APPROVED OPERATING BUDGET FISCAL YEAR 2019-2020

333 W. El Camino Real
Suite 290
Sunnyvale, CA 94087

SILICON VALLEY CLEAN ENERGY

The Future is Electric

TABLE OF CONTENTS

SVCE'S MISSION

SILICON VALLEY
CLEAN ENERGY

333 W El Camino Real, Ste. 290 | Sunnyvale, CA 94087 | SVCleanEnergy.org | 1-844-474-SVCE

September 11, 2019

CHIEF EXECUTIVE OFFICER'S MESSAGE:

I am pleased to present the Silicon Valley Clean Energy (SVCE) Fiscal Year 2019-20 Recommended Budget. The FY 2019-20 Recommended Budget supports the Agency's mission statement to "reduce dependence on fossil fuels by providing carbon-free, affordable and reliable electricity and innovative programs for the SVCE community." The foundation of the FY 2019-20 Recommended Budget is the Agency's Strategic Plan.

This balanced budget features SVCE's third full year of operations, which includes providing carbon-free energy, maintaining competitive rates by providing a 4% discount to Pacific Gas and Electric (PG&E) generation rates resulting in $18 million of savings for our customers, and funding programs that support decarbonization and electric grid innovations.

The FY 2019-20 Recommended Budget is comprised of an Operating Budget that totals $319.4 million in revenues offset by $269.3 million in expenses. The budget was developed on the basis of 267,000 customer accounts, 3.9 billion kilowatt hours of energy sales, and 27 full-time employees.

Major highlights of the FY 2019-20 Operating Budget include:

- Net surplus of $50.6 million which will be transferred to cash reserves that will enhance credit and provide purchasing leverage on future power supply. Building up cash reserves also mitigates the impact of rate increases and will support obtaining a credit rating. SVCE is expected to achieve targeted reserves by the end of the fiscal year and receive an investment grade rating.
- $6.4 million of funding to further decarbonize our service territory such as focusing on reducing greenhouse gas emissions from electrifying the transportation sector and the built environment, and/or grid innovations including demand-side management programs for shifting and reducing peak demand. A decarbonization roadmap was approved by the Board in December 2018.
- Other initiatives funded include:
- Monitoring of the PG&E Bankruptcy proceeding and developing strategic action when there is adverse impact to the Agency
- Increased funding for cybersecurity to protect our customers' data
- Continued funding of a pro-active approach to legislative and regulatory threats with additional funding for involvement in California Independent System Operator stakeholder processes

CHIEF EXECUTIVE OFFICER'S MESSAGE

- Support to successfully close negotiations of long-term power purchase agreements that invest in renewable energy projects and technology and enhance power supply stability

While SVCE is currently in stable financial condition, there are risks and uncertainty that can impact the Agency in the short and long-term:

- PCIA – The Power Cost Indifference Adjustment (PCIA) charge is an "exit fee" assessed by PG&E to cover generation costs acquired prior to a customer's change in service provider. The fee has increased annually and significantly in recent years. The most recent adjustment occurred in July 2019 that resulted in a weight-average increase of 7%. Although recent regulatory action should provide some stability to the PCIA, the exact impact to this year's budget is unknown.
- PG&E Generation Rates – SVCE must stay competitive compared to PG&E. A change in rates by PG&E could adversely and significantly impact revenues. The budget assumes no changes to rates but a clearer direction is expected in Spring 2020.
- Direct Access – Senate Bill 237 raises the cap on the amount of electricity that businesses may purchase directly from Energy Service Providers (ESP's). Approximately two-thirds of energy revenues are derived from the commercial and industrial sector. There will no impact from additional participation in Direct Access until 2021 but this risk could disproportionately impact SVCE in the long-term.
- Power Supply – Power supply is the largest and most volatile expense of the Agency. Although SVCE is governed by an energy risk management policy and is well hedged for the fiscal year, changes to energy needs and market prices can erode cash reserves quickly.
- Regulatory – Uncertainty in regulatory decisions by the California Public Utilities Commission (CPUC) could adversely affect the cost that customers have to pay to take service from SVCE
- Legislative – Uncertainty in legislation related to central buyer, provider of last resort and Direct Access

I am confident that SVCE has the ability to focus on its strengths and work through the many challenges. Continued success will only be achieved through collaboration creativity, and commitment.

Sincerely,

Girish Balachandran

Girish Balachandran
Chief Executive Officer

BOARD OF DIRECTORS

The Agency is governed by a Board of Directors comprised of representatives from each of the participating communities. The regular director must be from the governing body of each community. The alternate is appointed by the respective governing body, but can be a member of the body itself, city staff or the public. The Board of Directors meetings are held once a month.

Campbell | Cupertino | Gilroy | Los Altos | Los Altos Hills | Los Gatos | Milpitas | Monte Sereno
Morgan Hill | Mountain View | Saratoga | Sunnyvale | Unincorporated Santa Clara County

2019 BOARD OF DIRECTORS

Chair
Margaret Abe-Koga
Mountain View

Alternate
Lisa Matichak
Mountain View

Vice Chair
Howard Miller
Saratoga

Alternate
Manny Cappello
Saratoga

Director
Liz Gibbons
Campbell

Alternate
Susan M. Landry
Campbell

Director
Rod Sinks
Cupertino

Alternate
Darcy Paul
Cupertino

Director
Fred M. Tovar
Gilroy

Alternate
Carol Marques
Gilroy

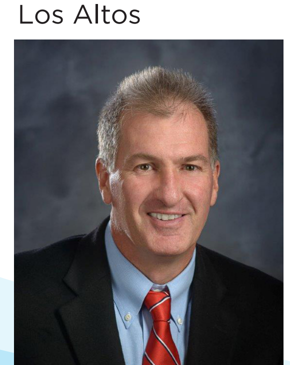
Director
Jeannie Bruins
Los Altos

Alternate
Neysa Fligor
Los Altos

Director
Courtney Corrigan
Los Altos Hills

Alternate
George Tyson
Los Altos Hills

Director
Marico Sayoc
Los Gatos



Alternate
Rob Rennie
Los Gatos

2019 BOARD OF DIRECTORS

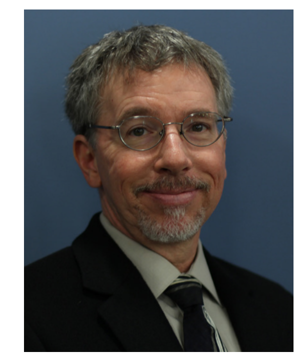
Director
Carmen Montano
Milpitas

Alternate
Elaine Marshall
Milpitas

Director
Javed Ellahie
Monte Sereno

Alternate
Liz Lawler
Monte Sereno

Director
Yvonne Martinez Beltran
Morgan Hill



Alternate
Anthony Eulo
Morgan Hill

Director
Nancy Smith
Sunnyvale

Alternate
Gustav Larsson
Sunnyvale

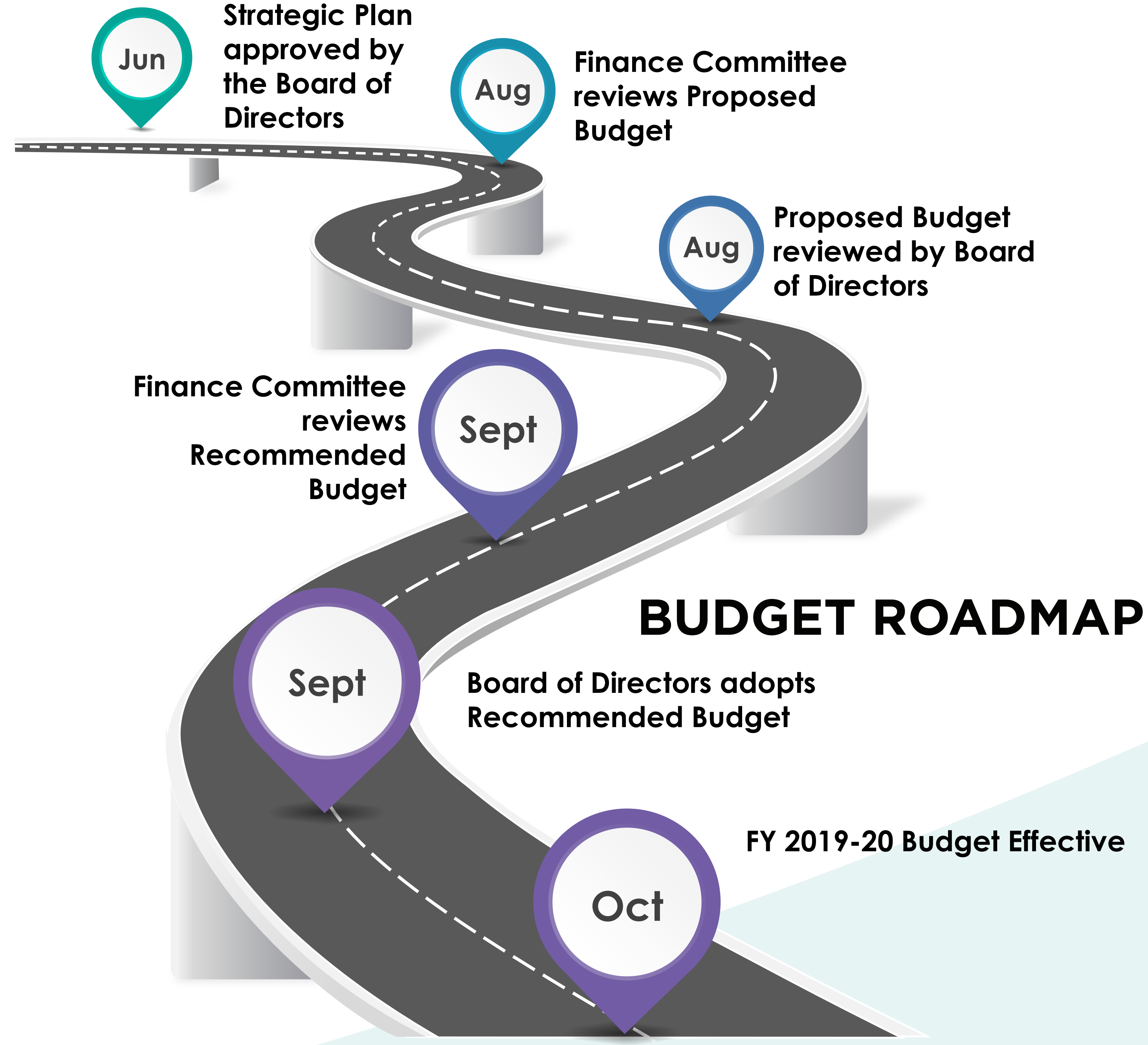
Director
Susan Ellenberg
Santa Clara County

