain Insight

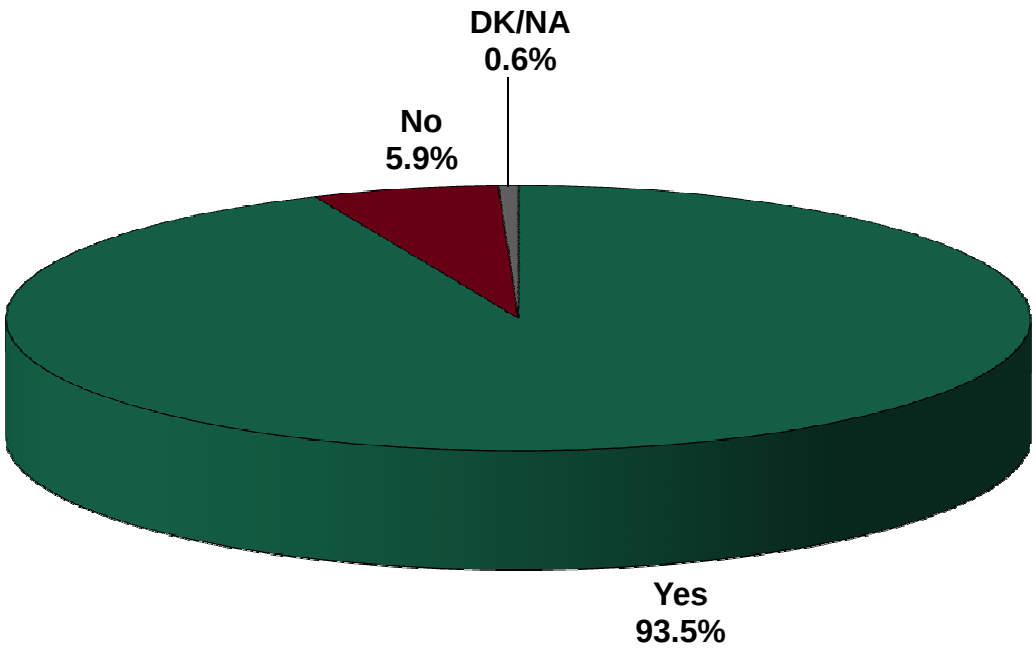
As the first question in the community choice energy resident survey, respondents were asked how they rate the quality of life in Santa Clara County. Almost nine in ten (88%) of residents indicated that they are either 'very satisfied' or 'somewhat satisfied' with the quality of life in the County, with more than half (52%) indicating they are 'very satisfied'. This is high for a county-level satisfaction question and tracks with similar recent surveys in other Bay Area Counties conducted by Godbe Research.



Q2. Familiarity with the Term Climate Change (n=601)

GODBE RESEARCH
Gain Insight

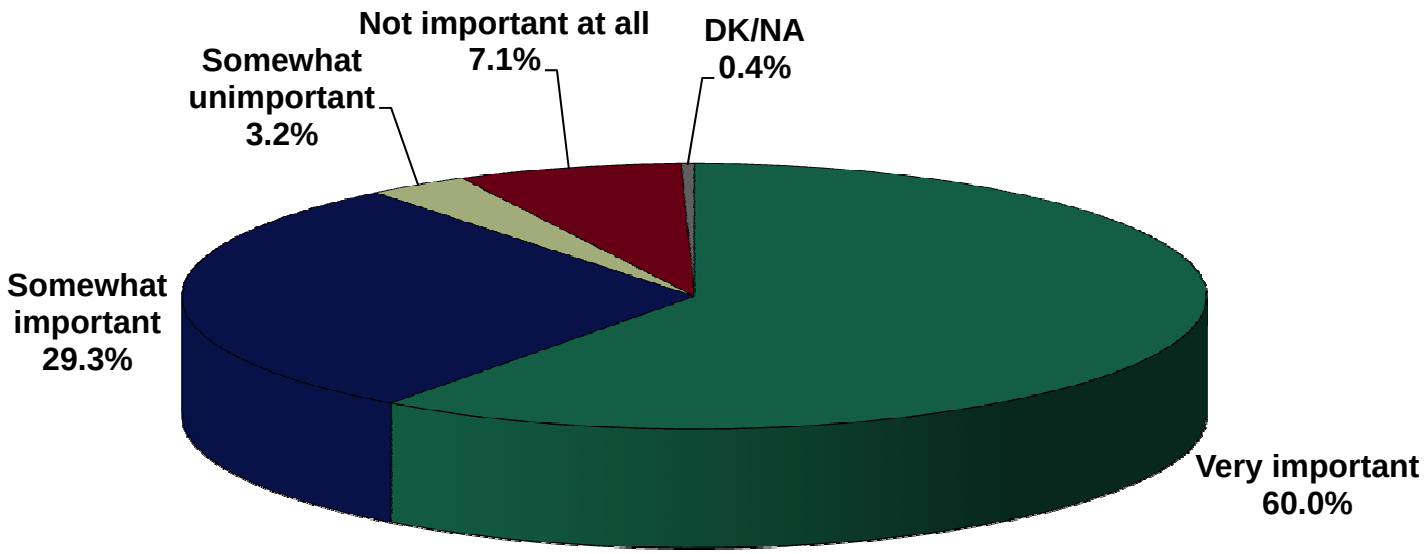
Next, respondents were asked if about their familiarity with the term “climate change”. More than nine in ten (94%) residents indicated that they are familiar with the term, where fewer than one in ten (6%) residents indicated that they are not familiar with the term. Less than one percent of respondents indicating being unsure of the term “climate change”.



Q3. Opinion on Whether Addressing Climate Change in Santa Clara County is Important (n=562)

