



George Tyson, Chair
Town of Los Altos Hills

Tina Walia, Vice Chair
City of Saratoga

Elliot Scozzola
City of Campbell

Sheila Mohan
City of Cupertino

Zach Hilton
City of Gilroy

Sally Meadows
City of Los Altos

Rob Rennie
Town of Los Gatos

Evelyn Chua
City of Milpitas

Bryan Mekechuk
City of Monte Sereno

Yvonne Martinez Beltran
City of Morgan Hill

Margaret Abe-Koga
City of Mountain View

Larry Klein
City of Sunnyvale

Otto Lee
County of Santa Clara

svcleanenergy.org

333 W El Camino Real
Suite 330
Sunnyvale, CA 94087

**Silicon Valley Clean Energy Authority
Board of Directors Meeting**

Wednesday, March 8, 2023
7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

Administrative Conference Room, Gilroy City Hall
7351 Rosanna St.
Gilroy, CA 95020

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

Teleconference Meeting Information:

<https://cityofcupertino.zoom.us/j/92257453600>

Telephone (Audio Only):

US: +1 669-900-6833

Webinar ID: 922 5745 3600

Members of the public may attend this meeting in person, or observe this meeting electronically by accessing the meeting via instructions above. Public Comments can be sent in advance of the meeting via email up to three hours before the meeting begins to Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org and will be distributed to the Board of Directors. The public will also have an opportunity to provide comments during the meeting. Members of the public participating remotely and using Zoom may comment during public comment or the applicable agenda item by using the Raise Hand feature and you will be recognized by the Chair. Those using the telephone (audio only) feature should press star 9 on your phones to initiate the "Raise Hand" function in Zoom. You will then be announced, unmuted, and your time to speak will begin.

The public may provide comments on any matter listed on the Agenda. Speakers are customarily limited to 3 minutes each, however, the Board Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA") please



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contact Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org prior to the meeting for assistance.

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any matter not listed on the Agenda provided that it is within the subject matter jurisdiction of SVCE. Speakers are customarily limited to 3 minutes each, however, the Board Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

Consent Calendar (Action)

- 1a) Approve Minutes of the February 8, 2023, Board of Directors Meeting
- 1b) Receive January 2023 Treasurer Report
- 1c) Adopt Resolution Amending SVCE Conflict of Interest Code to Add Multiple Positions
- 1d) Executive Committee Report
- 1e) Finance and Administration Committee Report
- 1f) Audit Committee Report
- 1g) Legislative Ad Hoc Committee Report
- 1h) California Community Power Report

Regular Calendar

- 2) Receive Audit Results and Accept the Findings from Independent Auditor (Action)
- 3) CEO Report (Discussion)
- 4) Adopt Resolution Approving the Mid-Year 2022-23 Adjusted Operating Budget (Action)



George Tyson, Chair
Town of Los Altos Hills

Board Member Announcements and Direction on Future Agenda Items

Tina Walia, Vice Chair
City of Saratoga

Adjourn

Elliot Scozzola
City of Campbell

Sheila Mohan
City of Cupertino

Zach Hilton
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Sally Meadows
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SVCE GLOSSARY OF TERMS

BTM – Behind the Meter – Customer-sited resources which connect to the distribution system on the customer's side of the utility's meter. See also "DER".

CAISO – California Independent System Operator - a non-profit independent system operator that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (~80% of California's electric flow). Its stated mission is to "operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development. CAISO is regulated by FERC and governed by a five-member governing board appointed by the governor.

CALCCA – California Community Choice Association – Association made up of Community Choice Aggregation (CCA) groups which represents the interests of California's community choice electricity providers.

CARB – California Air Resources Board – The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

CEC – California Energy Commission

CPUC – California Public Utility Commission

C&I – Commercial and Industrial – Business customers

CP – Compliance Period – Time period to become RPS compliant, set by the CPUC (California Public Utilities Commission)

DA – Direct Access – An option that allows eligible customers to purchase their electricity directly from third party providers known as Electric Service Providers (ESP).

DA Cap – the maximum amount of electric usage that may be allocated to Direct Access customers in California, or more specifically, within an Investor-Owned Utility service territory.

DA Lottery – a random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently-applicable Direct Access Cap.

DA Waitlist – customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

DAC – Disadvantaged Community

DASR – Direct Access Service Request – Request submitted by C&I to become direct access eligible.

Demand - The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW), or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

DER – Distributed Energy Resource – A small-scale unit of power generation that operates locally and is connected to a larger power grid at the distribution level.

Distribution - The delivery of electricity to the retail customer's home or business through low voltage distribution lines.

DLAP – Default Load Aggregation Point – In the CAISO’s electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled. SVCE settles its CAISO load at the PG&E DLAP as SVCE is in the PG&E transmission access charge area.

DR – Demand Response - An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

DWR – Department of Water Resources – DWR manages California’s water resources, systems, and infrastructure in a responsible, sustainable way.

EE – Energy Efficiency

ELCC – Effective Load Carrying Capacity – The additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources the ELCC is the amount of capacity which can be counted for Resource Adequacy purposes.

EPIC – Electric Program Investment Charge – The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of PG&E, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE)

ERRA – Energy Resource Recovery Account – ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The utilities do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

ESP – Energy Service Provider - An energy entity that provides service to a retail or end-use customer.

EV – Electric Vehicle

FERC – Federal Energy Regulatory Commission – Independent federal agency that regulates the interstate transmission of electricity, natural gas and oil. The CAISO is subject to FERC jurisdiction.

GHG – Greenhouse gas - water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane, and chlorofluorocarbons (CFCs). A gas that causes the atmosphere to trap heat radiating from the earth. The most common GHG is Carbon Dioxide, though Methane and others have this effect as well.

GRC – General Rate Case – Proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California’s three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocates Office and interested parties and approval by the CPUC.

GWh – Gigawatt-hour - The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

IEP – Independent Energy Producers – California’s oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

IOU – Investor Owned Utility – A private electricity and natural gas provider.

IRP – Integrated Resource Plan – A plan which outlines an electric utility’s resource needs in order to meet expected electricity demand long-term.

kW – Kilowatt – Measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1000 watts

kWh – Kilowatt-hour – This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

LCFS – Low Carbon Fuel Standard – A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels, and therefore, reduce greenhouse gas emissions.

LCR – Local (RA) Capacity Requirements – The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

LMP – Locational Marginal Price – Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day-ahead and real time market as it balances the system using the least cost. The LMP is comprised of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

Load - An end use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

LSE – Load-serving Entity – Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

MMT – Million Metric Tonnes – Common unit of measurement in regulatory and policy space for California's GHG emissions.

NEM – Net Energy Metering – A program in which solar customers receive credit for excess electricity generated by solar panels.

NERC – North American Electric Reliability Corporation – Non-profit regulatory authority whose mission is to assure the reliability and security of the grid.

NRDC – Natural Resources Defense Council

OIR – Order Instituting Rulemaking - A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five Commissioners of the CPUC.

MW – Megawatt – measure of power. A megawatt equals 1,000 kilowatts or 1 million watts.

MWh – Megawatt-hour – measure of energy

NP-15 – North Path 15 – NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in northern California in PG&E's service territory.

PCC1 – RPS Portfolio Content Category 1 – Bundled renewables where the energy and REC are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO. Also known as "in-state" renewables

PCC2 – RPS Portfolio Content Category 2 – Bundled renewables where the energy and REC are from out-of-state and not dynamically scheduled to a CBA.

PCC3 – RPS Portfolio Content Category 3 – Unbundled REC

PCIA or "exit fee" - Power Charge Indifference Adjustment (PCIA) is an "exit fee" based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

PCL – Power Content Label – A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Statute of 2009) and Senate Bill

1305 (Statutes of 1997).

PD – Proposed Decision – A procedural document in a CPUC Rulemaking process that is formally commented on by Parties to the proceeding. A PD is a precursor to a final Decision voted on by the five Commissioners of the CPUC.

Pnode – Pricing Node – In the CAISO optimization model, it is a point where a physical injection or withdrawal of energy is modeled and for which a LMP is calculated.

PPA – Power Purchase Agreement – A contract used to purchase the energy, capacity and attributes from a renewable resource project.

PRM – Planning Reserve Margin – Additional level of procurement required in the RA program above the expected peak requirement to account for variability in supply (e.g. plant outages) and demand (e.g. extreme weather). Currently set at 15%.

SPSPS – Public Safety Power Shutoff – An event in which the IOUs purposely turn off segments of the grid due to high risk of ignition and wildfires.

RA – Resource Adequacy – Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities—both independently owned utilities and electric service providers—to demonstrate in both monthly and annual filings that they have purchased capacity commitments to contribute their share of system reliability. Today LSEs must procure no less than 115% of the peak hour load. In 2023 and 2024, this will increase to 116% and 117% respectively. Beginning in 2025 a new RA program will be implemented requiring LSEs show capacity to meet their hourly reliability needs, the “PRM” adder is still undetermined.

RE – Renewable Energy – Energy from a source that is not depleted when used, such as wind or solar power.

REC – Renewable Energy Certificate – A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar electricity are credited with 1 solar REC for every MWh of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

RPS – Renewable Portfolio Standard – Law that requires CA utilities and other load serving entities (including CCAs) to provide an escalating percentage of CA qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

SCE – Southern California Edison

SDG&E – San Diego Gas & Electric

SGIP – Self-Generation Incentive Program – A program which provides incentives to support existing, new, and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.)

TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol – Online tools and resources provided by The Climate Registry to assist organizations to measure, report, and reduce carbon emissions.