Alternate
Dave Cortese
Santa Clara County

Board Member	Representing	Audit	Executive	Risk Oversight	Finance & Admin.	Legislative Ad Hoc
Chair Abe-Koga	Mountain View		X			X
Vice Chair Miller	Saratoga		X	X	X	
Director Bruins	Los Altos	X				
Director Corrigan	Los Altos Hills	X		X		
Director Ellahie	Monte Sereno				X	X
Director Gibbons	Campbell		X		X	
Alternate Director Rennie	Los Gatos			X	X	
Director Sayoc	Los Gatos					X
Director Sinks	Cupertino		X	X		X
Director Smith	Sunnyvale	X	X			X

* Maria Öberg, County Treasury Administrator, also serves on the Finance and Administration Committee

FY 2019-2020 Operating Budget

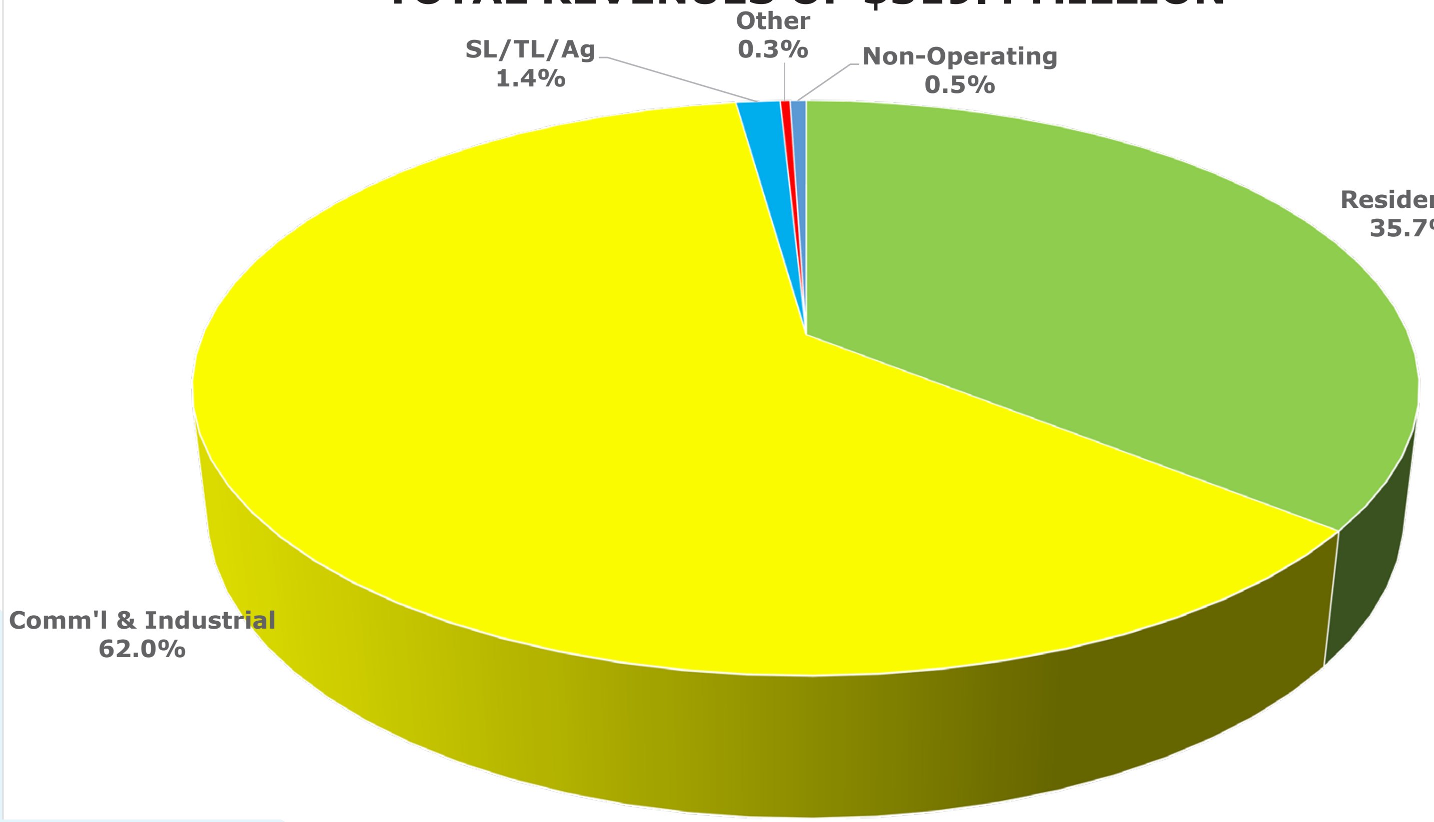

Jun
Strategic Plan approved by the Board of Directors
Aug
Finance Committee reviews Proposed Budget
Aug
Proposed Budget reviewed by Board of Directors
Sept
Finance Committee reviews Recommended Budget
BUDGET ROADMAP
Sept
Board of Directors adopts Recommended Budget
Oct
FY 2019-20 Budget Effective

SILICON VALLEY CLEAN ENERGY
FY 2019-20 RECOMMENDED OPERATING BUDGET
($ in thousands)

Line	DESCRIPTION	FY 2018-19 BUDGET AS ADOPTED MIDYEAR	FY 2019-20 RECOMMENDED BUDGET	VARIANCE $	VARIANCE %
	ENERGY REVENUES				
1	Energy Sales	281,890	317,230	35,340	12.5%
2	Green Prime Premium	630	940	310	49.2%
3	Other	100	50	50	-50.0%
4	**TOTAL ENERGY REVENUES**	$282,620	$318,220	$35,600	12.6%
	ENERGY EXPENSES				
5	Power Supply	234,332	245,340	11,008	4.7%
6	**OPERATING MARGIN**	$48,288	$72,880	$24,592	50.9%
	OPERATING EXPENSES				
7	Data Management	3,560	3,530	30	-0.8%
8	PG&E Fees	1,120	1,350	230	20.5%
9	Employment Expenses	4,330	5,490	1,160	26.8%
10	Professional Services	2,290	3,710	1,420	62.0%
11	Marketing & Promotions	908	960	53	5.8%
12	Notifications	160	160	0	0.0%
13	Lease	330	600	270	81.8%
14	General & Administrative	836	1,150	314	37.5%
15	**TOTAL OPERATING EXPENSES**	$13,533	$16,950	$3,417	25.2%
16	**OPERATING INCOME (LOSS)**	$34,755	$55,930	$21,175	60.9%
	NON-OPERATING REVENUES				
17	Interest Income	850	1,470	620	72.9%
18	Grant Income	-	160	160	
19	**TOTAL NON-OPERATING REVENUES**	$850	$1,630	$780	91.8%
	NON-OPERATING EXPENSES				
20	Financing	210	180	30	-14.3%
21	Interest	0	0	0	
22	**TOTAL NON-OPERATING EXPENSES**	$210	$180	$30	-14.3%
23	**TOTAL NON-OPERATING INCOME (EXPENSES)**	$640	$1,450	$810	126.6%
24	**CHANGE IN NET POSITION**	$35,395	$57,380	$21,985	62.1%
	CAPITAL EXPENSITURES, INTERFUND TRANSFERS & OTHER				
25	Capital Outlay	200	400	200	100.0%
26	Refund of Bond (Cash Inflow)	100	100	0	0.0%
27	Financial Services Requirement	147	147	0	0.0%
28	Transfer to Programs Fund	5,640	6,360	720	12.8%
				0	
29	**TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER**	$5,887	$6,807	$920	15.6%
30	**BALANCE AVAILABLE FOR RESERVES**	$29,508	$50,573	$21,065	71.4%

REVENUE

TOTAL REVENUES OF $319.4 MILLION



REVENUE ASSUMPTIONS

The majority of the Agency's revenues are from the sale of carbon-free electricity.

Energy Sales are $317.2 million supported by the following assumptions:

- A significant portion of our customer base is served by our primary GreenStart product comprising of carbon-free electricity sourced from wind, solar and hydro.
- Commercial and Industrial customer classes comprise 62.0% of the energy sales budget. SVCE is disproportionately impacted by changes in the economy and increased participation in Direct Access.
- Customer participating rate is expected to remain at 96.5%. However, SVCE could see an impact to revenues from customers migrating to Direct Access in 2021.
- Energy sales are based on approximately 267,000 customer accounts and 3.9 million MWh served.
- SVCE is committed to remain competitive in rates and providing savings to our customers. The recommended budget assumes no change in rates while maintaining a 4% discount to PG&E customer generation rates.
- The budget assumes no changes to rates or the PCIA. However, rates and the PCIA is expected to be updated in Spring 2020. The impacts to revenues will be quantified and presented to the Board of Directors through the Mid-Year budget process.