GODBE RESEARCH
Gain Insight

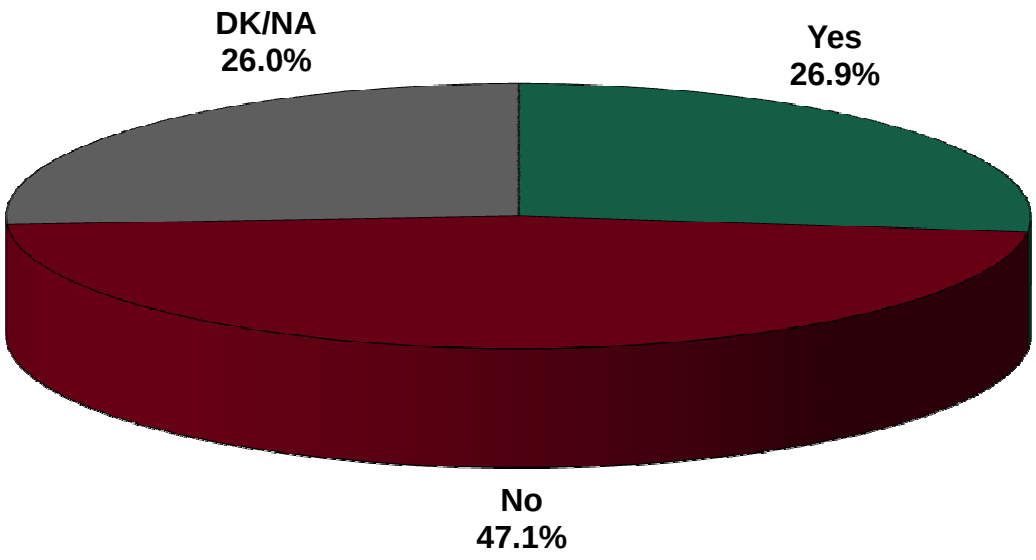
Residents who answered 'yes' to being familiar with the term "climate change" in the previous question (Q2), were next asked how important it is to address climate change as an issue in Santa Clara County. Just slightly less than nine in ten (89%) residents indicated that addressing "climate change" is either a 'very important' or 'somewhat important' issue in Santa Clara County. Moreover, six in ten (60%) residents feel that it is 'very important' to address climate change as an issue facing the County.



Q4. Perception on if Enough Being Done to Address Climate Change in Santa Clara County (n=562)

GODBE RESEARCH
Gain Insight

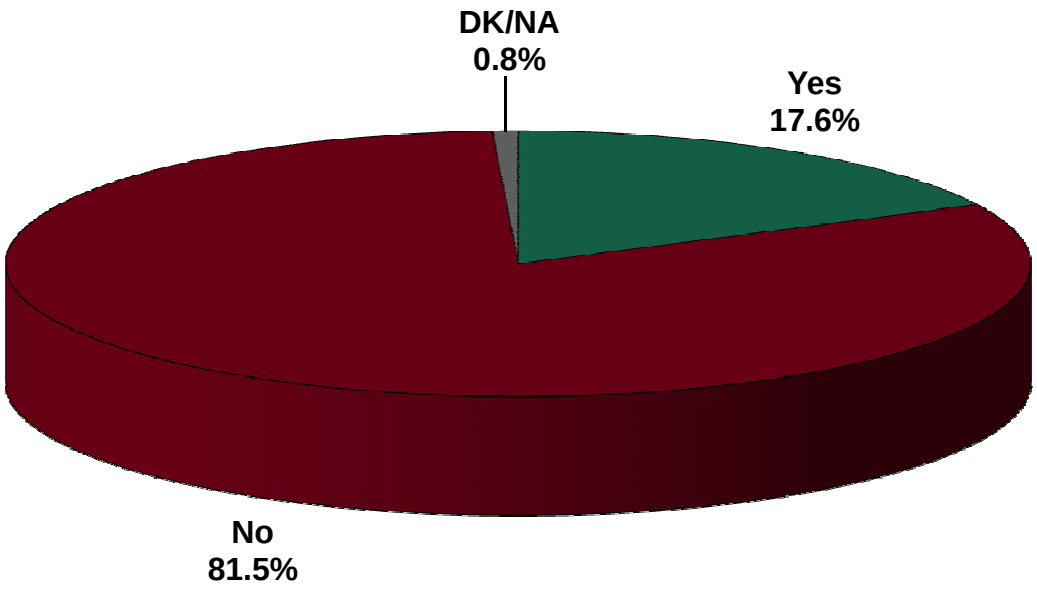
Similar to the previous question, residents who answered 'yes' to being familiar with the term "climate change" in Q2 were also asked if they feel that enough is being done to address climate change in Santa Clara County. Slightly less than half (47%) of residents that participated in the survey feel that not enough is being done to address "climate change" in the County. Moreover, slightly more than half of residents feel that enough is being done (27%), with a similar percentage feeling that they do not have enough information (26%) to answer this specific question even though they indicted being familiar with the term "climate change" in a previous question. Given the overall familiarity with the term "climate change", the importance of this issue to residents in the County, and the perception on if enough is being done, we would recommend highlighting the mitigation of "climate change" when discussing SVCE or the CCE Program.



Q5. Unaided Awareness of the Term "Community Choice Energy/Aggregation" (n=601)

GODBE RESEARCH
Gain Insight

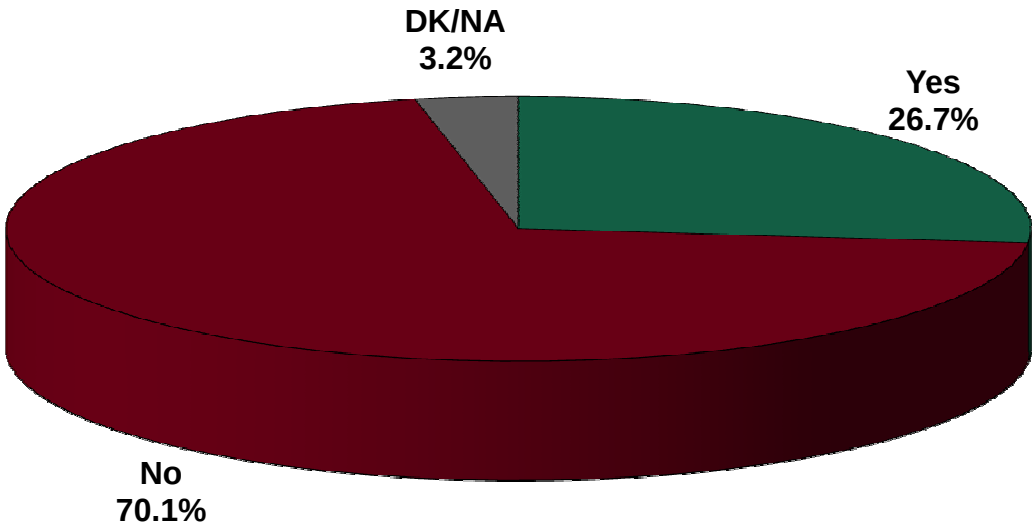
As the next question in the survey, all survey respondents were asked if they were familiar with the terms "community choice energy" or "community choice aggregation" without any information presented regarding the terms. Fewer than one in five (18%) residents indicated being familiar with either term , where more than four in five (82%) residents indicated being unfamiliar with either term. This varies significantly with the number of residents who indicted being familiar with the term "climate change" (94%) previously asked in the survey.



Q6. Heard of Silicon Valley Clean Energy or SVCE in Any Format (n=601)

GODBE RESEARCH
Gain Insight

As the next survey question, all survey respondents were asked if they had heard of “Silicon Valley Clean Energy” or “SVCE”, or the “Silicon Valley Community Choice Energy Partnership” or “SVCCE Partnership”. Slightly more than one-quarter (27%) of residents indicated hearing of the Agency in any format, where seven in ten (70%) residents indicated that they had not heard of the Agency in any format. Given the lack of awareness of the terms “community choice energy” or “community choice aggregation” in the previous question, a change to SVCE appears to be a great move, although continued education and outreach regarding SVCE and its mission is strongly encouraged given the general lack of awareness of the Agency and the fact that it was recently formed in comparison to most other public agencies in the County.