Time-of-Use (TOU) Rates – The pricing of delivered electricity based on the estimated cost of electricity during a particular time-block. Time-of-use rates are usually divided into three or four time-blocks per 24 hour period (on-peak, midpeak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.

TURN – The Utility Reform Network – A ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

Unbundled RECs – Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are “unbundled” and sold to different buyers.

VPP – Virtual Power Plant – A cloud-based energy supply made up of a collection of an aggregation of distributed energy resources (DERs), such as smart EV chargers, smart thermostats, building energy management systems, battery storage systems, solar PV and smart inverters.

WECC – Western Electricity Coordinating Council - WECC promotes bulk power system reliability and security in the Western Interconnection, which covers most of the western United States. WECC is the Regional Entity responsible for compliance, monitoring and enforcement and oversees reliability planning and assessments.



Silicon Valley Clean Energy Authority

Board of Directors Meeting

Wednesday, February 8, 2023

7:00 pm

Cupertino Community Hall

10350 Torre Avenue

Cupertino, CA

Pursuant to State of California Gov't Code Section 54953 (e) the meeting was conducted via teleconference with an option for members of the Board of Directors and staff to participate in person.

DRAFT MEETING MINUTES

Call to Order:

Chair Tyson called the Regular Meeting to order at 7:01 p.m.

Roll Call

Present:

George Tyson (Chair), Los Altos Hills

Tina Walia (Vice Chair), Saratoga

Elliot Scozzola, Campbell

Sheila Mohan, Cupertino

Zachary Hilton, Gilroy

Sally Meadows, Los Altos

Rob Moore, Los Gatos

Evelyn Chua, Milpitas

Bryan Mekechuk, Monte Sereno

Yvonne Martinez Beltran, Morgan Hill

Pat Showalter, Mountain View

Larry Klein, Sunnyvale

Otto Lee, Santa Clara County

Absent:

None.

Chair Tyson, Vice Chair Walia, Director Martinez Beltran, Director Klein, Director Mekechuk, Director Mohan, Director Rennie, Director Showalter and Director Scozzola attended in person; all other Directors attended via teleconference.

Public Comment on Matters Not Listed on the Agenda

No speakers.

Consent Calendar

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

- 1a) Approve Minutes of the January 11, 2023, Board of Directors Meeting
- 1b) Receive December 2022 Treasurer Report
- 1c) Adopt Resolution Authorizing Public Meetings to Continue to Be Held Via Teleconferencing Pursuant to Government Code Section 54953(e) and Making Findings
- 1d) Approve 2023 Updates to Exhibit C, Annual Energy Use, and Exhibit D, Voting Shares, of the SVCE Joint Powers Agreement
- 1e) Approve Cancellation of July 12, 2023 Board of Directors Meeting and Receive 2023 Board of Directors Regular Meeting Schedule
- 1f) Approve \$2,092,248 in Funding Allocation for Community Electrification Engagement and Demonstration Programs
- 1g) Executive Committee Report
- 1h) California Community Power Report
- 1i) Additional Committee Reports

MOTION: Director Martinez Beltran moved and Director Klein seconded the motion to approve the Consent Calendar, Items 1a through 1i.

The motion carried unanimously by verbal roll call vote.

Regular Calendar

2) CEO Report (Discussion)

CEO Girish Balachandran addressed the following topics in his report:

- 1) 2021 GHG emissions inventory update ;
- 2) Review of 2023 Strategic Focus Areas and thoughts of keeping these focus areas beyond 2023;
- 3) 2022 Community Impact Reports;
- 4) Buying capacity to maintain reliability and potential penalties; and
- 5) CPUC proposed decision to purchase 4,000 megawatts of clean energy by 2027 and 2028, and the federal government completed leasing ocean space off of Morro Bay and Humboldt to develop offshore wind.

CEO Balachandran and staff responded to board member questions.

Chair Tyson opened Public Comment.

No speakers.

Chair Tyson closed Public Comment.

Following Item 2, Chair Tyson announced a request from Director Mekechuk to change his vote on the Consent Calendar for Item 1f. General Counsel Lindsay Thorson suggested the roll call vote for the Consent Calendar be redone and any member requesting an abstention leave the room for that vote.

Director Mekechuk left the room for the re-vote on the Consent Calendar item, and announced he would be abstaining from Item 1f due to a professional conflict as a CPA with voting on a transaction in which Monte Sereno has an interest in. Director Mekechuk noted his vote would be in favor for the other items on the Consent Calendar.

MOTION: Director Martinez Beltran moved and Director Klein seconded the motion to approve the Consent Calendar, Items 1a through 1i.

The motion carried by verbal roll call vote with an abstention on Item 1f by Director Mekechuk.

3) **Appoint 2023 Board Committee Members (Action)**

Board Clerk Andrea Pizano presented the proposed committee makeup for the 2023 Legislative Ad Hoc Committee, 2023 Finance and Administration Committee, and 2023 Audit Committee based on responses received from interested board members and member agency staff. Director Klein commented on his interest in joining the 2023 Legislative Ad Hoc Committee.

Chair Tyson opened Public Comment.

No speakers.

Chair Tyson closed Public Comment.

MOTION: Director Mekechuk moved and Director Martinez Beltran seconded the motion to appoint the following members to SVCE's committees:

2023 Legislative Ad Hoc Committee

1. Dir. Elliot Scozzola, Campbell
2. Dir. Zach Hilton, Gilroy
3. Dir. Bryan Mekechuk, Monte Sereno
4. Dir. Yvonne Martinez Beltran, Morgan Hill
5. Dir. Margaret Abe-Koga, Mountain View
6. Dir. Larry Klein, Sunnyvale

Audit Committee

1. Alt. Dir. Sergio Lopez, Campbell
2. Dir. Sheila Mohan, Cupertino
3. Dir. Bryan Mekechuk, Monte Sereno
4. Alt. Dir. Murali Srinivasan, Sunnyvale
5. Harjot Sangha, Finance Director, Gilroy *nominated by Dir. Zach Hilton

Finance and Administration Committee

1. Dir. Elliot Scozzola, Campbell
2. Alt. Dir. Hung Wei, Cupertino
3. Dir. Sally Meadows, Los Altos
4. Dir. Margaret Abe-Koga, Mountain View
5. Dir. Tina Walia, Saratoga

The motion carried unanimously by verbal roll call vote.

4) New Construction Reach Code Recap (Presentation)

Zoe Elizabeth, Deputy Director of Decarbonization Programs and Policy, presented a PowerPoint presentation providing a recap of the 2023 reach code initiative results and introduced next steps for building electrification efforts.

Alternate Director Showalter thanked member agency staff and community advocates, specifically Carbon Free Mountain View and Carbon Free Silicon Valley, for their leadership and advocacy.

Chair Tyson opened Public Comment.

No speakers.

Chair Tyson closed Public Comment.

5) Reliability Challenges, Opportunities, and Strategies (Presentation)

CEO Balachandran introduced the item; Monica Padilla, Chief Operating Officer (COO) and Director of Power Resources, and Charles Grinstead, Senior Manager of Power Resources, presented an informational update on:

- 1) California's clean goals and reliability;
- 2) Challenges;
- 3) SVCE's portfolio, procurement and progress efforts; and
- 4) New opportunities and strategies.

Staff responded to board member questions regarding: long-term and short-term products, adverse weather scenario planning and planning reserve margin, resource price vs. value, the California Independent System Operator grid, siting resources, reselling excess capacity, comparison between the embedded carbon in a battery electric vehicle versus a traditional gas vehicle, other projects using new emerging technologies, a strategic question regarding remaining carbon-free, competition with the Pacific Northwest, and penalties.

Director Klein requested staff forward a summary of proposals received from the 2020 California Community Power joint long duration storage request for offers for education purposes.

Chair Tyson opened Public Comment.

Bruce Karney, Chair of Carbon Free Mountain View, commented on his support for SVCE staff, noting he produces an annual report that compares the cost and greenness of all CCAs in Northern California against each other, PG&E, and the California grid as a whole, and only four CCAs are currently greener than PG&E (PCE, SVCE, CleanPowerSF, and MCE). Mr. Karney commented on the benefits of battery storage and its connection to the virtual power plant concept, and commented better insulation and better windows can help reduce peak demand on which the 15% adequacy reserve is based.

Chair Tyson closed Public Comment.

Board Member Announcements and Future Agenda Items

No comments.

Adjourn

Chair Tyson adjourned the meeting at 9:10 p.m.