Other Operating Revenues is $1.0 million:

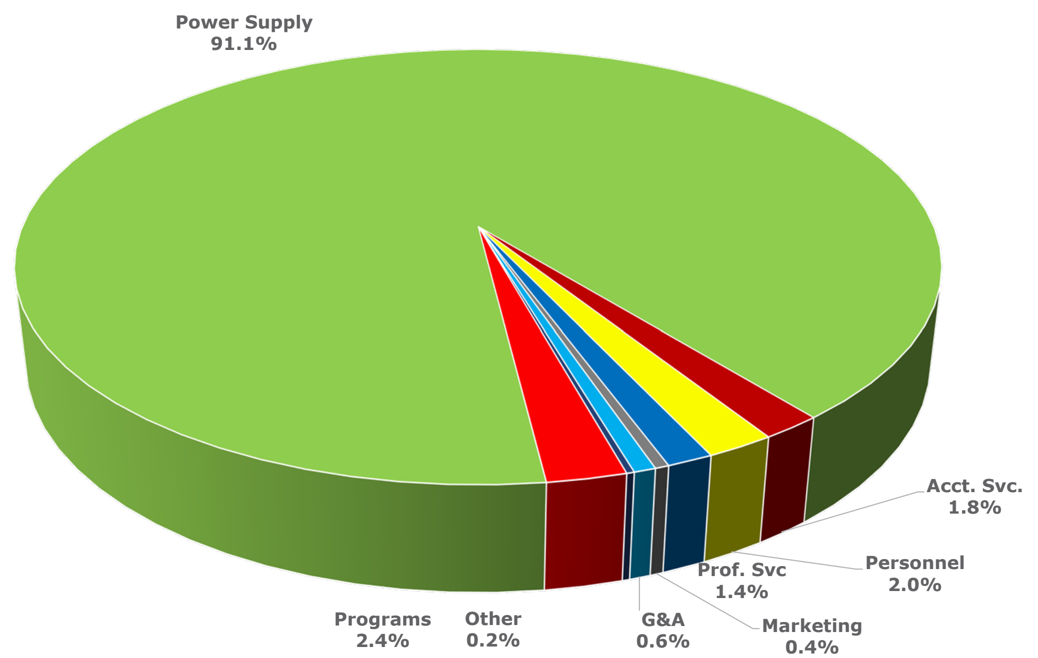
- Approximately 3% of our customers have upgraded to our GreenPrime product comprising of carbon-free electricity but only sourced from wind and solar. SVCE has seen an increase in the participation in GreenPrime.
- Other sales are minimal and comprises of the sale of any excess resource adequacy to other CCA's.

Non-Operating Revenues is $1.6 million:

- Investment Income of $1.5 million from cash reserves.
- Grant Income of $0.1 million related to the Heat Pump Water Heater program that was launched in June 2019.

EXPENSES

TOTAL EXPENSES $269.3 MILLION



EXPENSES ASSUMPTIONS

Total expenses are $269.3 million.

Power Supply is budgeted at $245.3 million.
- Power supply is the largest and most volatile expense of the agency.
  - The majority of power supply is the cost to provide carbon-free electricity.
  - Capacity cost include the purchase of resource adequacy (RA). In the simplest terms, RA is a regulatory construct developed to ensure that there will be sufficient resources available to serve electric demand under all but the most extreme conditions.
  - Charges by the California Independent System Operator (CAISO) that support the safety and reliability of the electric grid.

Account Services is budgeted at $4.8 million.
- Data Management support of $3.5 million to maintain our customer database, including billing and usage.
- Billing Services of $1.3 million paid to PG&E to support the actual billing of customers and transfers of funds to SVCE.

Personnel is budgeted at $5.5 million.
- Budget is based on 27 full-time employees plus 5 temporary employees. Two new positions were added to the organizational chart:
  - 1 Rates Manager position to support the monitoring and forecasting of rates, propose strategic action on rates issues and develop innovative rates for customer-specific needs in response to Direct Access.
  - 1 Analyst position to support the implementation of the Programs Roadmap.

EXPENSES ASSUMPTIONS

- Includes a 4.0% increase to salary ranges based on the latest CPI-Urban Bay Area Index.

Professional Services is budgeted at $3.7 million.
- Includes consultants' fees to support scheduling coordination and power procurement, accounting, auditing, information technology, human resources and various legal services.
- Major initiatives include:
  - Increased funding for cybersecurity to protect our customer's data.
  - Funding to obtain a credit rating.
  - Funding to monitor the PG&E bankruptcy and the CAISO and strategic action if a threat arises to the agency.
  - Funding to support negotiations of several new long-term power purchase agreements that support investment in renewable assets and technology while providing long-term stability for the agency with regards to power resources.
  - Support for the preparation and submittal of the Integrated Resource Plan (IRP) to the CPUC in 2020. An IRP outlines SVCE's resource needs in order to meet expected electricity demand over a long-term planning horizon.
  - Funding to support the attract and retain strategy of our workforce with better human resource functions.

Marketing, Promotions and Notifications is budgeted at 1.2 million.
- Includes funding to notifications to customers as required by the CPUC.
- Support for increased customer awareness and engagement.

General and Administrative is budgeted at $1.8 million.
- Funding for increases rent to support a larger office space as the agency has grown. Options will be presented to the Board of Directors in late 2019.

Non-Operating Expenses is budgeted at $0.2 million.
- SVCE currently has a $35 million line of credit. The line of credit provides liquidity flexibility, is favored by credit rating agencies and supports better pricing from power suppliers. The budget funds the renewal of the line of credit.

Capital Expenditures, Interfund Transfers and Other is budgeted at $6.8 million.
- Funding from 2% of energy sales to support de-carbonization and grid innovations programs. The Programs Roadmap was approved by the Board of Directors in December 2018.
- Capital expenditures includes support for infrastructure related to facility expansion.
- Other Cash Outflow includes the regulatory decision in 2018 to monetize the collateral a CCA must post to cover the administrative and procurement burden PG&E would potentially incur if SVCE became insolvent and all customer were immediately returned to PG&E.

FOCUS ON RESERVES

What are reserves?
An organization's financial reserves are a discrete subset of its liquid net assets. They are a distinct pool of assets that an organization can access either to mitigate the impact of unbudgeted, undesirable financial events or pursue opportunities of strategic importance that may arise in the future.

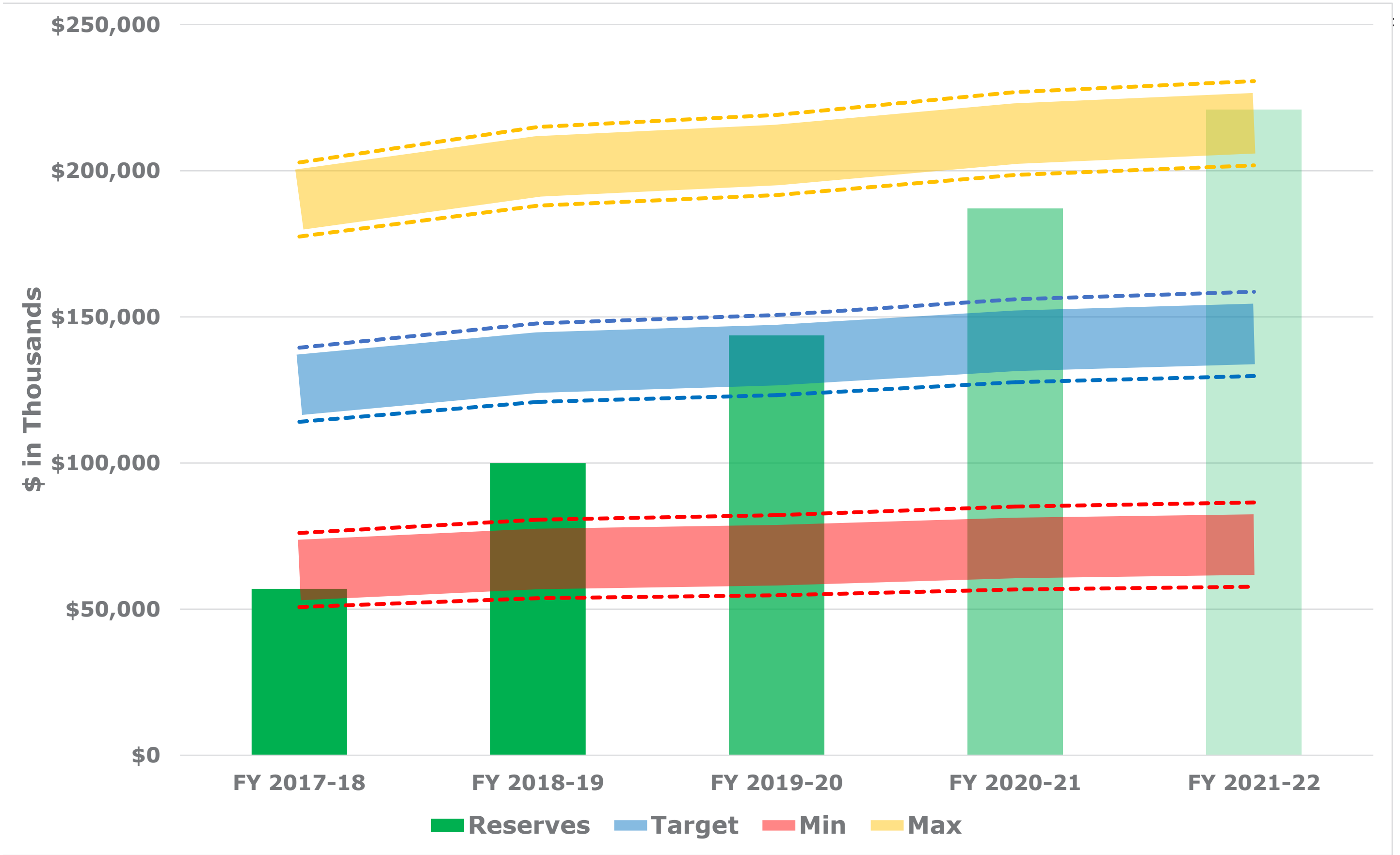
Reserves can be used as a "rainy day fund" to help SVCE navigate through the risks that may impact financial performance in the months and years ahead. Reserves thus act as an insurance policy to enable SVCE to maintain financial solvency and mitigate risk. They can also serve as cash on hand to fund new activities and provide SVCE with the financial flexibility and ability to take advantage of strategic opportunities in the marketplace.