Sustainability and Current Behavior

Q7. Implementation of Green or Sustainable Household Practices (n=601)

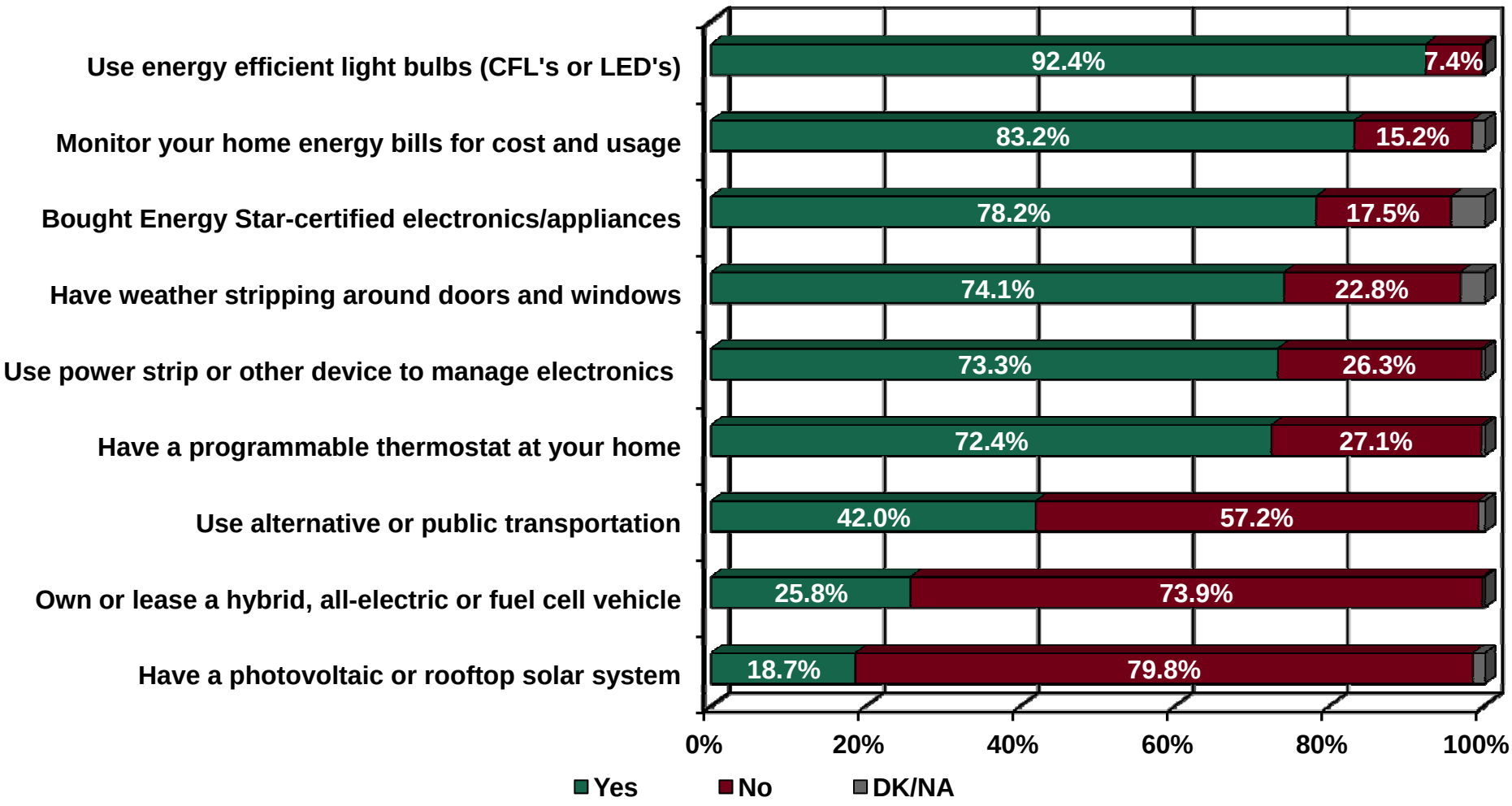
GODBE RESEARCH
Gain Insight

As the only question in this section, residents were asked if they or anyone in their household participate in various sustainable actions or behaviors or practices. Unsurprisingly, Santa Clara County households participate in a variety of household sustainable actions or behaviors, with the least onerous or costly behaviors receiving very high participation rates (see chart on next page).

For example, more than three-quarters of residents indicated that they or someone in their household are ‘Using energy efficient light bulbs, such as CFL’s’ (92%), ‘Monitoring home energy bills for cost and usage’ (83%), or have ‘Bought Energy-Star certified electronics or appliances for home’ (78%). Moreover, with fewer than one in five (19%) residents indicating ‘having a photovoltaic or rooftop solar system at home’, it would appear that there is a significant target market for the community clean energy (CCE) Program given the importance of the “climate change” issue among Santa Clara County residents inn Q3.

Q7. Implementation of Green or Sustainable Household Practices II (n=601)

GODBE RESEARCH
Gain Insight

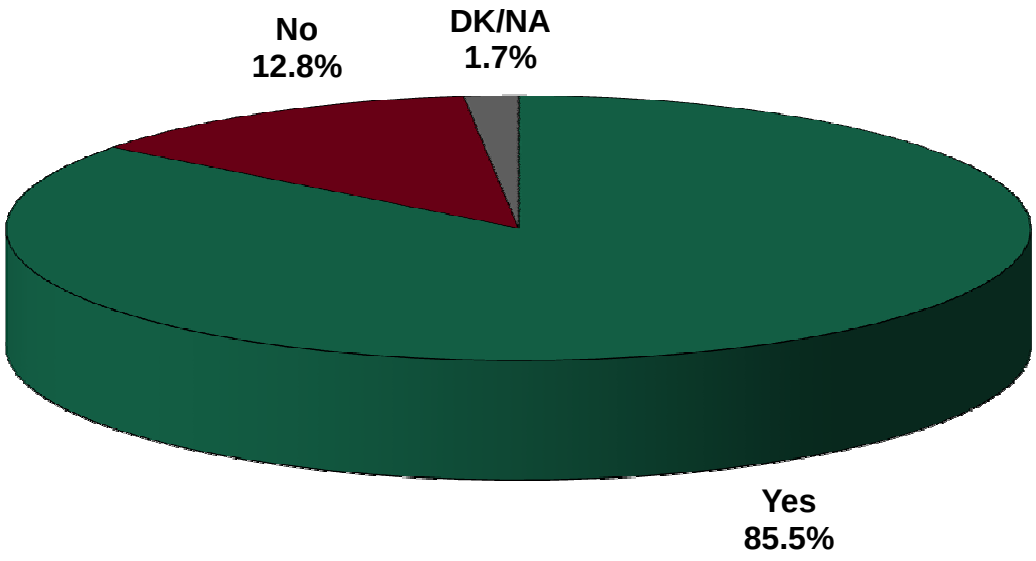


Interest in Community Choice Energy and Willingness to Pay/Participate

Q8. Awareness of Amount Currently Paid Per Month for Electricity (n=601)