ATTEST:

Andrea Pizano, Board Secretary



TREASURER REPORT

**Fiscal Year to Date
As of January 31, 2023**

(Preliminary & Unaudited)

Issue Date: March 8, 2023

Table of Contents

	<u>Page</u>
Summary	2
Statement of Net Position	4
Statement of Revenues, Expenses & Changes in Net Position	5
Statement of Cash Flows	6-7
Actuals to Budget Report	8-10
Monthly Change in Net Position	11
Investments Report	12
Customer Accounts	13
Accounts Receivable Aging Report	14

SILICON VALLEY CLEAN ENERGY AUTHORITY

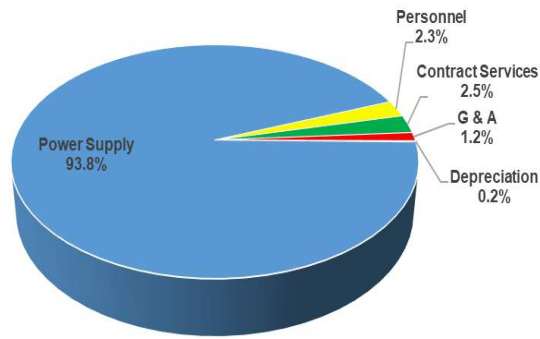
Financial Statement Highlights* (\$ in 000's)

Financial Highlights for the month of January 2023:

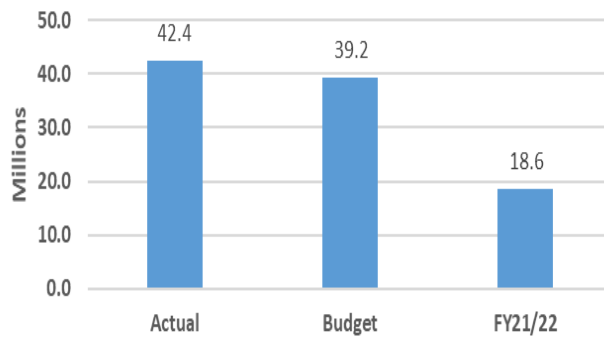
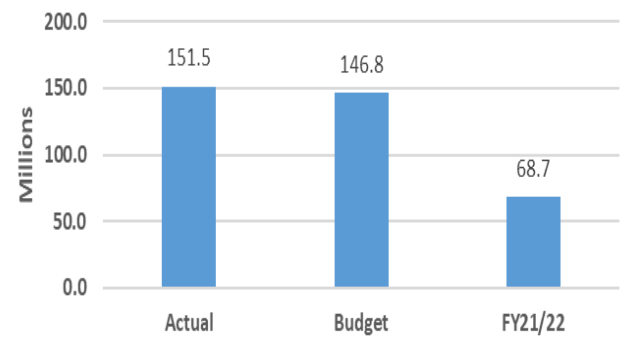
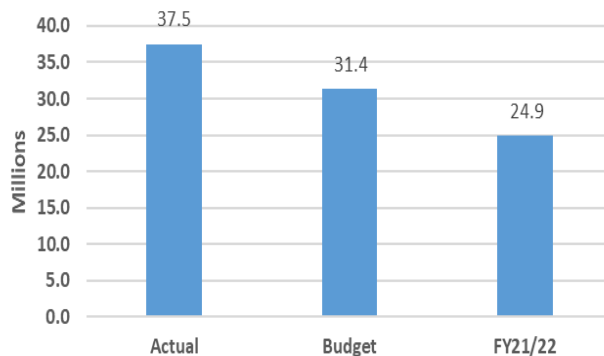
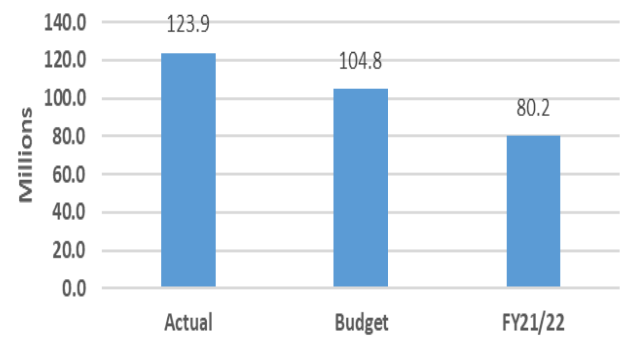
- > SVCE operations resulted in a change in net position of \$6.2 million for the month of December and \$29.2 million for fiscal-year-to-date (FYTD).
- > Retail GWh sales for the month landed 1.4% above budget.
- > FYTD operating margin of \$35.9 million or ~23.6% is below budget expectations of 35% operating margin for the fiscal year to date.
- > FYTD Power Supply costs are 21.9% above budget.
- > SVCE is investing ~91.5% of available funds generating FYTD interest/divident income of \$924.8 thousand.

Change in Net Position	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Actual	10,608	10,380	2,026	6,211	-	-	-	-	-	-	-	-	29,225	96,441
Power Supply Costs	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Energy & REC's	18,322	15,903	13,022	10,566									57,813	
Wholesale Sales	(976)	(300)	(436)	-									(1,711)	
Capacity	4,101	4,063	4,228	2,207									14,598	
CAISO Charges	(538)	3,364	10,935	2,124									15,885	
NEM Expense	204	(150)	(438)	(510)									(894)	
Charge/Credit (IST/Net Rev)	2,104	(1,060)	8,054	21,448									30,545	
Net Power Costs	23,218	21,819	35,365	35,834	-	-	-	-	-	-	-	-	116,237	325,296
Other	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Capital Expenditures	34	-	4	-									38	200
Energy Programs	73	182	898	156									1,309	15,007
Load Statistics - GWh	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Retail Sales Actual	299	296	341	341									1,277	
Retail Sales Budget	315	308	331	336	295	309	290	313	340	358	369	342	3,907	3,907

* The financial results in this report are preliminary and subject to change pending closing of the books for the fiscal year. Any potential changes are not expected to be significant.

YTD EXPENSES**Other Statistics and Ratios**

Working Capital	\$247,957,389
Current Ratio	5.5
Operating Margin	23.3%
Expense Coverage Days	216
Long-Term Debt	\$0
Total Accounts	277,956
Opt-Out Accounts (Month)	144
Opt-Out Accounts (FYTD)	379
Opt-Up Accounts (Month)	(36)
Opt-Up Accounts (FYTD)	(41)

Retail Sales - Month**Retail Sales - YTD****Controllable O&M - Month****Controllable O&M - YTD**

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of January 31, 2023

ASSETS

Current Assets

Cash & Cash Equivalents	\$ 210,517,587
Accounts Receivable, net of allowance	40,375,849
Accrued Revenue	26,885,384
Other Receivables	2,724,943
Prepaid Expenses	1,543,524
Deposits	20,860,389
Restricted cash	162,415

Total Current Assets **303,070,091**

Noncurrent assets

Capital assets, net of depreciation	354,733
Lease asset, net of amortization	1,163,625
Deposits	45,630

Total Noncurrent Assets **1,563,988**

Total Assets **304,634,079**

LIABILITIES

Current Liabilities

Accounts Payable	1,134,852
Accrued Cost of Electricity	39,603,711
Other accrued liabilities	1,104,249
User Taxes and Energy Surcharges due to other gov'ts	1,216,127
Supplier securit deposits	11,400,000
Lease liability	491,348

Total Current Liabilities **54,950,287**

Noncurrent Liabilities

Supplier security deposits	7,031,250
Lease liability	744,193

Total noncurrent liabilities **7,775,443**

Total Liabilities **62,725,730**

NET POSITION

Net investment in capital assets	282,817
Restricted for security collateral	162,415
Unrestricted (deficit)	241,463,117
Total Net Position	\$ 241,908,349

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

October 1, 2022 through January 31, 2023

OPERATING REVENUES

Electricity Sales, Net	\$ 150,956,730
GreenPrime electricity premium	507,951
Other income	<u>19,755</u>

TOTAL OPERATING REVENUES **151,484,436**

OPERATING EXPENSES

Cost of Electricity	116,236,942
Contract services	3,115,463
Staff compensation and benefits	2,864,590
Other operating expenses	1,471,068
Depreciation	<u>201,866</u>

TOTAL OPERATING EXPENSES **123,889,929**

OPERATING INCOME(LOSS) **27,594,507**

NONOPERATING REVENUES (EXPENSES)

Grant income	716,553
Interest Income	924,815
Financing costs	<u>(11,048)</u>

TOTAL NONOPERATING REVENUES (EXPENSES) **1,630,320**

CHANGE IN NET POSITION 29,224,827

Net Position at beginning of period 212,683,522

Net Position at end of period **\$ 241,908,349**

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS October 1, 2022 through January 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 167,900,586
Other operating receipts	11,813,845
Payments to suppliers for electricity	(127,544,491)
Payments for other goods and services	(5,039,315)
Payments for staff compensation and benefits	(2,862,356)
Tax and surcharge payments to other governments	(3,025,305)
Net cash provided (used) by operating activities	<u>41,242,964</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Grant revenue received	716,553
Finance costs paid	(1,750)
Net cash provided (used) by financing activities	<u>714,803</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(38,353)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>924,815</u>
Net change in cash and cash equivalents	42,844,229
Cash and cash equivalents at beginning of year	<u>167,835,773</u>
Cash and cash equivalents at end of period	<u>\$ 210,680,002</u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 210,517,587
Restricted cash	<u>162,415</u>
Cash and cash equivalents	<u>\$ 210,680,002</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (Continued)

October 1, 2022 through January 31, 2023

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (loss)	\$ 27,594,507
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	201,866
(Increase) decrease in net accounts receivable	15,287,373
(Increase) decrease in other receivables	(2,643,229)
(Increase) decrease in accrued revenue	(1,376,686)
(Increase) decrease in prepaid expenses	(565,596)
(Increase) decrease in current deposits	(295,568)
Increase (decrease) in accounts payable	127,044
Increase (decrease) in accrued cost of electricity	(10,099,092)
Increase (decrease) in accrued liabilities	(157,726)
Increase (decrease) in energy settlements payable	13,647,941
Increase (decrease) in taxes and surcharges due to other governments	(477,870)
Net cash provided (used) by operating activities	<u>\$ 41,242,964</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
BUDGETARY COMPARISON SCHEDULE
October 1, 2022 through January 31, 2023