4 Reasons Why SVCE Should Establish Appropriate Levels of Risk Reserves

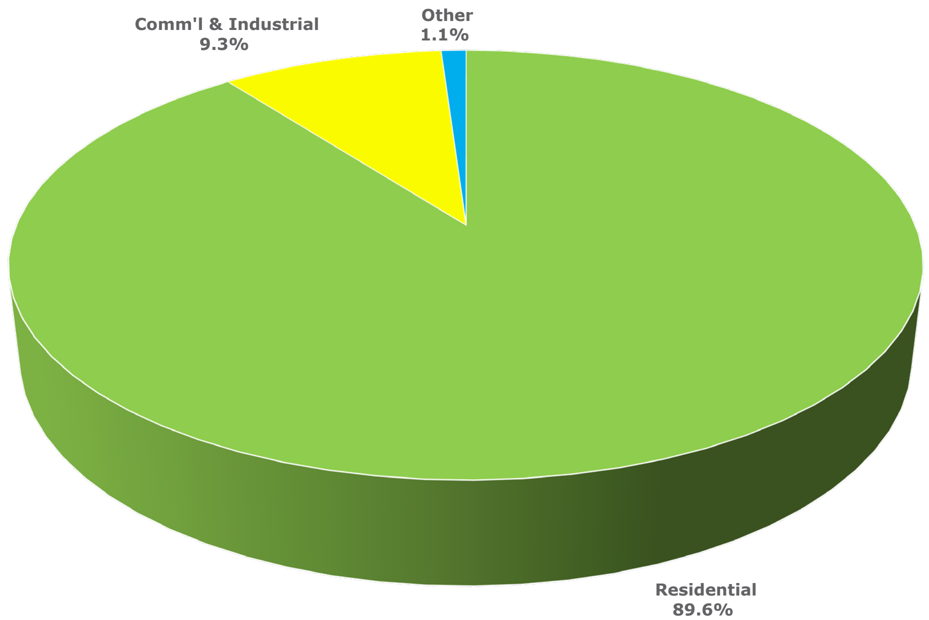
1. **Become self-sufficient.** As a young agency, one of the first steps to becoming self-sufficient is to build adequate reserves. Having adequate liquidity not only stabilizes day-to-day operations but also provides leverage when negotiating with vendors and will be a significant factor when SVCE eventually applies for a credit rating.
2. **Be prepared for market-related risks.** $0.90 of every $1.00 that SVCE spends is related to power supply. Electricity is a very volatile commodity. While SVCE has implemented risk management strategies and policies, there is no way to completely eliminate risk. Having adequate reserves helps management overcome near-term power supply shocks and minimize rate increases to our customers.
3. **Avoid unplanned cost-reduction/rate-shock measures.** Should SVCE face a fiscal crisis, due to solvency and liquidity issues, management would be forced to react in a relatively "knee-jerk" manner by undertaking operating and program cuts or significant rate increases. Unfortunately, without adequate reserves, SVCE would be forced to compromise our strategic trajectory and long-term attainment of our mission for sake of near-term financial savings.
4. **Reduce the impact of industry-specific risks.** In addition to broad, systemic issues, SVCE must establish reserves to mitigate against potential risk specific to our own unique sector, mission and business activities. For example, CCA's have and will continue to face threats from the Legislative and Regulatory bodies that can increase our costs and drive down our revenues.

A Sound Reserves Policy Means Financial Health
The ever-increasing pace of change and general uncertainty in today's operating environment requires CCA's to be proactive, nimble and financially astute. Maintaining sufficient balance sheet health, vis-a-vis an organization-specific designated pool of reserves, enables SVCE to be prepared for the future, while providing stability and continuity in day-to-day operations.