GODBE RESEARCH
Gain Insight

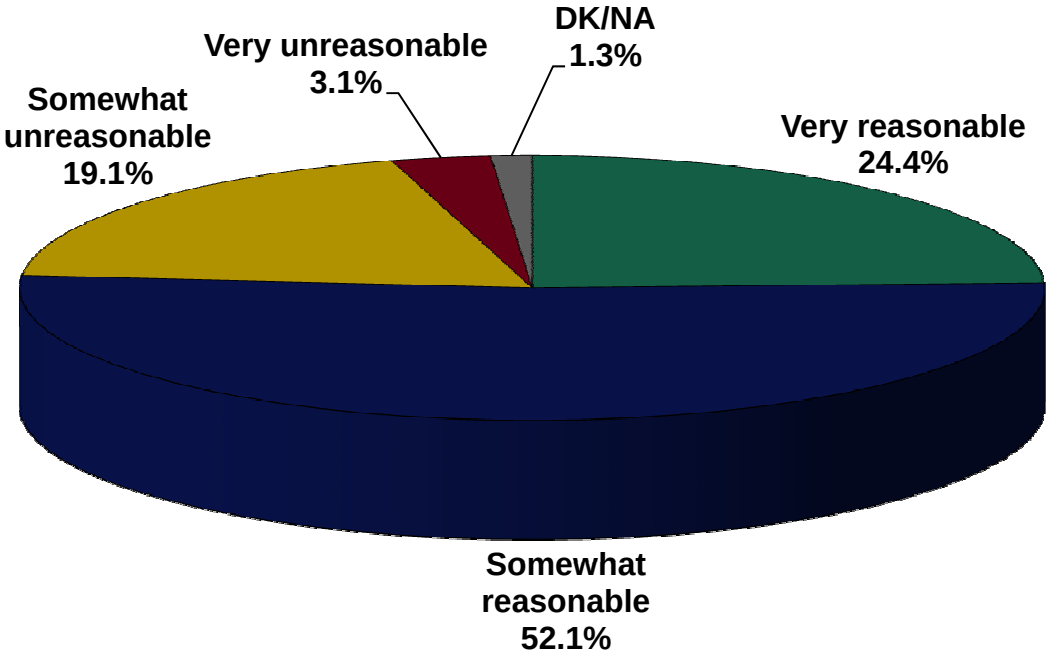
As the first question in this section, residents were asked if they are aware of how much they are currently paying specifically for the electricity portion of their utilities bill. Correlating with a similar question asked in the previous question (Q7a - Monitor home energy bills for cost and usage), significantly more than four in five (86%) residents indicated that they are aware of how much they currently pay specifically for electricity, where slightly more than one in ten (13%) indicated that they are not aware of what they currently pay for electricity.



Q9. Opinion on Reasonableness of Cost of Electricity Services (n=513)

GODBE RESEARCH
Gain Insight

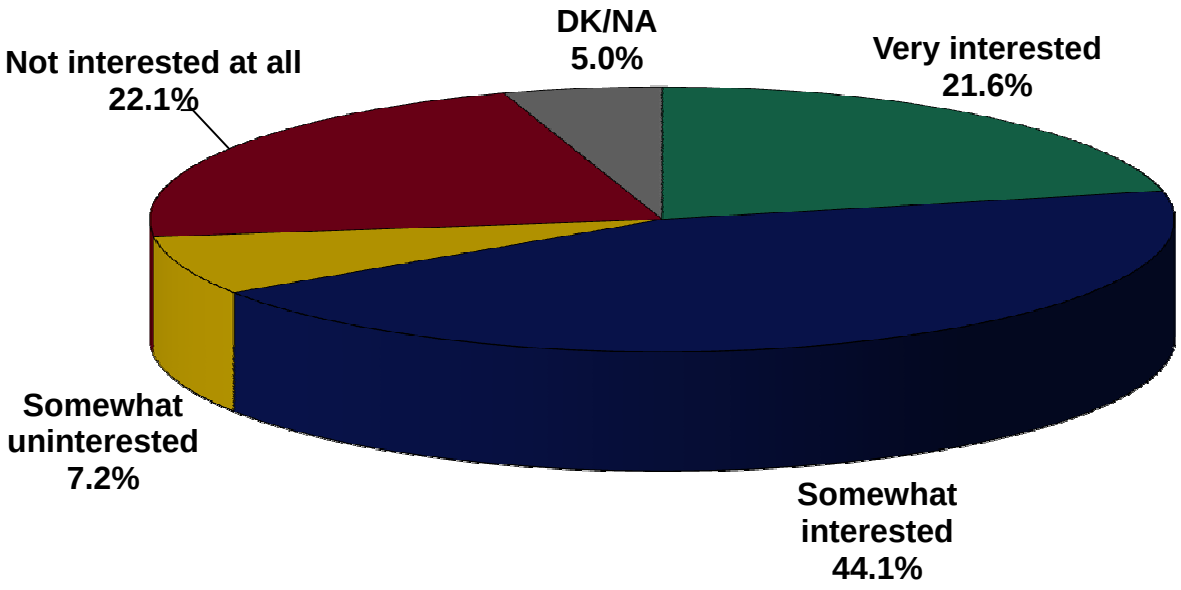
Residents who indicated that they are aware of how much they are currently paying specifically for the electricity portion of their current utilities bill in the previous question (Q8), were next asked about their perception of the reasonableness of that amount. Surprisingly, more than three-quarters (77%) of residents indicated that the amount they are currently paying per month specifically for electricity is either 'very reasonable' or 'somewhat reasonable", however, slightly fewer than one-quarter (24%) indicated that this amount is 'very reasonable'. Given this and the importance of "climate change" as an issue, we would recommend focusing on the "climate change" aspects of the SVCE CCE Program in outreach and marketing.



Q10. Initial Interest in Participating in Community Choice Energy Program (n=601)

GODBE RESEARCH
Gain Insight

For Question 10 in the survey, all residents were provided with a brief introduction to the SVCE CCE Program without detailed costs or the amount of renewable content. Even with this limited information, just slightly fewer than two-thirds (66%) of residents indicated an interest (very interested/somewhat interested) in the Program, with just under one-quarter of residents (22%) indicating that they are 'very interested' in the Program. However, a similar number of residents (22%) indicated that they were 'not interested at all' in the program. Given that we have not provided much detailed information and this question is asking conceptually about interest in the program, we would consider two-thirds support a great start.