	FYTD	FYTD	Variance		FY 2022-23	FY 2022-23
OPERATING REVENUES	<u>Actual</u>	<u>Budget</u>	<u>\$</u>	<u>%</u>	<u>Budget</u>	<u>Remaining Budge</u>
Energy Sales	\$151,673,283	\$146,469,634	\$5,203,649	4%	\$482,930,000	\$331,256,717
Green Prime Premium	507,951	318,528	189,423	59%	931,000	423,049
TOTAL OPERATING REVENUES	152,181,234	146,788,162	5,393,072	4%	483,861,000	331,679,766
ENERGY EXPENSES						
Power Supply	116,236,942	95,342,947	20,893,995	22%	325,296,000	209,059,058
Operating Margin	35,944,292	51,445,215	(15,500,923)	-30%	158,565,000	122,620,708
OPERATING EXPENSES						
Data Management	1,062,690	1,137,500	(74,810)	-7%	3,413,000	2,350,310
PG&E Fees	392,555	490,000	(97,445)	-20%	1,470,000	1,077,445
Salaries & Benefits	2,864,590	4,008,137	(1,143,547)	-29%	12,024,000	9,159,410
Professional Services	961,440	2,728,725	(1,767,285)	-65%	8,016,000	7,054,560
Marketing & Promotions	132,971	293,395	(160,424)	-55%	862,000	729,029
Notifications	43,590	43,750	(160)	0%	131,000	87,410
Lease	171,256	175,000	(3,744)	-2%	525,000	353,744
General & Administrative	681,310	577,045	104,265	18%	1,857,000	1,175,690
TOTAL OPERATING EXPENSES	6,310,402	9,453,552	(3,143,150)	-33%	28,298,000	21,987,598
OPERATING INCOME/(LOSS)	29,633,890	41,991,663	(12,357,773)	-29%	130,267,000	100,633,110
NON-OPERATING REVENUES						
Other Income	19,755	16,667	3,088	19%	50,000	30,245
Investment Income	924,815	172,728	752,087	435%	592,000	(332,815)
TOTAL NON-OPERATING REVENUES	944,570	189,395	755,175	399%	642,000	(302,570)
NON-OPERATING EXPENSES						
Financing	1,750	1,000	750	75%	3,000	1,250
CAPITAL EXPENDITURES, TRANSFERS, & OTHER						
Capital Outlay	38,354	66,667	(28,313)	-42%	200,000	161,646
Transfer to Programs Fund	9,765,000	9,765,000	-	0%	9,765,000	-
Nuclear Allocation	1,900,000	1,900,000	-	0%	1,900,000	-
Multi Family Discount Programs	9,500,000	9,500,000	-	0%	9,500,000	-
Electrification Discount Programs	9,500,000	9,500,000	-	0%	9,500,000	-
Transfer to CRCR Fund	3,600,000	3,600,000	-	0%	3,600,000	-
TOTAL OTHER USES	34,303,354	34,331,667	(28,313)	0%	34,465,000	161,646
NET INCREASE(DECREASE) IN AVAILABLE FUND BALANCE	-\$3,726,644	\$7,848,391	-\$11,575,035	-147%	\$96,441,000	

**SILICON VALLEY CLEAN ENERGY AUTHORITY
PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
October 1, 2022 through January 31, 2023**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ADOPTED BUDGET REMAINING</u>	<u>ACTUAL/ ADOPTED BUDGET</u>
REVENUE & OTHER SOURCES:				
Transfers in - General Programs	\$ 9,765,000	\$ 9,765,000	\$ -	100.0%
Transfers in - Nuclear Allocation	\$ 1,900,000	\$ 1,900,000	\$ -	100.0%
Transfers in - Multi-Family DI	\$ 9,500,000	\$ 9,500,000	\$ -	100.0%
Total	\$ 21,165,000	\$ 21,165,000	\$ -	
EXPENDITURES & OTHER USES:				
Program expenditures	15,007,082	1,308,619	13,698,463	8.7%
Net increase (decrease) in fund balance	<u>\$ 6,157,918</u>	<u>\$19,856,381</u>		
Fund balance at beginning of period		28,536,229		
Fund balance at end of period		<u>\$48,392,610</u>		

**CUSTOMER RELIEF & COMMUNITY RESILIENCY FUND
BUDGETARY COMPARISON SCHEDULE
October 1, 2022 through January 31, 2023**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ADOPTED BUDGET REMAINING</u>	<u>ACTUAL/ ADOPTED BUDGET</u>
REVENUE & OTHER SOURCES:				
Transfer from Operating Fund	\$ 3,600,000	\$ 3,600,000	\$ -	100.0%
EXPENDITURES & OTHER USES:				
Customer bill relief credit	3,600,000	-	3,600,000	0.0%
Other program expenditures	3,119,875	-	3,119,875	0.0%
Total Program expenditures	<u>6,719,875</u>	<u>-</u>	<u>6,719,875</u>	
Net increase (decrease) in fund balance	<u>\$ (3,119,875)</u>	<u>3,600,000</u>		
Fund balance at beginning of period		7,982,993		
Fund balance at end of period		<u>\$11,582,993</u>		

**ELECTRIFICATION DISCOUNT FUND
BUDGETARY COMPARISON SCHEDULE
October 1, 2022 through January 31, 2023**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ADOPTED BUDGET REMAINING</u>	<u>ACTUAL/ ADOPTED BUDGET</u>
REVENUE & OTHER SOURCES:				
Transfer from Operating Fund *	\$ 9,500,000.00	\$ 9,500,000.00	\$ -	100.0%
EXPENDITURES & OTHER USES:				
Program expenditures *	100,000	-	100,000	0.0%
Net increase (decrease) in fund balance	<u>\$ 9,400,000</u>	<u>9,500,000</u>		
Fund balance at beginning of period		-		
Fund balance at end of period		<u>\$9,500,000</u>		

SILICON VALLEY CLEAN ENERGY AUTHORITY

OPERATING FUND

BUDGET RECONCILIATION TO STATEMENT OF

REVENUES, EXPENSES AND CHANGES IN NET POSITION

October 1, 2022 through January 31, 2023

Net Increase (decrease) in available fund balance per budgetary comparison schedule	\$ (3,726,644)
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position	
Subtract depreciation expense	(201,866)
Subtract program expense not in operating budget	(1,308,619)
Add back GASB 87 expenses not in operating budget	158,602
Add back transfer to Program fund	34,265,000
Add back capital asset acquisition	38,354
Change in Net Position	<u>29,224,827</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
October 1, 2022 through January 31, 2023

	October	November	December	January	February	March	April	May	June	July	August	September	YTD
OPERATING REVENUES													
Electricity sales, net	\$ 35,283,024	\$ 33,596,659	\$ 39,756,116	\$ 42,320,931									\$ 150,956,730
Green electricity premium	\$ 133,572	\$ 123,147	\$ 130,539	\$ 120,693									507,951
Other Income	\$ 2,250	\$ 15,255	\$ -	\$ 2,250									19,755
Total operating revenues	35,418,846	33,735,061	39,886,655	42,443,874	-	-	-	-	-	-	-	-	151,484,436
OPERATING EXPENSES													
Cost of electricity	23,218,378	21,819,493	35,364,953	35,834,118									116,236,942
Staff compensation and benefits	656,536	673,219	792,543	742,292									2,864,590
Data manager	265,853	265,687	265,535	265,615									1,062,690
Service fees - PG&E	98,200	98,021	98,152	98,182									392,555
Consultants and other professional fees	410,507	374,917	575,873	298,921									1,660,218
General and administration	200,337	182,040	881,981	206,710									1,471,068
Depreciation	50,510	50,510	50,449	50,397									201,866
Total operating expenses	24,900,321	23,463,887	38,029,486	37,496,235	-	-	-	-	-	-	-	-	123,889,929
Operating income (loss)	10,518,525	10,271,174	1,857,169	4,947,639	-	-	-	-	-	-	-	-	27,594,507
NONOPERATING REVENUES (EXPENSES)													
Grant income	-	-	-	716,553	-	-	-	-	-	-	-	-	716,553
Interest income	91,459	111,370	172,923	549,063	-	-	-	-	-	-	-	-	924,815
Financing costs	(2,428)	(2,359)	(4,010)	(2,251)	-	-	-	-	-	-	-	-	(11,048)
Total nonoperating revenues (expenses)	89,031	109,011	168,913	1,263,365	-	-	-	-	-	-	-	-	1,630,320
CHANGE IN NET POSITION	\$ 10,607,556	\$ 10,380,185	\$ 2,026,082	\$ 6,211,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,224,827