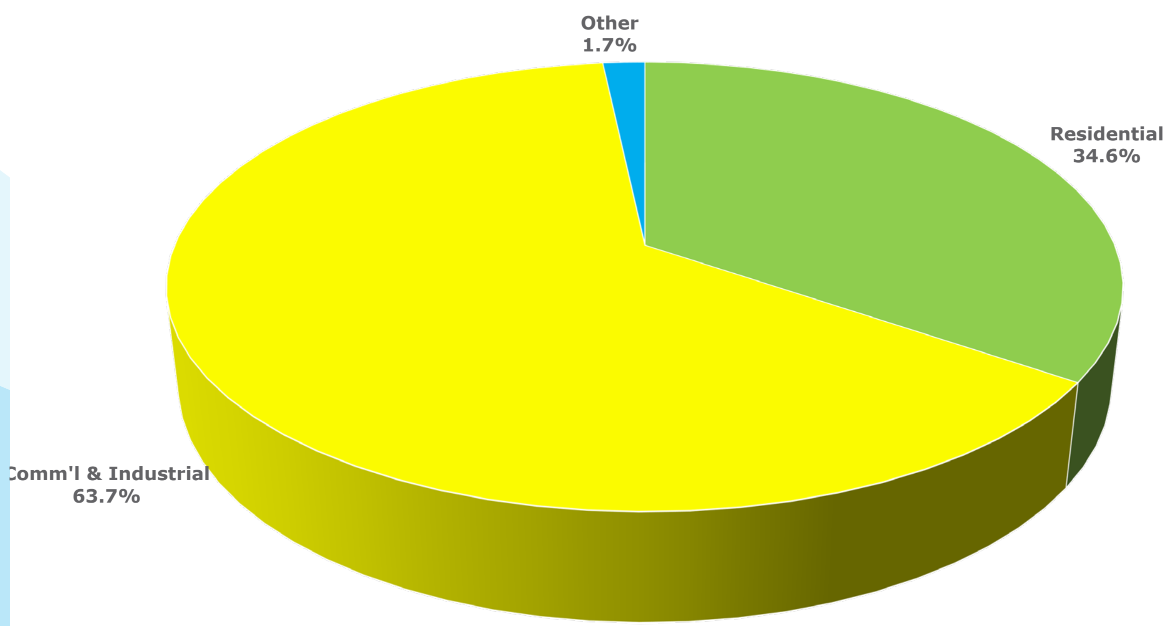
PROJECTED RESERVES



267,000 CUSTOMER ACCOUNTS



3.9 MILLION MWh'S OF ENERGY SALES



SILICON VALLEN CLEAN ENERGY

Line	Budget (in US$ thousands)	Mid-Year	Recommended	Estimates			
	For the fiscal year ended September 30	FY2019B	FY2020B	FY2021E	FY2022E	FY2023E	FY2024E
	OPERATING REVENUES						
1	GWh Sales	3,935.5	3,915.9	3,897.4	3,879.0	3,860.7	3,842.4
2	*Y/Y growth (%)*		*-0.5%*	*-0.5%*	*-0.5%*	*-0.5%*	*-0.5%*
3	Energy Sales, net	281,890.0	317,230.0	315,734.6	314,243.0	312,758.5	311,281.1
4	*Y/Y revenue growth (%)*		*12.5%*	*-0.5%*	*-0.5%*	*-0.5%*	*-0.5%*
5	Green Prime	630.0	940.0	935.4	931.0	926.6	922.2
6	*Y/Y revenue growth (%)*		*49.2%*	*-0.5%*	*-0.5%*	*-0.5%*	*-0.5%*
7	Other Income	100.0	50.0	50.0	50.0	50.0	50.0
8	*Y/Y revenue growth (%)*		*-50.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
9	**Total Operating Revenues**	**282,620.0**	**318,220.0**	**316,719.9**	**315,224.0**	**313,735.1**	**312,253.2**
10	***Y/Y revenue growth (%)***		***12.6%***	***-0.5%***	***-0.5%***	***-0.5%***	***-0.5%***
	OPERATING EXPENSES						
11	Power Supply	234,331.9	245,340.0	251,008.8	260,915.6	265,680.2	272,187.7
12	*% of revenues*	*82.9%*	*77.1%*	*79.3%*	*82.8%*	*84.7%*	*87.2%*
13	**Contribution Margin**	**48,288**	**72,880**	**65,711**	**54,308**	**48,055**	**40,066**
14	***Contribution Margin (%)***	***17.1%***	***22.9%***	***20.7%***	***17.2%***	***15.3%***	***12.8%***
15	Data Management	3,560.0	3,530.0	3,525.5	3,525.5	3,525.5	3,525.5
16	*% of revenues*	*1.3%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*
17	PG&E Service Fees	1,120.0	1,350.0	1,346.1	1,346.1	1,346.1	1,346.1
18	*% of revenues*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*
19	Staff Compensation	4,330.0	5,490.0	5,464.1	5,438.3	5,412.6	5,387.1
20	*% of revenues*	*1.5%*	*1.7%*	*1.7%*	*1.7%*	*1.7%*	*1.7%*
21	Consultants & Other Professional Services	1,555.0	2,722.0	2,709.2	2,696.4	2,683.6	2,671.0
22	*% of revenues*	*0.6%*	*0.9%*	*0.9%*	*0.9%*	*0.9%*	*0.9%*
23	Legal	735.0	988.0	983.3	978.7	974.1	969.5
24	*% of revenues*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*
25	Communications & Noticing	1,067.5	1,120.0	1,114.7	1,109.5	1,104.2	1,099.0
26	*% of revenues*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*
27	General & Administrative	1,166.2	1,750.0	1,306.9	1,300.7	1,294.5	1,288.4
28	*% of revenues*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*
29	**Total Operating Expenses**	**247,865.5**	**262,290.0**	**267,458.7**	**277,310.7**	**282,020.9**	**288,474.2**
30	**Operating Margin**	**34,754.5**	**55,930.0**	**49,261.3**	**37,913.3**	**31,714.2**	**23,779.0**
31	***Operating Margin (%)***	***12.3%***	***17.6%***	***15.6%***	***12.0%***	***10.1%***	***7.6%***
	NON-OPERATING REVENUES/(EXPENSES)						
32	Investment Income	850.0	1,470.0	1,941.3	2,424.4	2,805.2	3,099.0
33	*Y/Y revenue growth (%)*		*72.9%*	*32.1%*	*24.9%*	*15.7%*	*10.5%*
34	Grant Revenues	-	160.0	68.7	-	-	-
35	*Y/Y revenue growth (%)*			*-57.1%*	*-100.0%*		
36	Debt Service	210.0	180.0	162.0	147.5	107.5	107.5
37	*% of revenues*	*0.1%*	*0.1%*	*0.1%*	*0.0%*	*0.0%*	*0.0%*
38	**Total Non-Operating Revenues/(Expenses)**	**640.0**	**1,450.0**	**1,848.1**	**2,276.9**	**2,697.7**	**2,991.5**
	CAPITAL OUTLAY, TRANSFERS TO PROGRAM FUND AND OTHER						
39	CAPEX	200.0	400.0	50.0	50.0	50.0	50.0
40	*% of revenues*	*0.1%*	*0.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
41	Programs	5,640.0	6,360.0	6,333.4	6,303.5	6,273.7	6,244.1
42	*% of revenues*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
43	Cash Inflows/(Outflows)	(47.0)	(47.0)	-	-	-	-
44	**Total Capital Outlay, Transfers to Program**						
45	**Funds and Other**	**5,887.0**	**6,807.0**	**6,383.4**	**6,353.5**	**6,323.7**	**6,294.1**
46	**BALANCE AVAILABLE FOR RESERVES**	**$29,507.5**	**$50,573.0**	**$44,725.9**	**$33,836.7**	**$28,088.1**	**$20,476.4**

SILICON VALLEN CLEAN ENERGY

Line	Statement of Revenues, Expenses and Changes in Net Position (in US$ thousands)	Actuals		Mid-Year	Recommended	Estimates			
	For the fiscal year ended September 30	FY2017A	FY2018A	FY2019B	FY2020B	FY2021E	FY2022E	FY2023E	FY2024E
	OPERATING REVENUES								
1	GWh Sales	1,186.5	3,533.9	3,935.5	3,915.9	3,897.4	3,879.0	3,860.7	3842.4
2	*Y/Y growth (%)*		*197.8%*	*11.4%*	*-0.5%*	*-0.5%*	*-0.5%*	*-0.5%*	*-0.5%*
3	Energy Sales, net	93,650.2	249,204.4	281,890.0	317,230.0	315,734.6	314,243.0	312,758.5	311,281.1
4	*Y/Y revenue growth (%)*		*166.1%*	*13.1%*	*12.5%*	*-0.5%*	*-0.5%*	*-0.5%*	*-0.5%*
5	Green Prime	290.1	730.2	630.0	940.0	935.4	931.0	926.6	922.179
6	*Y/Y revenue growth (%)*		*151.7%*	*-13.7%*	*49.2%*	*-0.5%*	*-0.5%*	*-0.5%*	*-0.5%*
7	Other Income	-	13.5	100	50	50	50	50	50
8	*Y/Y revenue growth (%)*			*640.7%*	*-50.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
9	**Total Operating Revenues**	**93,940.3**	**249,934.6**	**282,520.0**	**318,170.0**	**316,669.9**	**315,174.0**	**313,685.1**	**312,203.2**
10	***Y/Y revenue growth (%)***		***166.1%***	***13.0%***	***12.6%***	***-0.5%***	***-0.5%***	***-0.5%***	***-0.5%***
	OPERATING EXPENSES								
11	Power Supply	59,302.6	189,906.0	234,331.9	245,340.0	251,008.8	260,915.6	265,680.2	272,187.7
12	*% of revenues*	*63.1%*	*76.0%*	*82.9%*	*77.1%*	*79.3%*	*82.8%*	*84.7%*	*87.2%*
13	**Operating Margin**	**34,638**	**60,029**	**48,188**	**72,830**	**65,661**	**54,258**	**48,005**	**40,016**
14	***Operating Margin (%)***	***36.9%***	***24.0%***	***17.1%***	***22.9%***	***20.7%***	***17.2%***	***15.3%***	***12.8%***
15	Data Management	1,038.1	3,431.5	3,560.0	3,530.0	3,525.5	3,525.5	3,525.5	3,525.5
16	*% of revenues*	*1.1%*	*1.4%*	*1.3%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*
17	PG&E Service Fees	280.9	1,161.1	1,120.0	1,350.0	1,346.1	1,346.1	1,346.1	1,346.1
18	*% of revenues*	*0.3%*	*0.5%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*
19	Staff Compensation	1,511.1	2,626.6	4,330.0	5,490.0	5,464.1	5,438.3	5,412.6	5,387.1
20	*% of revenues*	*1.6%*	*1.1%*	*1.5%*	*1.7%*	*1.7%*	*1.7%*	*1.7%*	*1.7%*
21	Consultants & Other Professional Services	627.3	892.3	1,555.0	2,722.0	2,709.2	2,696.4	2,683.6	2,671.0
22	*% of revenues*	*0.7%*	*0.4%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*
23	Legal	348.9	357.7	735.0	988.0	983.3	978.7	974.1	969.5
24	*% of revenues*	*0.4%*	*0.1%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*
25	Communications & Noticing	804.5	617.5	1,067.5	1,120.0	1,114.7	1,109.5	1,104.2	1,099.0
26	*% of revenues*	*0.9%*	*0.2%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*
27	General & Administrative	429.7	934.7	1,166.2	1,750.0	1,306.9	1,300.7	1,294.5	1,288.4
28	*% of revenues*	*0.5%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*
29	Programs	-	-	5,640.0	6,360.0	6,333.4	6,303.5	6,273.7	6,244.1
30	*% of revenues*			*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
31	**Total Other Operating Expenses**	**5,040.5**	**10,021.5**	**19,173.7**	**23,310.0**	**22,783.2**	**22,698.6**	**22,614.4**	**22,530.6**
32	**Total Operating Expenses**	**64,343.1**	**199,927.4**	**253,505.5**	**268,650.0**	**273,792.1**	**283,614.2**	**288,294.6**	**294,718.3**
33	**EBID**	**29,597.1**	**50,007.2**	**29,014.5**	**49,520.0**	**42,877.9**	**31,559.8**	**25,390.5**	**17,485.0**
34	Depreciation	23.1	39.6	50.0	60.0	60.0	60.0	60.0	60.0
35	**Adjusted EBI**	**29,574.0**	**49,967.5**	**28,964.5**	**49,460.0**	**42,817.9**	**31,499.8**	**25,330.5**	**17,425.0**
36	**Non Operating Income/(Expense)**								
37	Interest Expense	(76.0)	(15.7)	-	-	-	-	-	-
38	Financing Costs	(73.2)	-	(210.0)	(180.3)	(162.0)	(147.5)	(107.5)	(107.5)
39	Investment Income	1.1	153.8	850.0	1,470.0	1,942.1	2,427.2	2,810.5	3,107.4
40	Grant Income	-	-	-	160.0	68.7	-	-	-
41	**Net Non Operating Income/(Expense)**	**148.2**	**138.2**	**640.0**	**1,449.7**	**1,848.9**	**2,279.7**	**2,703.0**	**2,999.9**
42	**CHANGE IN NET POSITION**	**29,425.9**	**50,105.7**	**29,604.5**	**50,909.7**	**44,666.7**	**33,779.5**	**28,033.4**	**20,424.9**