Introduction to Willingness to Pay/Participate Questions

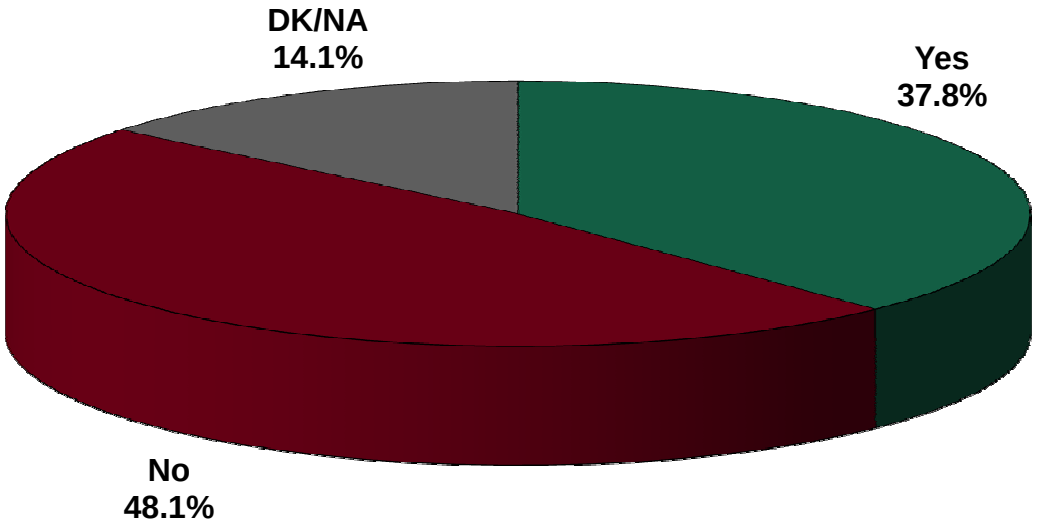
GODBE RESEARCH
Gain Insight

For Questions 11 (Q11) to 14 (Q14) in the survey, all residents were provided potential options for the SVCE CCE Program in terms of renewable content and any potential price increase or savings. Residents indicating that they were interested in a more expensive option in Q11, Q12, and Q13 were not asked subsequent questions about other least costly options and are included in the overall sample size for subsequent pricing questions, which is standard in any pricing threshold analysis.

Q11. Willingness to Pay 10% More to Receive 100% Renewable Energy II (n=601)

GODBE RESEARCH
Gain Insight

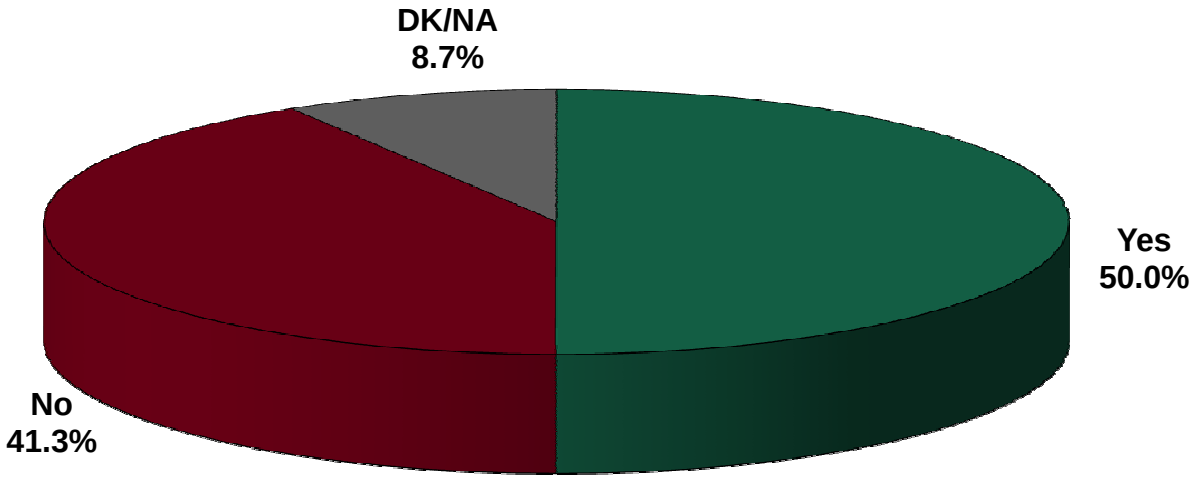
In survey Q11, residents were asked about their interest in a potential100% renewable energy option at a 10% price increase over what they are currently paying. Only, slightly less than two in five (38%) residents indicated that they would be willing to pay 10% more than what they are currently paying to receive 100% renewable energy, where slightly less than half of residents (48%) indicated not having interest in this specific option and about one in ten (14%) residents indicated being 'unsure'.



Q12. Willingness to Pay 6% More to Receive 100% Renewable Energy (n=601)

GODBE RESEARCH
Gain Insight

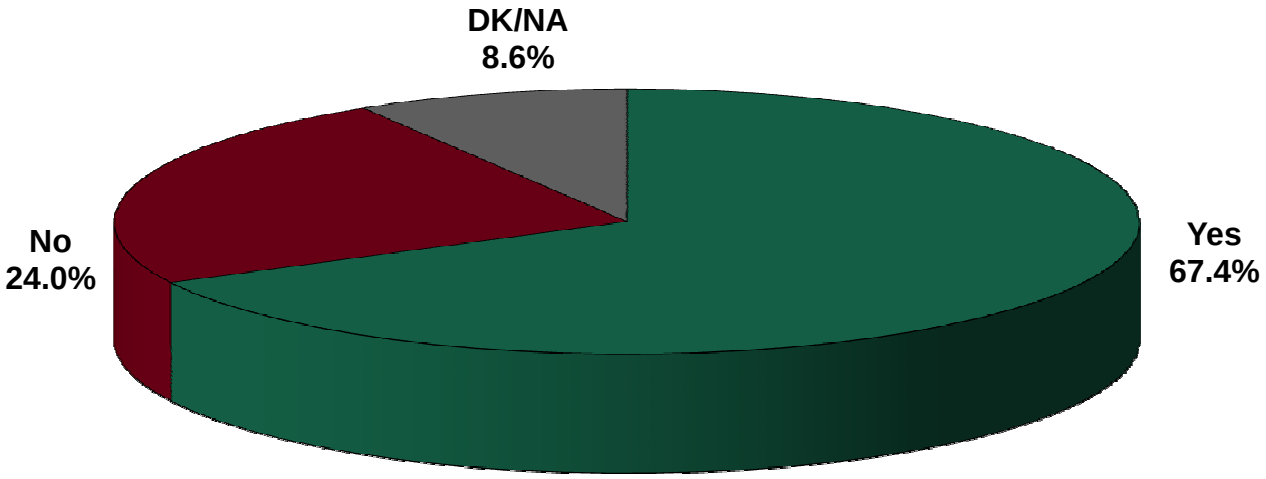
Respondents who answered 'no' or 'not sure' to Q11, were next asked about their interest in a potential 100% renewable energy option for the CCE Program at a 6% price increase over what they are currently paying for electricity. While much more popular than the 100% renewable energy at a 10% increase option, exactly half (50%) of residents indicated an interest in this option. In addition, just slightly more than four in ten (41%) residents did not have an interest in this option, although residents who were 'unsure' dropped to fewer than one in ten (9%).