**SILICON VALLEY CLEAN ENERGY AUTHORITY
INVESTMENTS SUMMARY
October 1, 2022 through January 31, 2023**

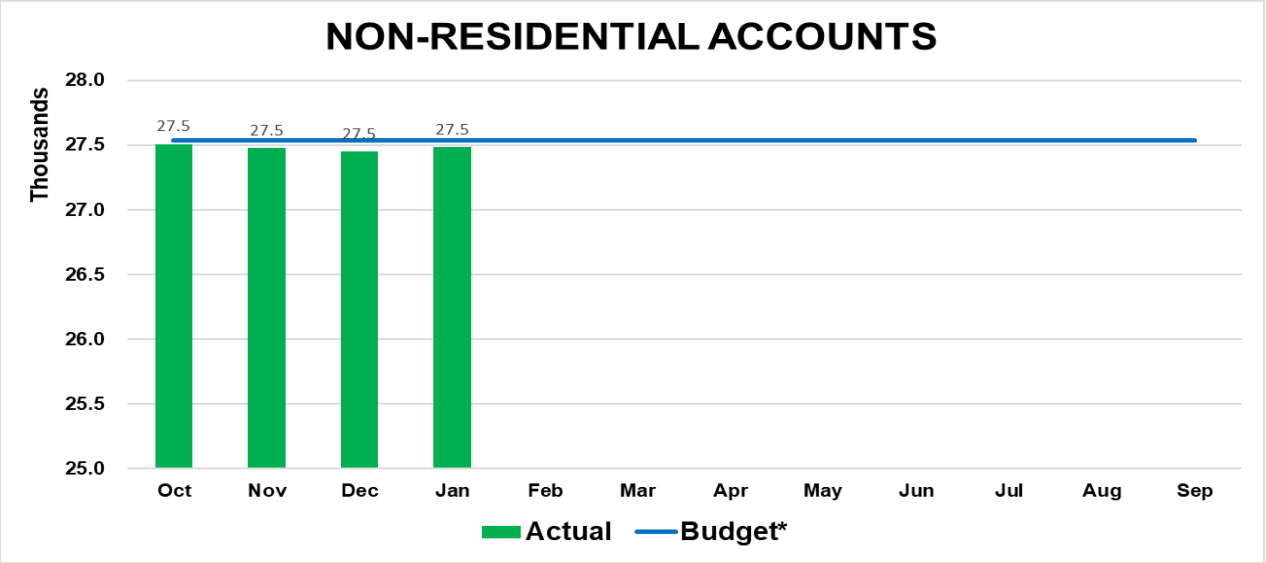
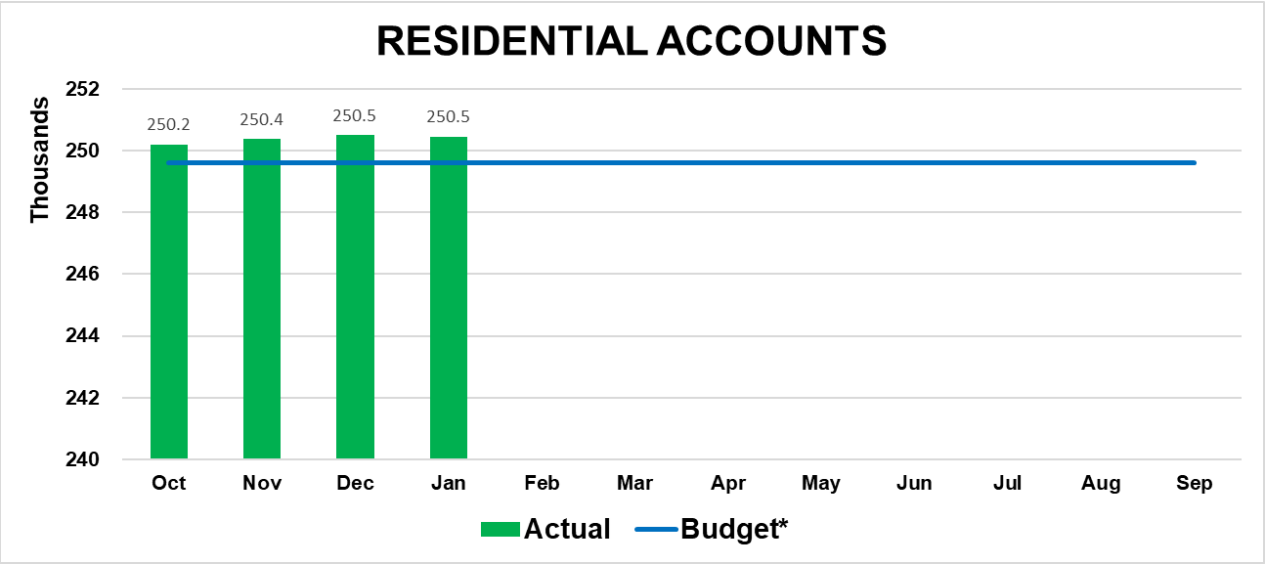
Return on Investments	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>YTD Total</u>
	\$91,459	\$111,370	\$172,923	\$549,063	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<u>\$924,815</u>
<hr/>													
Portfolio Invested													
<i>Average daily portfolio available to invest*</i>	172,316,490	194,339,856	206,387,935	204,912,664									
<i>Average daily portfolio invested</i>	159,489,912	182,240,450	193,643,770	187,505,697									
<i>% of average daily portfolio invested</i>	92.6%	93.8%	93.8%	91.5%									
<hr/>													
Detail of Portfolio													
		<u>Annualized Yield</u>		<u>Carrying Value</u>		<u>Interest Earned</u>							
<i>Money Market - River City Bank</i>		1.01%		\$30,548,868		\$49,401							
<i>ICS Account**</i>		2.19%		\$10,005,352		\$5,352							
<i>CAMP Account***</i>		4.53%		\$140,486,848		\$486,848							

* Note: Balance available to invest does not include lockbox funds.

** IntraFi Cash Service Account (ICS) - River City Bank

*** California Asset Management Program (CAMP)

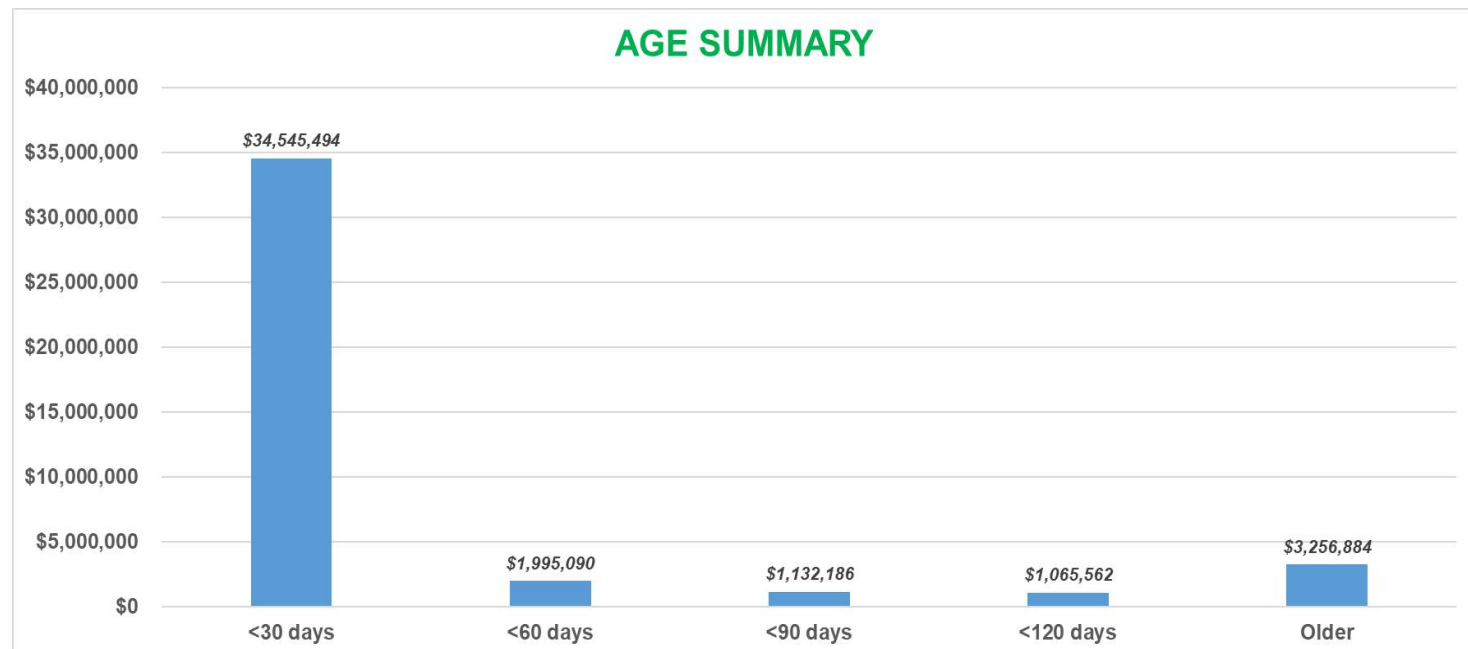
CUSTOMER ACCOUNTS



SILICON VALLEY CLEAN ENERGY AUTHORITY ACCOUNTS RECEIVABLE AGING REPORT

	October	November	December	January	February	March	April	May	June	July	August	September
0 to 30 days	77.4%	76.1%	80.5%	82.3%								
31 to 60 days	7.6%	7.9%	5.1%	4.8%								
61 to 90 days	4.6%	4.8%	4.0%	2.7%								
91 to 120 days	3.4%	2.9%	2.3%	2.5%								
Over 120 days	7.0%	8.3%	8.1%	7.8%								

Accounts Receivable Days
32 Days
\$41,995,216
TOTAL DUE
Bad Debt % (<i>Budget</i>)
1%





Staff Report – Item 1c

Item 1c: Adopt Resolution Amending SVCE Conflict of Interest Code to Add Multiple Positions

From: Girish Balachandran, CEO

Prepared by: Kevin Armstrong, Deputy Director of Administrative Services

Date: 3/8/2023

RECOMMENDATION

Adopt Resolution 2023-03 amending the SVCE Conflict of Interest Code to add multiple positions in the list of designated positions for filing.

BACKGROUND

Shortly after the formation of SVCEA, the Board of Directors adopted a conflict-of-interest code as required by the Political Reform Act, commencing at Government Code Section 81000. The code lists the positions within the Authority that are required to file statements of economic interests (Form 700). As a joint powers authority with members located entirely within Santa Clara County, the County Board of Supervisors is the conflict code reviewing body that is required to approve all changes to the conflict-of-interest code. County Counsel has advised that when positions are added or removed from the conflict code, a new resolution must be adopted approving a new conflict of interest code with the added or removed position(s).

At the September 8, 2021 Board meeting, the Board of Directors adopted Resolution 2021-22 approving the creation of a personnel system to insure equitable and uniform policies and procedures for administering personnel matters in compliance with applicable laws; designating the Chief Executive Officer (CEO) as Personnel Officer; and delegating authority to the CEO to carry out all duties necessary to implement the personnel system.