FORECAST

SILICON VALLEN CLEAN ENERGY

Line	Statement of Net Position (in US$ thousands)	Actuals		Mid-Year	Recommended	Estimates			
	For the fiscal year ended September 30	FY2017A	FY2018A	FY2019B	FY2020B	FY2021E	FY2022E	FY2023E	FY2024E
	Assets								
	Current Assets:								
1	Cash & Cash Equivalents	16,843.6	56,963.3	89,953.2	133,536.1	177,076.1	210,832.6	237,996.1	257,836.1
2	Accounts Receivable, net	21,420.4	23,661.1	27,467.2	30,933.2	30,787.4	30,641.9	30,497.2	30,353.1
3	Energy Settlements Receivable	266.3	-	-	-	-	-	-	-
4	Accrued Revenue	14,976.3	16,931.4	19,619.4	22,095.1	21,991.0	21,887.1	21,783.7	21,680.8
5	Other Receivables	200.0	86.3	97.5	109.8	109.3	108.8	108.3	107.8
6	Prepaid Expenses	71.8	1,123.8	2,812.0	2,944.1	3,012.1	3,131.0	3,188.2	3,266.3
7	Deposits	3,237.8	7,992.8	2,825.2	3,181.7	3,166.7	3,151.7	3,136.9	3,122.0
8	Restricted cash - debt collateral	1,900.0	-	2,000.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0
9	Restricted cash - lockbox	2,500.0	2,000.0	1,500.0	1,000.0	500.0	-	-	-
10	**Total Current Assets**	**$61,416.2**	**$108,758.7**	**$146,274.5**	**$197,300.1**	**$240,142.5**	**$273,253.1**	**$300,210.2**	**$319,866.0**
	Non-Current Assets:								
11	Capital assets, net of depreciation	167.5	184.3	334.3	674.3	664.3	654.3	644.3	634.3
12	Deposits	128.6	6,192.6	6,192.6	6,192.6	6,192.6	6,192.6	6,192.6	6,192.6
13	**Total noncurrent assets**	**$296.1**	**$6,376.9**	**$6,526.9**	**$6,866.9**	**$6,856.9**	**$6,846.9**	**$6,836.9**	**$6,826.9**
14	**Total Assets**	**$61,712.3**	**$115,135.6**	**$152,801.4**	**$204,166.9**	**$246,999.4**	**$280,100.0**	**$307,047.1**	**$326,692.9**
	Liabilities								
15	**Current Liabilities**								
16	Accounts payable	850.2	720.5	1,446.3	1,736.3	1,687.5	1,681.8	1,676.1	1,670.4
17	Accrued cost of electricty	25,988.1	34,183.7	42,309.9	44,297.5	45,321.0	47,109.8	47,970.0	49,145.0
18	Accrued interest payable	7.2	-	-	-	-	-	-	-
19	Accrued payroll and benefits	85.0	191.3	315.3	399.8	397.9	396.1	394.2	392.3
20	Other accrued liabilities	20.9	-	-	-	-	-	-	-
21	Taxes & surcharges due to other	815.3	1,020.4	1,249.7	1,412.6	1,590.9	1,583.3	1,575.9	1,568.4
22	Supplier Security Desposits	-	585.0	28.3	28.3	28.3	0.0	0.0	0.0
23	Notes payble to bank	2,900.0	-	-	-	-	-	-	-
24	**Total Current Liabilities**	**$30,666.8**	**$36,700.9**	**$45,349.6**	**$47,874.6**	**$49,025.7**	**$50,771.0**	**$51,616.2**	**$52,776.2**
	Non-Current Liabilities:								
25	Loans payable to JPA members	2,730.0	-	-	-	-	-	-	-
26	**Total Liabilities**	**$33,396.8**	**$36,700.9**	**$45,349.6**	**$47,874.6**	**$49,025.7**	**$50,771.0**	**$51,616.2**	**$52,776.2**
	Net Position								
27	Net investment in capital assets	167.5	184.3	334.3	674.3	664.3	654.3	644.3	634.3
28	Restricted for security collateral	4,400.0	2,000.0	3,500.0	4,500.0	4,000.0	3,500.0	3,500.0	3,500.0
29	Unrestricted (deficit)	23,748.0	76,250.4	103,951.8	151,792.4	193,973.7	225,829.0	251,930.9	270,416.7
30	**Total Net Position**	**$28,315.5**	**$78,434.7**	**$107,451.8**	**$156,292.4**	**$197,973.7**	**$229,329.0**	**$255,430.9**	**$273,916.7**

SILICON VALLEN CLEAN ENERGY

Line	Statement of Cash Flows (in US$ thousands)	Actuals		Mid-Year	Recommended Estimates				
	For the fiscal year ended September 30	**FY2017A**	**FY2018A**	**FY2019B**	**FY2020B**	**FY2021E**	**FY2022E**	**FY2023E**	**FY2024E**
	Cash Flows From Operating Activities								
1	Operating Income/(Loss)	29,574.0	49,967.5	28,964.5	49,460.0	42,817.9	31,499.8	25,330.5	17,425.0
2	Depreciation Expense	23.1	39.6	50.0	60.0	60.0	60.0	60.0	60.0
3	Revenue reduced for uncollectible accounts	472.1	1,256.0	1,412.6	1,590.9	1,583.3	1,575.9	1,568.4	1,561.0
4	*% of Revenues*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*
4	Expenses paid directly from loan proceeds	-	-	-	-	-	-	-	-
	Changes in operating working capital								
5	Change in net accounts receivable	(21,420.4)	(2,240.8)	(3,806.1)	(3,466.0)	145.8	145.4	144.8	144.1
6	Change in energy settlements receivable	(266.3)	266.3	-	-	-	-	-	-
7	Change in accrued revenue	(14,976.3)	(1,955.0)	(2,688.1)	(2,475.7)	104.2	103.9	103.4	102.9
8	Change in other receivables	(34.4)	113.7	(11.2)	(12.3)	0.5	0.5	0.5	0.5
9	Change in prepaid expenses	(46.5)	(1,052.0)	(1,688.1)	(132.1)	(68.0)	(118.9)	(57.2)	(78.1)
10	Change in current deposits	(3,237.8)	(4,755.0)	5,167.6	(356.5)	15.0	15.0	14.9	14.8
11	Change in accounts payable	695.3	(129.7)	725.8	290.0	(48.8)	(5.7)	(5.7)	(5.7)
12	Change in accrued cost of electricity	25,988.1	8,195.6	8,126.2	1,987.6	1,023.5	1,788.7	860.3	1,175.0
13	Change in accrued compensation	74.5	106.3	124.0	84.5	(1.9)	(1.9)	(1.9)	(1.9)
14	Change in supplier security deposits	-	585.0	(556.7)	-	-	(28.3)	-	-
15	Change in other accrued liabilities	(119.7)	(20.9)	-	-	-	-	-	-
16	Change in notes payable to bank	2,900.0	(2,900.0)	-	-	-	-	-	-
17	Change in accrued interest payable	7.2	(7.2)	-	-	-	-	-	-
18	Change in taxes and surcharges liability	815.3	205.1	229.3	162.9	178.3	(7.5)	(7.5)	(7.4)
19	**Net changes in operating working capital**	**$9,620.9**	**$3,588.7**	**$5,622.7**	**$3,917.6**	**$1,348.6**	**$1,891.2**	**$1,051.6**	**$1,344.2**
20	**Net cash provided (used) by operating activities**	**$20,448.3**	**$47,674.5**	**$36,049.8**	**$47,193.3**	**$45,809.8**	**$35,026.9**	**$28,010.5**	**$20,390.2**
	Cash Flows from Non-Capital Financing Activities								
21	Note proceeds from bank	4,400.0	-	-	-	-	-	-	-
22	Loan proceeds from JPA members	165.6	-	-	-	-	-	-	-
23	(Payments)/receipts of deposits and collateral	(3,837.8)	-	-	-	-	-	-	-
24	Principal payments on note	(1,500.0)	(2,900.0)	-	-	-	-	-	-
25	Principal payments on JPA member loan	-	(2,730.0)	-	-	-	-	-	-
26	Distributions	500.0	-	-	-	-	-	-	-
27	Interest and related expense payments	(68.8)	(22.9)	-	-	-	-	-	-
28	Finance costs paid	(73.2)	-	(210.0)	(180.3)	(162)	(148)	(108)	(108)
29	**Net cash provided (used) by non-capital financing activities**	**$414.2**	**$5,652.9**	**$210.0**	**$180.3**	**$162.0**	**$147.5**	**$107.5**	**$107.5**
	Cash Flows from Capital and Related Financing Activities								
30	Acquisiton of capital assets	(190.6)	(56.4)	(200.0)	(400.0)	(50.0)	(50.0)	(50.0)	(50.0)
	Cash Flows from Investing Activities								
31	Interest income received	1.1	153.8	850.0	1,470.0	1,942.1	2,427.2	2,810.5	3,107
32	**Total change in cash and cash equivalents**	**$19,844.6**	**$42,119.0**	**$36,489.8**	**$48,083.0**	**$47,539.9**	**$37,256.5**	**$30,663.4**	**$23,340.1**
	Supplemental Data								
	Cash Flow Before Debt Paydown	21,344.6	47,749.0	36,489.8	48,083.0	47,539.9	37,256.5	30,663.4	23,340.1

SILICON VALLEN CLEAN ENERGY

Line	Debt Schedule (in US$ thousands)	Actuals		Mid-Year	Recommended	Estimates			
	For the fiscal year ended September 30	**FY2017A**	**FY2018A**	**FY2019B**	**FY2020B**	**FY2021E**	**FY2022E**	**FY2023E**	**FY2024E**
	Cash available to pay down debt								
1	Cash at beginning of year		-	56,963.3	89,953.2	133,536.1	177,076.1	210,832.6	237,996.1
2	Cash flow before debt paydown			36,489.8	48,083.0	47,539.9	37,256.5	30,663.4	23,340.1
3	Restricted Cash			(3,500.0)	(4,500.0)	(4,000.0)	(3,500.0)	(3,500.0)	(3,500.0)
4	**Cash Available to Pay Down Debt**			**89,953.2**	**133,536.1**	**177,076.1**	**210,832.6**	**237,996.1**	**257,836.1**
	Line of Credit (Short-Term)								
5	Debt beginning of year			-	-	-	-	-	-
6	Mandatory issuances (retirements)			-	-	-	-	-	-
7	Non-mandatory issuances (retirements)			-	-	-	-	-	-
8	**Short-Term Debt (end of year)**		-	-	-	-	-	-	-
9	Interest expense			-	-	-	-	-	-
10	Financing cost			(210.0)	(180.3)	(162.0)	(147.5)	(107.5)	(107.5)
	Long Term Debt								
11	Debt beginning of year			-	-	-	-	-	
12	Mandatory issuances (retirements)			-	-	-	-	-	
13	Non-mandatory issuances (retirements)			-	-	-	-	-	-
14	**Long-Term Debt (end of year)**		-	-	-	-	-	-	-
15	Interest expense			-	-	-	-	-	-
16	Financing cost			-	-	-	-	-	-
17	**Total issuances/(retirements)**			-	-	-	-	-	-
18	**Total interest expense and financing cost**			**(210.0)**	**(180.3)**	**(162.0)**	**(147.5)**	**(107.5)**	**(107.5)**
19	**Cash at end of year**		**$56,963.3**	**$89,953.2**	**$133,536.1**	**$177,076.1**	**$210,832.6**	**$237,996.1**	**$257,836.1**
20	Investment income				$1,470.0	$1,941.3	$2,424.4	$2,805.2	$3,099.0
	Interest Rate				*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*

AGENCY OVERVIEW

Formed in 2016, Silicon Valley Clean Energy (SVCE) is redefining the local electricity market.