Q13. Willingness to Participate at No Additional Cost to Receive 75% Renewable Energy (n=601)

GODBE RESEARCH
Gain Insight

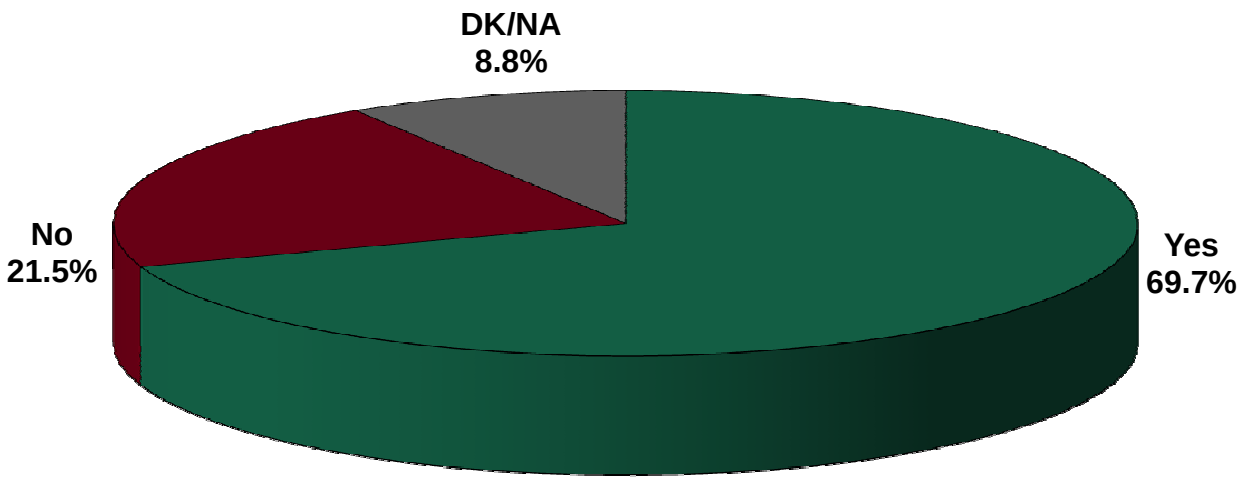
Respondents who answered 'no' or 'not sure' to Q12, were next asked about their interest in a potential 75% renewable energy option at the same price as they are currently paying for residential electricity services. Slightly more than two-thirds (67%) of residents indicated an interest in this specific offering, where slightly less than one-quarter (24%) indicated a lack of interest. The level of support for this specific option coincides with the initial interest in the Program question in Q10 (66%) and would be our recommendation based on the survey results.



Q14. Willingness to Participate with 2% to 3% Savings to Receive 50% Renewable Energy (n=601)

GODBE RESEARCH
Gain Insight

As the final willingness to pay question, Q14 asked respondents who answered 'no' or 'not sure' in Q13 about their interest in a potential option to receive up to 50% clean energy at a savings of 2% to 3% over what they are currently paying for electricity. Seven in ten (70%) of residents indicated an interest in this specific option, where just slightly more than one in five (22%) residents indicated a lack of interest. However, given the 4% margin of error for the survey, this option and the 75% renewable energy at a no cost increase option are statistically even and we would still recommend the pervious option based on the survey results.



Q15. Likelihood of Opting Out of the CCE Program Based on Automatic Enrollment (n=472)

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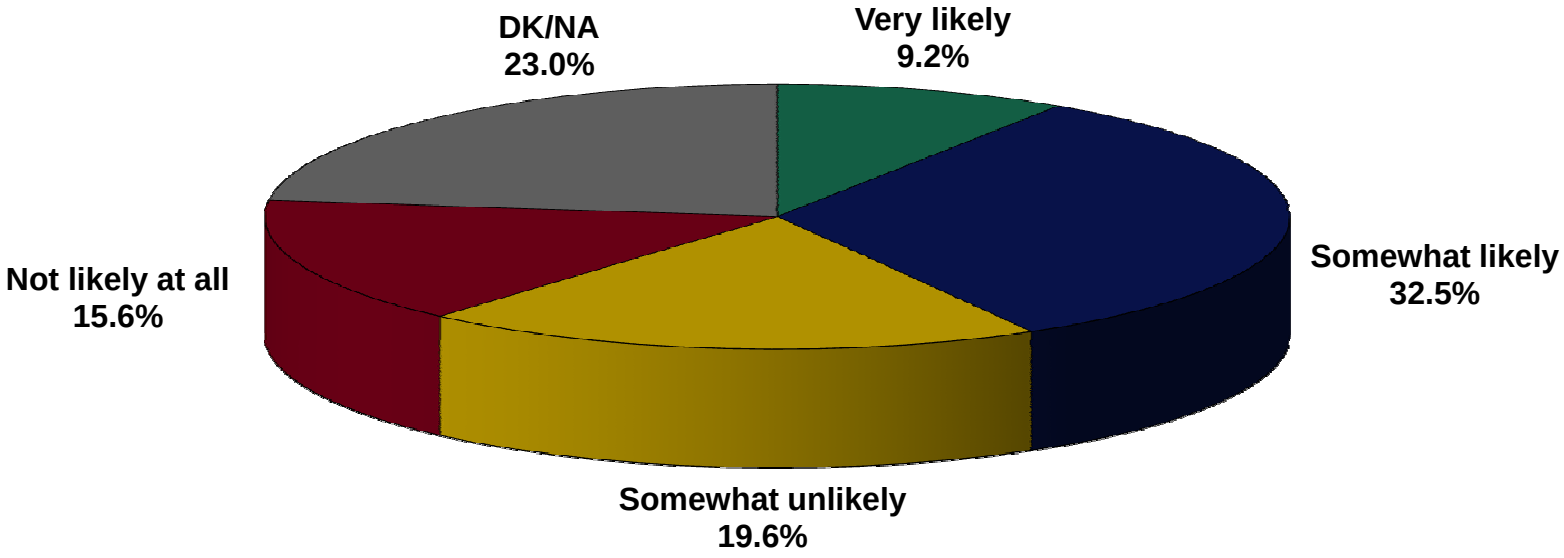
Gain Insight

For Q15, any resident that indicated an interest in any option in the willingness to pay questions (Q11 to Q14) was asked a final question about their perception of being automatically enrolled in the future SVCE CCE Program and whether that would cause them to opt out and go back to their former provider. Slightly more than two in five (42%) residents indicated that being automatically enrolled in the CCE Program would cause them to opt out and go back to their previous provider, however, fewer than one in ten (9%) residents would be 'very likely' to opt out. Roughly one-third (35%) of residents would not opt out and roughly one-quarter (23%) of residents are 'unsure'. Given the "soft" support for opting out (33% somewhat likely), not opting out (20% unlikely), or being 'unsure' (23%), keeping the value proposition of SVCE and the specific CCE Program offering (e.g. 75% renewable at no increase) would likely mitigate potential opt out issues based on being automatically enrolled.