The last Conflict of Interest Code amendment was approved at the June 2022 Board of Directors meeting.

ANALYSIS & DISCUSSION

During the Fiscal Year 2022 – 2023 budget process, SVCE created a number of new positions. SVCE staff and general counsel feel the following new positions should report financial interests in the proposed assigned disclosure categories based on the decisions he/she will be making:

Designated Position	Assigned Disclosure Category
Director of Strategic Development	2
Manager of Technology & Administrative Services	2
Power Data Analyst	1
Risk Controls Project Manager	2
Senior Manager of Communications	2
Senior Quantitative Analyst	2

In accordance with the requirements of the Political Reform Act and the County of Santa Clara, a new conflict of interest code must be adopted by resolution which includes the newly created or identified positions as well as any changes to the existing Conflict of Interest Code. The attached resolution amends Appendix A to

Agenda Item: 1f**Agenda Date: 2/8/2023**

SVCE's code to reflect the new positions identified above. The remainder of the Conflict of Interest Code has not been changed.

STRATEGIC PLAN

Not applicable.

ALTERNATIVES

None.

FISCAL IMPACT

There is no fiscal impact as a result of adding positions to SVCE's Conflict of Interest Code.

ATTACHMENT

1. Resolution 2023-03 Amending the Authority's Conflict of Interest Code to Add Multiple Positions

RESOLUTION NO. 2023-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY AMENDING THE AUTHORITY'S CONFLICT OF INTEREST CODE TO ADD MULTIPLE POSITIONS

WHEREAS, the Silicon Valley Clean Energy Authority ("Authority") was formed on March 31, 2016 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, the Political Reform Act, Government Code Section 81000, *et seq.*, (the "Political Reform Act") requires each public agency in California, including the Authority, to adopt and promulgate a conflict of interest code; and

WHEREAS, Government Code Section 87306 requires each public agency in California to amend its conflict of interest code when change is necessitated by a change in circumstances, including the creation of new positions and relevant changes to the duties assigned to existing positions; and

WHEREAS, the Board of Directors of the Authority has adopted a conflict of interest code, and has amended this code as appropriate due to changed circumstances, with the most recent code adopted by Resolution 2022-16; and

WHEREAS, the Board of Directors, after consultation with the County of Santa Clara as its code reviewing body, desires to amend the list of designated positions in Appendix A by amending multiple titles and adding multiple positions.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Authority rescinds Resolution No. 2022-16 and adopts the following attached Conflict of Interest Code including its Appendices of Designated Positions and Disclosure Categories.

BE IT FURTHER RESOLVED that The Board of Directors of the Authority hereby directs the Secretary of the Board to coordinate the preparation of a revised Conflict of Interest Code in succeeding even-numbered years following notice and instructions from the County of Santa Clara as the code-reviewing body for the Authority, in accordance with the requirements of Government Code Sections 87306 and 87306.5. Future revisions to the Conflict of Interest Code should reflect changes in employee or official designations. If no revisions to the Code are required, the Authority shall submit a response as indicated in the instructions provided by the County of Santa Clara no later than October 1st of the same year, stating that amendments to the Authority's Conflict of Interest Code are not required.

ADOPTED AND APPROVED this 8th day of March 2023, by the following vote:

JURISDICTION	NAME	AYE	NO	ABSTAIN	ABSENT
City of Campbell	Director Scozzola				
City of Cupertino	Director Mohan				
City of Gilroy	Director Hilton				
City of Los Altos	Director Meadows				
Town of Los Altos Hills	Director Tyson				
Town of Los Gatos	Director Rennie				
City of Milpitas	Director Chua				
City of Monte Sereno	Director Mekechuk				
City of Morgan Hill	Director Martinez Beltran				
City of Mountain View	Director Abe-Koga				
County of Santa Clara	Director Lee				
City of Saratoga	Director Walia				
City of Sunnyvale	Director Klein				

Chair

ATTEST:

Clerk

SILICON VALLEY CLEAN ENERGY AUTHORITY CONFLICT OF INTEREST CODE

The Political Reform Act (Government Code § 81000, *et seq.*, hereinafter referred to as the Act) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission (“FPPC”) has adopted a regulation (2 California Code of Regulations § 18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency’s code. After public notice and hearing, the standard code may be amended by the FPPC to conform to amendments in the Act. Therefore, the terms of 2 California Code of Regulations § 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation and the text here designating positions and establishing disclosure categories shall constitute the conflict of interest code of the Silicon Valley Clean Energy Authority (“Authority”).

The most current version of 2 Cal. Code of Regs. Section 18730 is available on the website of the Fair Political Practices Commission

(<http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/LegalDiv/Regulations/Index/Chapter7/Article2/18730.pdf>
<https://www.fppc.ca.gov/content/dam/fppc/NS-Documents/LegalDiv/Regulations/Index/Chapter7/Article2/18730.-Provisions-of-Conflict-of%20Interest-Codes.pdf.pdf>).

Individuals holding a designated position shall file their Statements of Economic Interests with the Authority’s Filing Official, which will make the Statements available for public inspection and reproduction subject to Government Code section 81008. If Statements are received in signed paper format, the Authority’s Filing Official shall make and retain a copy and forward the original Statements to the Filing Officer, the County of Santa Clara Clerk of the Board of Supervisors. If Statements are electronically filed using the County of Santa Clara’s Form 700 e-filing system, both the Authority’s Filing Official and the County of Santa Clara Clerk of the Board of Supervisors will receive access to the e-filed Statements simultaneously.

SILICON VALLEY CLEAN ENERGY AUTHORITY CONFLICT OF INTEREST CODE

APPENDIX "A"

DESIGNATED POSITIONS

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Member of Board of Directors	1
Alternate Member of Board of Directors	1
Audit Committee Member	2
Chief Executive Officer	1
Chief Financial Officer & Director of Administrative Services	1
Chief Operating Officer and Director of Power Resources	1
Finance and Administration Committee Member	2
General Counsel	1
Administrative Services Manager	2
Associate Legislative Analyst	2
Associate Manager of Decarbonization Programs & Policy	2
Associate Power Analyst	1
Associate Power Resources Planner	1
Communications Manager	2
Deputy Director of Administrative Services	2
Deputy Director of Decarbonization Programs & Policy	2
Director of Decarbonization Programs & Policy	2
Director of Energy Services & Community Relations	2
Director of Regulatory & Legislative Policy	2
<u>Director of Strategic Development</u>	<u>2</u>

Energy Services Manager	2
Financial Analyst	2
Human Resources Generalist	2
Management Analyst	2
Manager of Decarbonization Programs & Policy	2
<u>Manager of Technology & Administrative Services</u>	<u>2</u>
Policy Analyst	2
Power Analyst	1
<u>Power Data Analyst</u>	<u>1</u>
Power Resources Manager	1
Power Resources Planner	1
Power Contracts & Settlements Manager	1
Power Settlements & Compliance Analyst	1
Principal Policy Analyst	2
Principal Power Analyst	1
Rates Manager	2
Regulatory and Compliance Manager	2
<u>Risk Controls Project Manager</u>	<u>2</u>
Senior Data Analyst	2
Senior Financial Analyst	2
Senior Government Affairs Manager	2
Senior Management Analyst	2
<u>Senior Manager of Communications</u>	<u>2</u>
Senior Manager of Energy Policy and Regulatory Analysis	2
Senior Manager of Decarbonization Programs & Policy	2
Senior Manager of Power Operations	1

Senior Manager of Power Resources	1
Senior Manager of Public Sector Services	2
Senior Policy Analyst	2
Senior Power Analyst	1
Senior Power Resources Planner	1
<u>Senior Quantitative Analyst</u>	<u>2</u>
Senior Rates Analyst	2
Senior Regulatory Analyst	2
Senior Risk Manager	2
Technology Services Manager	2
Wholesale Energy Markets Manager	1
Consultant	3
Newly Created Position	*

* Newly Created Position

A newly created position that makes or participates in the making of governmental decisions that may foreseeably have a material effect on any financial interest of the position-holder, and which specific position title is not yet listed in the Authority's conflict of interest code is included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: The Chief Executive Officer of the Authority may determine in writing that a particular newly created position, although a "designated position," is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the broadest disclosure requirements, but instead must comply with more tailored disclosure requirements specific to that newly created position. Such written determination shall include a description of the newly created position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

As soon as the Authority has a newly created position that must file Statements of Economic Interests, the Authority's Filing Official shall contact the County of Santa Clara Clerk of the Board of Supervisors Form 700 division to notify it of the new position title to be added in the County's electronic Form 700 record management system, known as eDisclosure. Upon this notification, the Clerk's office shall enter the actual position title

of the newly created position into eDisclosure and the Authority's Filing Official shall ensure that the name of any individual(s) holding the newly created position is entered under that position title in eDisclosure.

Additionally, within 90 days of the creation of a newly created position that must file Statements of Economic Interests, the Authority shall update this conflict-of-interest code to add the actual position title in its list of designated positions and submit the amended conflict of interest code to the County of Santa Clara Office of the County Counsel for code-reviewing body approval by the County Board of Supervisors. (Gov. Code Section 87306.)

SILICON VALLEY CLEAN ENERGY AUTHORITY CONFLICT OF INTEREST CODE

APPENDIX "B"

DISCLOSURE CATEGORIES

Designated positions must report financial interests in accordance with the assigned disclosure categories.

Category 1: Persons in this category shall disclose:

(a) investments and business positions in business entities, and income (including gifts, loans, and travel payments) from sources that contract with the Authority, or that provide, plan to provide, or have provided during the previous two years, facilities, goods, technology, equipment, vehicles, machinery, or services, including training or consulting services, of the type utilized by the Authority; and

(b) all interests in real property located: in whole or in part within the jurisdiction of the Silicon Valley Clean Energy Authority, or within two miles of the borders of any of the parties to the Joint Powers Agreement for the Authority, or within two miles of any land owned or used by the Authority.