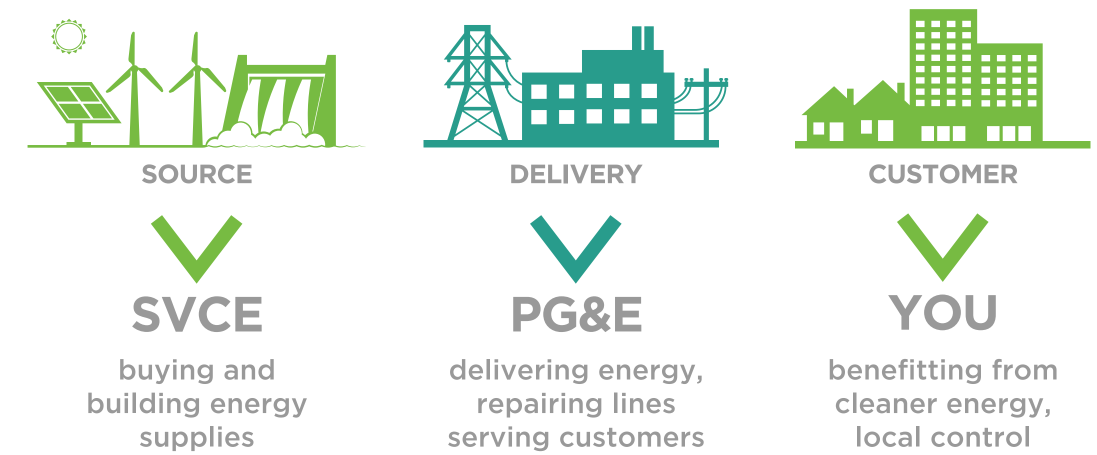
SVCE provides residents and businesses with carbon-free electricity at lower rates and offers innovative clean energy programs.

To govern the Agency's activities, the County and each participating community have appointed an elected representative and an alternate to serve on SVCE's Board of Directors.

Community Choice Energy (CCE) is an opportunity to change the electricity market and provide residents and businesses with a new choice. A CCE agency functions as a new electricity provider, and is locally operated and administered. The agency buys power on the open market, encouraging the kind of competition that can result in more carbon-free energy sources contributing to the energy grid at lower rates. California state policy allows local governments to form a CCE program to pool electricity demand within and across their communities.

AGENCY OVERVIEW

Under CCE, PG&E continues to provide essential services as a partner, delivering the electricity over existing infrastructure, maintaining power lines, sending bills and providing customer service.



Operational CCE agencies are completely funded through program (ratepayer) revenues, and are not subsidized by taxpayer dollars. Compared to PG&E, CCEs have certain cost advantages in that they are small and agile public agencies, with low overhead costs and no shareholder dividend or income tax requirements.

When a community decides to create or join a CCE agency, all customers within that jurisdiction are automatically enrolled in the program. However, any customer can choose to opt out and to remain with their investor owned utility (PG&E in Santa Clara County) for both power resources and delivery. State law requires that customers receive several notifications to opt out at no charge, both before and just after a CCE program launches.

With SVCE, residents and businesses can choose from the following energy options:

GreenStart
- Automatic enrollment – no need to do anything
- Carbon-free electricity, sourced from wind, solar, and hydro
- Savings of approximately 4% compared to PG&E's generation rates

GreenPrime
- Optional service upgrade at any time
- 100% renewable, sourced from wind and solar
- Premium of less than 1 cent per kilowatt-hour

Opt Out
- Opt out and remain with PG&E bundled service

Net Energy Metering
- Automatic enrollment; net surplus generation paid at full retail cost

Community Benefits April 2017 - December 2018

Silicon Valley Clean Energy delivered on commitments to save customers money, buy cleaner power and reduce community-wide carbon emissions.

$24 Million
On-bill dollar savings for SVCE customers

2.3 Billion Pounds
Carbon emissions avoided by providing clean energy*

19.8%
Community-wide emissions reduction since 2015

$775,000
Cash payments to customers for generating extra solar energy**

270,000
Residential and business customers, a 96.5% participation rate

310 Megawatts
Contracted for new renewable energy projects

*Emissions savings estimated using the PG&E published emission factor for 2016

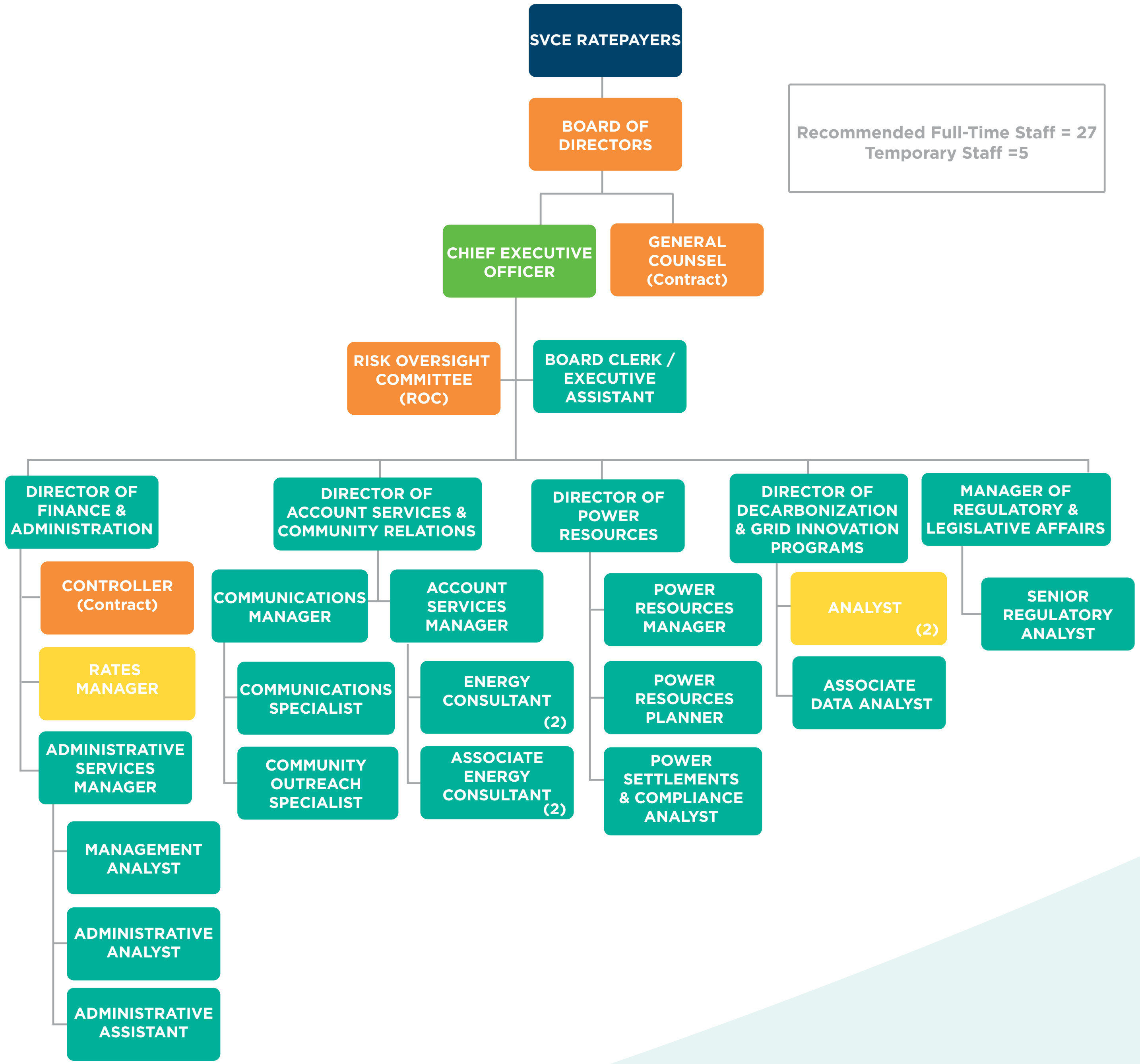
**Solar payment results for 2018 and 2019

GHG Reduction
Choosing carbon-free electricity is an easy and economical choice. It's the single most effective and large-scale action our communities can take to curb emissions and combat climate change.

A True Choice
You now have a choice of more than one electricity provider, and new clean and competitively-priced energy services from which to choose.

Competition
As a Community Choice Energy agency, SVCE is redefining the local energy market with new and competitive clean energy choices for all customers.

Local Investment
SVCE is a community-owned agency established to benefit participating communities. We reinvest net revenues to keep rates low, provide energy programs and promote local clean energy infrastructure.