Q16. Reasons for Not Wanting to Participate in Community Choice Energy Program (n=129)

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Gain Insight

For Q16, any resident that indicated a lack of interest for any potential CCE Program option in the willingness to pay questions (Q11 to Q14) was asked about their rationale for a lack of interest, and could provide multiple responses to this specific question. Residents were also able to indicate more than one reason for a lack of interest, thus the chart on the next page is cumulatively greater than 100%.

Trust-related responses specific to SVCE and the potential CCE Program offerings were by far and away the most popular responses to this question with two-thirds of respondents indicating a trust-related issue. For example, almost one-third (32%) of responses to this question were 'I need more information to make a decision', and more than one in ten respondents indicated 'I like or trust my current electricity provider' (15%) or 'I don't believe that I will actually pay the same amount or save money' (11%). One in ten respondents or less indicated reasons such as 'I don't believe in climate change' (10%), 'clean energy is not a priority for me' (7%), or 'I don't like the fact that I would be automatically enrolled in the program' (3%). Clearly experience with the Program and providing more education and outreach regarding the Program will help to increase adoption, especially given the automatic enrollment mechanism.

Q16. Reasons for Not Wanting to Participate in Community Choice Energy Program II (n=129)

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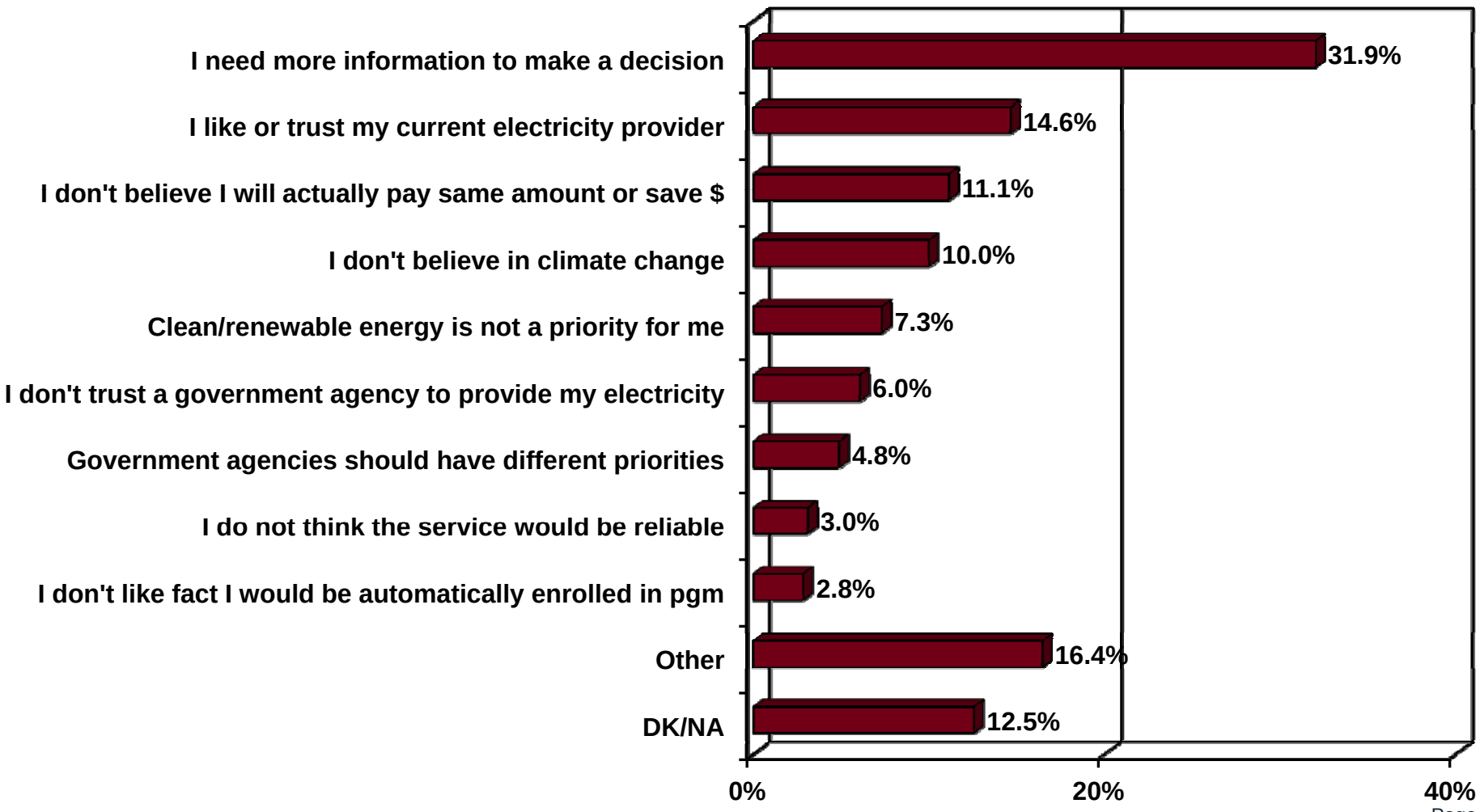

Information Sources

Q17. Preferred Source of Information for Santa Clara County Issues (n=601)