Category 2: Persons in this category shall disclose investments and business positions in business entities, and income (including gifts, loans, and travel payments) from sources that contract with the Authority, or that provide, plan to provide, or have provided during the previous two years, facilities, goods, technology, equipment, vehicles, machinery, or services, including training or consulting services, of the type utilized by the Authority.

Category 3: Each Consultant, as defined for purposes of the Political Reform Act and applicable regulations¹, shall disclose pursuant to the broadest disclosure category in the Authority's conflict of interest code subject to the following limitation: The Chief Executive Officer of the Authority may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that are limited in scope and thus is not required to comply fully with the disclosure requirements of the broadest disclosure category, but instead must comply with more tailored disclosure requirements specific to that consultant. Such a written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of

¹ As defined in FPPC Regulation 18700.3, "consultant" means an individual who (1) makes governmental decisions, such as whether to approve a rate, rule, or regulation; to issue, deny, suspend, or revoke any permit, license, application, certificate or similar authorization; to adopt or approve a plan, design, report, study; or to adopt or approve policies, standards, or guidelines for the Authority; (2) serves in a staff capacity with the Authority, and in that capacity participates in making governmental decisions by providing information, an opinion, or a recommendation for the purpose of affecting the decision without significant intervening substantive review; or (3) performs the same or substantially all the same duties for the Authority that would otherwise be performed by an individual holding a designated position in this Code.

disclosure requirements. The Chief Executive Officer's written determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.



Staff Report – Item 1d

Item 1d: Executive Committee Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Tina Walia, Executive Committee Chair

Date: 3/8/2023

The Executive Committee met February 24, 2023 and received information on SVCE's residential building electrification programs, and presentations from staff on resource adequacy, reliability and the California Electric Vehicle Incentive Program (CALeVIP).

During the CEO report, Justin Zagunis, Director of Decarbonization Programs and Policy, shared information on SVCE's residential building electrification programs which included active efforts, planned efforts, and those that were already in development.

Monica Padilla, COO and Director of Power Resources, Charles Grinstead, Senior Manager of Power Resources, and Citlalli Sandoval, Senior Regulatory Advisor, presented an informational report on resource adequacy. The presentation included information on compliance obligations, SVCE's 2023 resource adequacy supply, California's resource adequacy supply, and SVCE's procurement efforts.

Nupur Hiremath, Manager of Decarbonization Programs and Policy, presented on the California Electric Vehicle Incentive program (CALeVIP), which provides rebates for electric vehicle charger purchase and installation costs. More information on the program can be found here: [SVCE CALeVIP Program](#)

Materials from this meeting can be found on SVCE's website: [SVCE Executive Committee Meeting, February 24, 2023](#)

The next meeting of the Executive Committee is scheduled for March 24, 2023 at 10:00 a.m.; materials will be posted no later than 72 hours in advance of the meeting.



Staff Report – Item 1e

Item 1e: Finance and Administration Committee Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Hung Wei, Finance and Administration Committee Chair

Date: 3/8/2023

The Finance and Administration Committee met for its first meeting of the year on Monday, February 27, 2023; the committee selected me as Chair and Director Sally Meadows as Vice Chair.

Amrit Singh, SVCE's CFO and Director of Administrative Services, presented an item with a staff recommendation for the committee to recommend the SVCE Board of Directors approve the mid-year adjusted operating budget, which projects contributing \$73.4 million to SVCE's reserves. CFO Singh's presentation included the budget timeline, changes since the adoption of the annual budget, a comparison of mid-year and annual adopted budget key line items, and a review of the updated SVCE margin from the January rate change. Following CFO Singh's presentation, the committee voted unanimously to recommend that the SVCE Board of Directors approve the proposed mid-year 2022-2023 adjusted operating budget. This item will be on the March Board meeting agenda for the Board's consideration.

Next on the agenda, the committee received a presentation from CFO Singh on the enterprise risk management framework and a stress test scenario proposal. He briefly reviewed last year's stress test scenarios, provided the distinction between stress tests and the enterprise risk management framework, reviewed the components of the enterprise risk management framework, and reviewed the planned stress test scenario. The committee provided supportive comments on the proposed stress test scenario. The stress test analyses are expected to be completed in April.

Lastly, CFO Singh presented a review of SVCE's second prepay transaction, which reviewed the goals of the prepay, reviewed execution parameters, provided a summary of executed transactions, and identified next steps.

Materials from this meeting can be found at the following link: [SVCE Finance and Administration Committee Meeting, 2/27/23.](#)

The next Finance and Administration Committee meeting is anticipated for May 2023 and will be determined by Finance and Administration Committee member availability; materials will be posted 72 hours before the meeting.



Staff Report – Item 1f

Item 1f: **Audit Committee Report**

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Bryan Mekechuk, Chair, Audit Committee

Date: 3/8/2023

The Audit Committee held its first meeting of 2023 on Thursday, February 16, 2023. Returning members to the committee included Alternate Director Sergio Lopez (City of Campbell) and me (City of Monte Sereno); the new Audit Committee members for 2023 are Director Sheila Mohan (City of Cupertino), Alternate Director Murali Srinivasan (City of Sunnyvale), and Committee member Harjot Sangha (City of Gilroy). Three of the five Audit Committee members were present (Directors Mekechuk, Mohan, and Sangha) so there was a quorum.

To maintain independence in fact and appearance, I outlined that I was not on the Finance and Administrative Committee in 2023. In addition, I explained the role of the Audit Committee is to review the work of the external auditors and their opinion on the financial statements.

The Audit Committee selected me to serve as Chair and Director Mohan to serve as Vice Chair.

Amrit Singh, CFO and Director of Administrative Services, gave an overview of the Audit Committee's role, the annual audit of the financial statements, and the information technology audits.

I explained that Maher Accountancy provides accounting services for Silicon Valley Clean Energy (SVCE) and other CCAs. Pisenti & Brinker LLP audits SVCE and other CCAs that Maher Accountancy provides services to. Michael Maher, who was present, described services that his firm provides to SVCE.

As Chair of the Audit Committee, I met with Mr. Kellin Gilbert, the partner with Pisenti & Brinker LLP that is responsible for auditing SVCE so I could ask him questions regarding the financial audit without management present. During that same meeting, Mr. Gilbert asked me questions relating to management.

Mr. Gilbert presented the results of the Fiscal Year 2021-22 financial audit to the group; he explained that the audit was almost complete and, based on their work, Pisenti & Brinker expects to issue an unmodified audit opinion (a "clean audit opinion"). Importantly, Pisenti & Brinker did not find any significant deficiencies in internal controls, did not have any disagreements with financial accounting and were not expecting to propose any adjustments to the financial statements. Mr. Gilbert stated there were no disagreements with management concerning the scope of their audit, the application of accounting principles, or the basis for management's judgements on any significant matters.

Mr. Gilbert confirmed that, if there were any items found upon completion of the audit that would affect the audit opinion then he would contact the Audit Committee. Mr. Gilbert expected the date the audit opinion to be February 17, 2023.

Following the presentation, the Committee voted unanimously to recommend the SVCE Board of Directors accept the audit report and findings; this recommendation will be presented to the Board for consideration at the March 8, 2023, Board of Directors meeting.

Agenda Item: 1f**Agenda Date: 3/8/2023**

The last item discussed at the Audit Committee was presented by SVCE's Deputy Director of Administrative Services Kevin Armstrong and Manager of Technology and Administrative Services Nik Zanolto on SVCE's Information Technology Audit and Automated Meter Infrastructure (AMI) audit.

Materials from this meeting can be found at the following link: [SVCE Audit Committee Meeting, 2/16/23.](#)

The next meeting of the Audit Committee is anticipated in September 2023 and will be determined by Audit Committee member availability; materials will be posted no later than 72 hours in advance of the meeting.



Staff Report – Item 1g

Item 1g: Legislative Ad Hoc Committee Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Andrea Pizano, Board Clerk/Executive Assistant

Date: 3/8/2023

The 2023 Legislative Ad Hoc Committee has not yet met; the first meeting of the committee is expected to be held in late March or early April 2023 and will be scheduled based on member availability.

**Staff Report – Item 1h**

Item 1h: California Community Power Report

To: Silicon Valley Clean Energy Board of Directors

From: Girish Balachandran, CEO

Date: 3/8/2023

Per direction from the SVCE Board on December 9, 2020 for the CEO to provide a report of the ongoing activities of California Community Power (CC Power) after each of its meetings, this is to report CC Power held a regular board meeting on Wednesday, February 15, 2023.