Highlighted squares in yellow are added positions

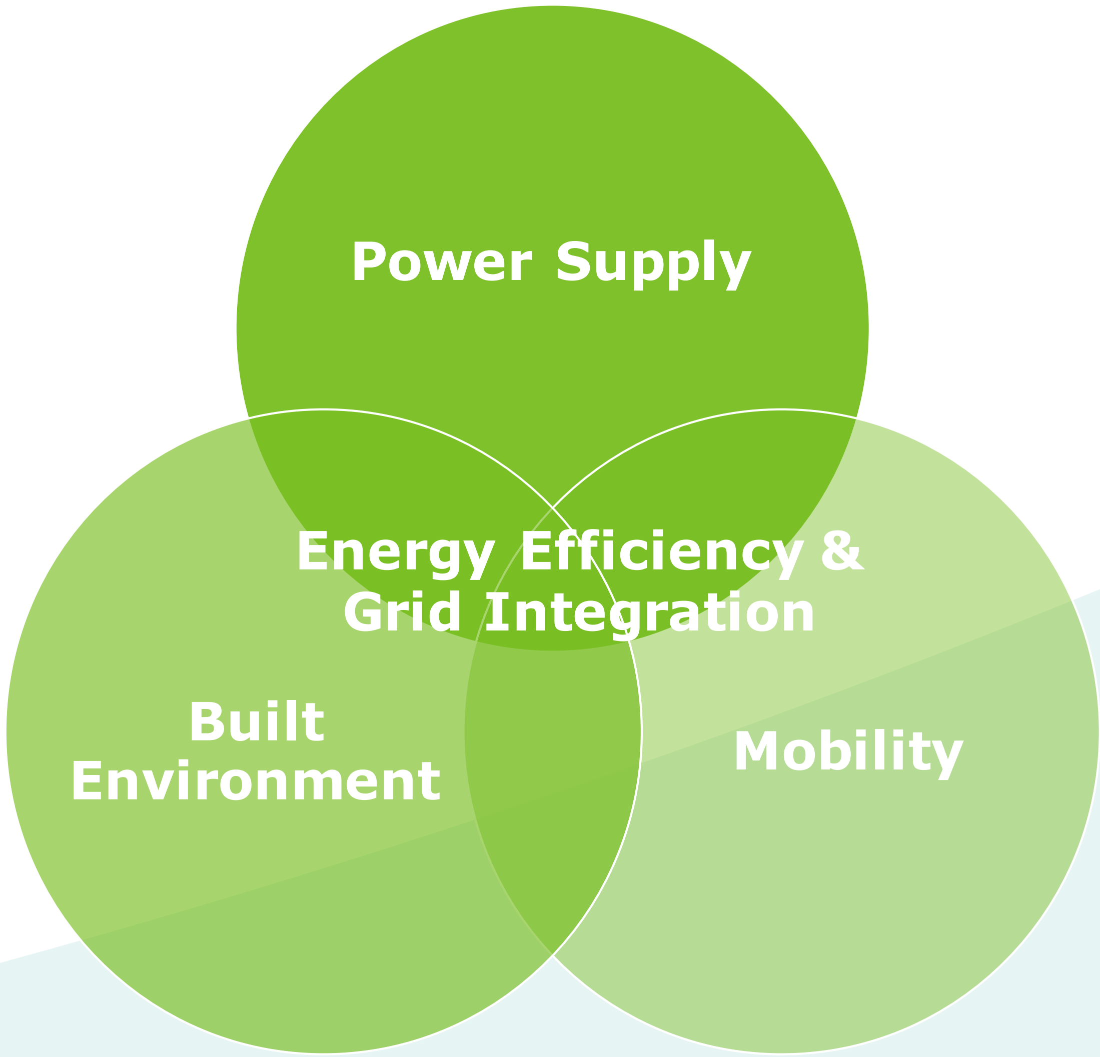
TIMELINE

March 2016	Silicon Valley Clean Energy is established
April 2017	SVCE launches service
Jan, 2018	SVCE becomes debt-free
Feb. 2018	Girish Balachandran is hired as Chief Executive Officer
July 2018	SVCE executes long-term agreement for 200 MW of wind power
Oct 2018	SVCE executes agreements with California's largest solar-plus-storage projects
Nov. 2018	SVCE Grants $75,000 to Nonprofits for Community Engagements
June 2019	Heat Pump Water Heater program launches
June 2019	All-Electric Showcase Award program launches

DECARBONIZATION & GRID INTEGRATION PROGRAMS

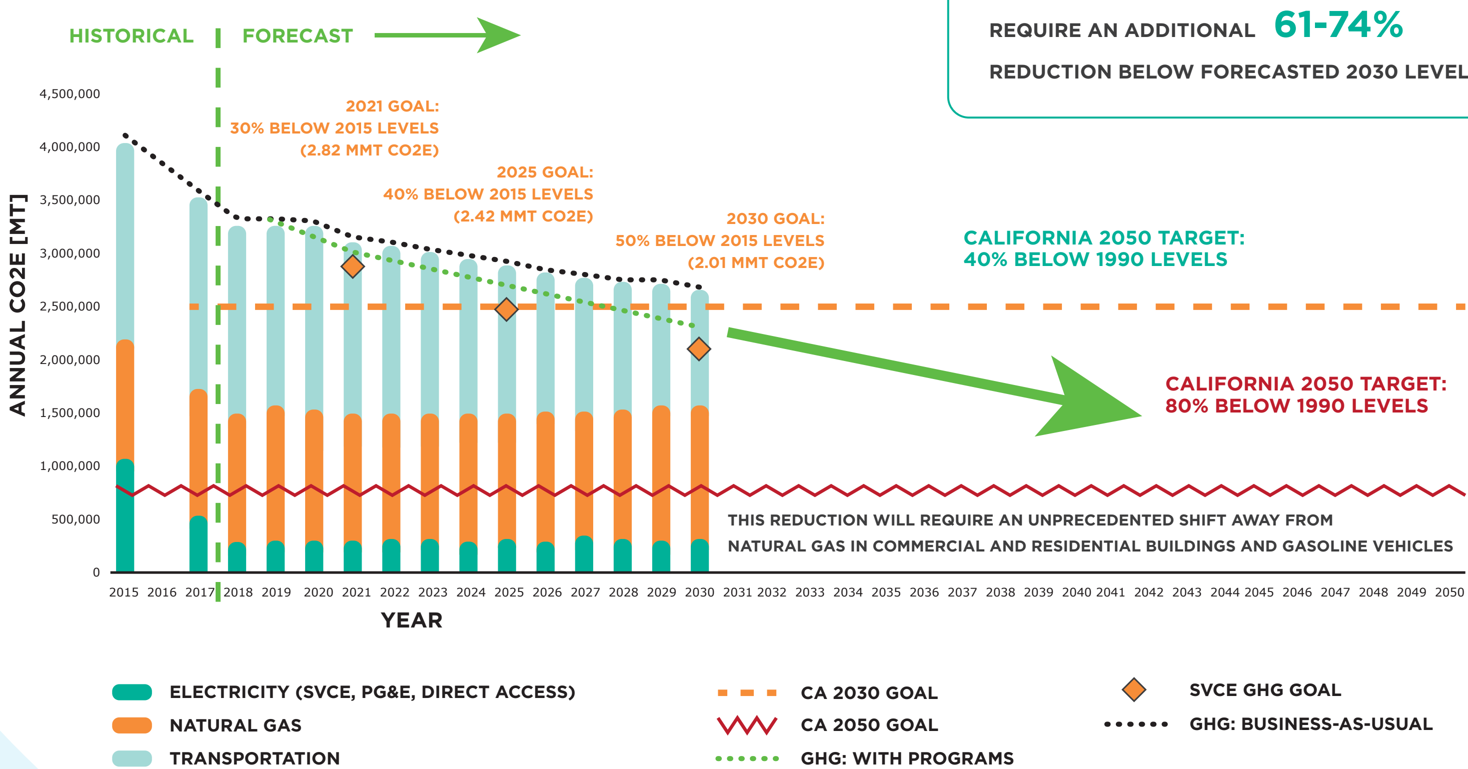
Programs Strategy

SVCE was founded to address climate change, the greatest existential threat of our time. We will play a vital role in this decades-long endeavor, with the ongoing support of our community and our Board. In addition to providing carbon-free electricity, we are reinvesting in our region and expanding our toolset for furthering emissions reductions by launching decarbonization and grid innovation programs. These programs represent the next stage in SVCE's maturity and are the mechanism by which SVCE will further engage our communities to achieve our mission. We will leverage partnerships, prioritize innovation and use data science to manage and influence carbon-free energy use. We will embody the entrepreneurial and innovative spirit of the community in which we live and work in, the spirit of Silicon Valley, to bend the carbon curve downwards and improve the lives of our community members.



Staff carried out a GHG emissions forecasting and scenario analysis in SVCE service territory through 2030 from energy-related emissions (i.e. electricity, natural gas, and transportation). The objectives were two-fold: 1) inform the development of GHG emissions targets beyond SVCE's current 2021 target, and 2) assess the potential impact of the proposed program portfolio to guide the Roadmap development.

ACHIEVING CA'S 2050 GHG GOAL WILL REQUIRE AN ADDITIONAL 61-74% REDUCTION BELOW FORECASTED 2030 LEVELS



Power Supply
Achieve a sustainable, affordable and carbon-free power supply, and encourage smart investments that support decarbonization

Energy Efficiency & Grid Integration
Help customers understand the benefits of energy efficiency and promote technologies and behaviors that support a renewable-based grid

Built Environment
Catalyze the transition to high-efficiency, all-electric new construction and retrofits

Education & Outreach
Educate and engage customers about their energy use, and how to lower their carbon footprint

Mobility
Electrify transportation in our community to reduce emissions and provide other benefits such as reduced congestion

Innovation
Accelerate innovation needed to achieve SVCE's decarbonization mission

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