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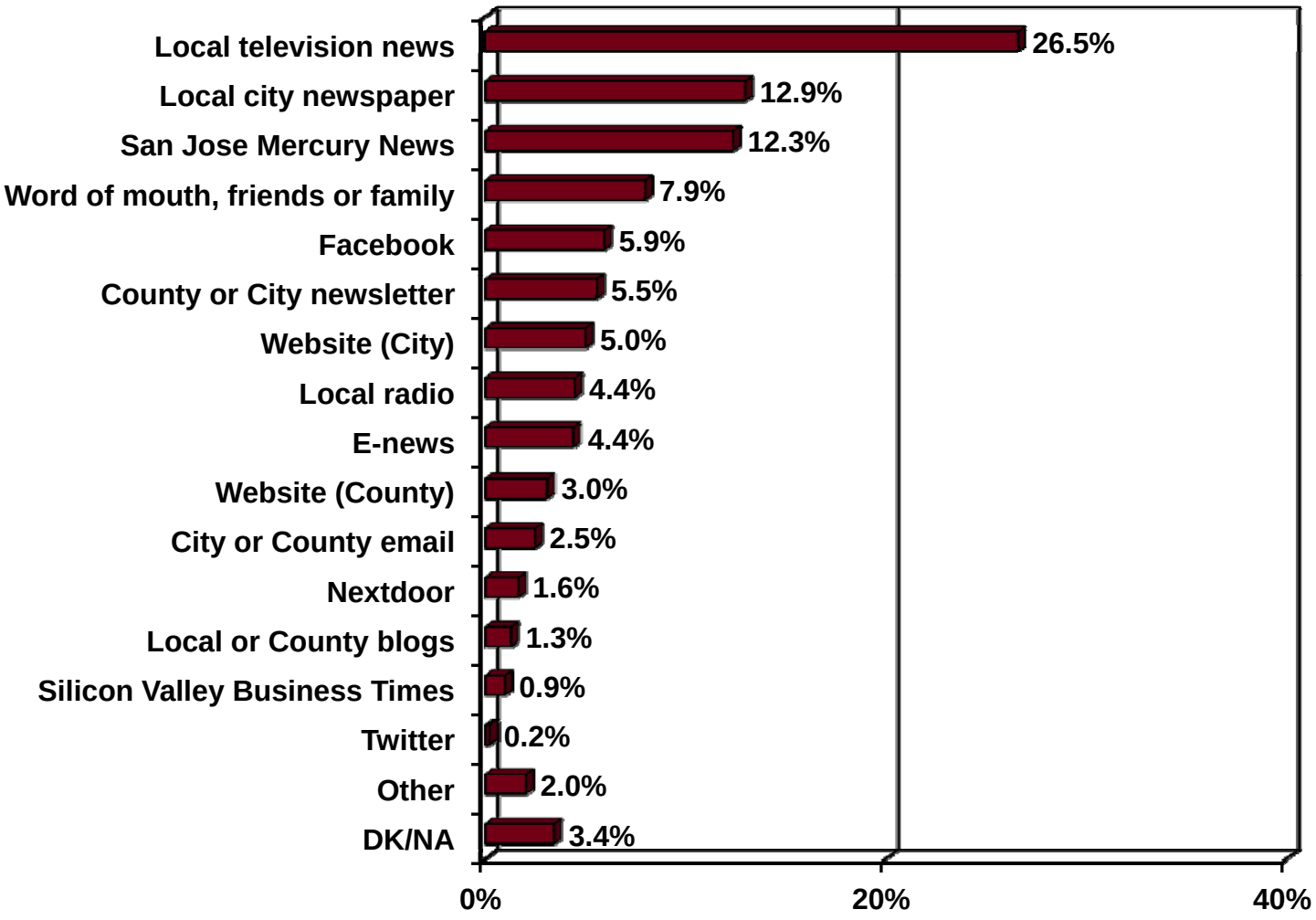
As the final non-demographic question in the survey, all residents were asked about their preferred source for information regarding issues in Santa Clara County, using a variety of County, local, and non-affiliated information sources (chart on next page). 'Local television news' was the most preferred source of information regarding issues in Santa Clara County according to residents, with slightly more than one-quarter (27%) selecting this their preferred source. 'Local city newspaper' (13%) and the 'San Jose Mercury News' (12%) were the second most popular choices, with slightly more than one in ten residents selecting either one of these sources as their preferred information source. Surprisingly, fewer than one in ten respondents in total cited a social media outlet such as 'Facebook' (6%), 'Nextdoor.com' (1%), 'local or county blogs' (1%) or 'Twitter' (<1%) as their preferred source of information for issues in Santa Clara County.

Q17. Preferred Source of Information for Santa Clara County Issues II (n=601)

GODBE RESEARCH
Gain Insight



Silicon Valley Clean Energy/MIG:

Community Choice Energy Resident Survey - Appendices

July 2016

Appendices

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- All Appendices can be found on our website, at: http://www.svcleanenergy.org/app_folders/view/359

  Appendix A: Demographics (2.5 Mb, 14 Pages)
  Appendix B: Detailed Methodology (106 Kb, 8 Pages)
  Appendix C: Topline Report (470 Kb, 11 Pages)
  Appendix D: Questionnaire (139 Kb, 19 Pages)
  Appendix E: Crosstabulation Tabs (4Mb, 599 Pages)

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SILICON VALLEY
CLEAN ENERGY AUTHORITY

Staff Report – Item 7

To: Silicon Valley Clean Energy Authority Board of Directors

From: Greg Stepanicich, General Counsel

Item 7: Adopt Policy Delegating Limited Authority to Chief Executive Officer, Board Chair and Vice-Chair to Support or Oppose Legislation or Regulatory Actions Affecting SVCEA

Date: 7/13/2016

RECOMMENDATION

Adopt policy described in the Analysis and Discussion Section below delegating limited authority to the Chief Executive Officer (CEO), Board Chair and Vice-Chair to take action to support or oppose legislation or other regulatory matters affecting SVCEA.

BACKGROUND

From time to time, there may be a need for the Authority to take a position in support of or in opposition to proposed state or federal legislation or regulation or that affects the mission or operations of the Authority. The need to take action may be immediate and not allow for sufficient time for Board consideration of the matter. The proposed policy delegates authority to the CEO, Chair and Vice-Chair to take necessary action on such legislation or regulations under specified conditions.

ANALYSIS & DISCUSSION

There are several bills currently pending before the State Legislature that directly affect community choice energy (CCE) programs. From time to time, there are regulatory matters pending before the CPUC that can affect the Authority and other CCE programs. The time for the Authority to act in support of or opposition of these matters can be very time sensitive. Action may need to be taken in the best interests of the Authority before specific direction can be given by the Board of Directors. For this reason, staff recommends authorizing the CEO, Chair and Vice-Chair of the Board of Directors to sign documents, provide testimony or otherwise take a position on legislative or regulatory matters on behalf of SVCEA when all of the following conditions are met:

- The matter is directly related to SVCEA's mission or operations.
- There is a need for action before the next Board meeting.

- Calling a special meeting to address the matter is neither practical nor appropriate under the circumstances.
- The CEO has taken into consideration relevant policies and past positions of the Board of Directors.
- The CEO has taken into consideration the positions taken by other California CCEs and when appropriate has consulted with the Executive Officers of other affected CCEs.
- The CEO has conferred with the Chair of the Board of Directors or the Vice-Chair in the absence of the Chair and both agree that all of the required conditions for taking action under this policy have been met.
- The CEO reports any action taken pursuant to this policy at the next regularly scheduled Board of Directors meeting as part of the CEO Report.