Attached is a summary report from Interim General Manager Timothy Haines; materials from the February board meeting can be found here on the CC Power website: [CC Power Meeting, 2/15/23](#)

The next meeting of the board will be March 15, 2023 at 1:00 p.m.; meeting materials can be found on the CC Power website: <https://cacomunitypower.org/meetings/>

ATTACHMENTS:

1. CA Community Power Board Meeting Summary from Interim General Manager Timothy Haines, February 15, 2023

Power & Grid Symmetry, LLC

4900 9th Avenue, Sacramento, CA 95820

TO: CC Power Board of Directors and Alternates **DATE:** 2/16/2023

FROM: Tim Haines – Interim General Manager

SUBJECT: Report on CC Power Regular Board of Directors Meeting – February 15, 2023

The CC Power Board of Directors held its regularly scheduled meeting on Wednesday, February 15, 2023, via Zoom. Details on the Board packet, presentation materials, and public comment letters can be found under the Meetings tab at the CC Power website: <https://cacomunitypower.org>

Highlights of the meeting included the following:

- **Vice Chair Mitchell called the meeting to order.**
 - **Matters subsequent to posting the Agenda.** None.
 - **Public Comment.** None.
 - **Consent Calendar** - The Board approved the following item:
 - Minutes of the Regular Board Meeting held on January 18, 2023.
 - **Closed Session**
 - **Report on Closed Session** – Vice Chair Mitchell announced the appointment of Alex Morris as the full time GM of CC Power effective February 27, 2023.
 - **Resolution 23-02-01 Approval of General Manager Employment Agreement:** The Board unanimously approved the GM employment agreement.
 - **Discussion/Update on Approved Budget and Fiscal Year.** Interim GM Haines reviewed the previously approved CC Power 2023 budget.
 - **Resolution 23-02-02 Approval of Development and Possible Issuance of California Community Power Offshore Wind Request for Information.** Interim GM Haines reviewed the proposal. After discussion, the Board unanimously approved the resolution.
 - **Update on Brown Act Requirements.** General Counsel Iles reviewed the Brown Act meeting requirement and described the approach CC Power begin at the March meeting.
-

Staff Report – Item 2

Item 2: Receive Audit Results and Accept the Findings from Independent Auditor

From: Girish Balachandran, CEO

Prepared by: Amrit Singh, CFO and Director of Administrative Services
 Kevin Armstrong, Deputy Director of Administrative Services

Date: 3/8/2023

RECOMMENDATION

Receive the Year-End Financial Statements and the Independent Auditor's Report for the Fiscal Year 2021-22.

AUDIT COMMITTEE RECOMMENDATION

At the February 16, 2023 meeting of the Audit Committee, committee members received a presentation by the Independent Auditor discussing the status of the audit and the preliminary auditor's opinion. The Audit Committee also receive a draft of the financial report.

BACKGROUND

In accordance with Financial Policy #1 (FP1), Accounting Policy, the annual audit of the financial statements has been completed and the report prepared by Pimenti & Brinker, LLP has been issued to the Agency. The auditors have rendered a clean opinion and found *"the financial statements referred to above present fairly, in all material respects, the financial position of SVCE as of September 30, 2022 and 2021 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America."*

Basic Financial Statements

The Statement of Net Position presents information about assets and liabilities with the difference between the two reported as net position. The change in net position over time is an indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports how net position changed during the year and present a comparison between operating and non-operating revenues and operating and non-operating expenses. Operating revenues and expenses are related to the Agency's principal business of providing carbon-free electricity.

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other sources and uses, such as financing and investing activities.

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements. These are found immediately following the financial statements to which they refer.

Agenda Item: 2**Agenda Date: 3/8/2023****ANALYSIS & DISCUSSION**

The following represents highlights as of September 30, 2022:

- As of September 30, 2022, total assets were \$272.3 million, with \$270.6 million of current assets. Current assets are mostly comprised of \$167.7 million of cash and cash equivalents, \$55.7 million in accounts receivable, \$25.5 million in accrued revenue, \$20.6 million in deposits, and \$162 thousand in restricted cash. The total of current assets increased during the fiscal year as a result of SVCE's operating surplus.
- As of September 30, 2022, total liabilities were \$59.7 million. Current liabilities consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by SVCE. Other components include taxes and surcharges due to other governments and various other accrued liabilities. Noncurrent liabilities of \$7.9 million consist of supplier security deposits provided as cash, rather than letters of credit.
- As of September 30, 2022, total revenues were \$363.5 million primarily from the sale of carbon-free electricity. Operating revenues exceeded the cost of electricity by \$63.2 million resulting in an operating margin of 17.4%.
- As of September 30, 2022, total expenses were \$318.7 million. The increase in operating expenses from fiscal year 2021 to 2022 is largely the result of an increase in energy costs. Expenses for staff compensation, consulting, and other general and administrative expenses increased in 2022 as the organization grew operations and responded to the challenges of a changing business landscape. Given the COVID pandemic, SVCE chose to maintain its rate discount at 1% throughout the fiscal year.

STRATEGIC PLAN

This report supports the fiscal management goals of the strategic plan.

ALTERNATIVE

There is no alternative to this recommendation as the financial audit is a requirement of Board Policy FP1.

FISCAL IMPACT

During Fiscal Year 2021-22, SVCE's total expenses exceeded total revenues, resulting in an increase to Net Position of \$46.6 million.

SVCE's Auditors, Pisenti & Brinker, LLP, issued an unqualified ("clean") opinion on the Agency's financials for the fiscal year ended September 30, 2022.

ATTACHMENTS

1. Audited Financials for the fiscal year ended September 30, 2022
2. SVCE Representation Letter
3. Letter of Significant Deficiencies or Material Weaknesses

Silicon Valley Clean Energy Authority

Financial Statements
Years Ended:

September 30, 2022
September 30, 2021

With Report of Independent Auditors



**SILICON VALLEY CLEAN ENERGY AUTHORITY
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

TABLE OF CONTENTS

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Notes to the Basic Financial Statements	16
Supplementary Information:	
Schedule of Expenditures of Federal Awards	26
Notes to Schedule of Expenditures of Federal Awards	27
Compliance:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	30
Schedule of Findings and Questioned Costs	33
Summary of Prior Audit Findings.....	35



Independent Auditor's Report

To the Board of Directors
Silicon Valley Clean Energy Authority
Sunnyvale, California

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of Silicon Valley Clean Energy Authority (SVCE), as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise SVCE's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVCE as of September 30, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of SVCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SVCE's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SVCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Independent Auditor's Report (continued)

Required Supplementary Information

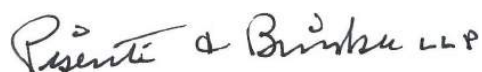
Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise SVCE's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the related notes to the schedule of expenditures of federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, on our consideration of SVCE's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SVCE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SVCE's internal control over financial reporting and compliance.



Santa Rosa, California
February 27, 2023

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

The Management's Discussion and Analysis provides an overview of Silicon Valley Clean Energy Authority's (SVCE) financial activities as of and for the years ended September 30, 2022 and 2021. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

The formation of SVCE was made possible by the passage, in 2002, of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation.

SVCE was created as a California Joint Powers Authority (JPA) on March 31, 2016. SVCE was established to provide electric power at competitive costs as well as to provide other benefits within Santa Clara County, including reducing energy related greenhouse gas emissions, securing energy supply and price stability, and providing energy efficiencies and local economic benefits. Governed by a board of directors (Board) consisting of elected representatives from each jurisdiction, SVCE has the rights and powers to set rates for the electricity it furnishes, incur indebtedness, and issue bonds or other obligations. SVCE is responsible for the acquisition of electric power for its service area. SVCE serves the unincorporated areas of Santa Clara County and the cities and towns of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale.

SILICON VALLEY CLEAN ENERGY AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED SEPTEMBER 30, 2022 AND 2021

Financial Reporting

SVCE presents its financial statements as an enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with generally accepted accounting principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

Contents of this Report

This report is divided into the following sections:

- Management's discussion and analysis.
- The basic financial statements:
 - The *Statements of Net Position* include all of SVCE's assets, liabilities, and net position and provide information about the nature and amount of resources and obligations at a specific point in time.
 - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of SVCE's revenue and expenses for the years shown.
 - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as financing and investing activities.
 - The *Notes to the Basic Financial Statements* provide additional details and information related to the basic financial statements.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

FINANCIAL HIGHLIGHTS

The following table is a summary of SVCE's assets, liabilities, and net position, and a discussion of significant changes during the years ended September 30:

	2022	2021	2020
Current assets	\$270,632,455	\$206,813,185	\$220,538,554
Noncurrent assets			
Capital and lease assets, net	1,681,871	2,122,391	1,403,175
Other noncurrent assets	45,330	45,330	145,130
Total noncurrent assets	1,727,201	2,167,721	1,548,305
Total assets	272,359,656	208,980,906	222,086,859
Current liabilities	51,733,663	34,519,867	40,094,131
Noncurrent liabilities	7,942,472	8,425,392	1,141,410
Total liabilities	59,676,135	42,945,259	41,235,541
Net position			
Net investment (deficit) in capital assets	287,728	269,927	(172,895)
Restricted for security collateral	162,014	4,000,216	4,500,000
Unrestricted	212,233,779	161,765,504	176,232,143
Total net position	\$212,683,521	\$166,035,647	\$180,559,248

Current Assets

Current assets were approximately \$270,632,000 at the end of 2022 and are mostly comprised of cash, accounts receivable, and accrued revenue. Accrued revenue differs from accounts receivable in that it is the result of electricity provided to SVCE customers that has not yet been invoiced. Accounts receivable and accrued revenue increased in 2022 as a result of an increase to rates SVCE charged its customers. The opposite result occurred in 2021, when a drop in rates from the prior year caused decreases in accounts receivable and accrued revenue. Current assets also include deposits and collateral posted by SVCE to counterparties and regulatory agencies. The large increase in these deposits in 2022 was the result of additional collateral required by the California Independent System Operator (CAISO) in response to unseasonably high market prices for electricity.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

Noncurrent Assets

Capital assets, including right-of-use assets, were approximately \$1,682,000 at the end of 2022, net of accumulated depreciation, primarily consisting of furniture and electronic equipment for use in SVCE's administrative office. SVCE does not own assets used for electric generation or distribution.

A lease asset is recorded in accordance with Governmental Accounting Standards Board No. 87 (GASB 87) that was implemented during 2022. The balances presented have been adjusted to report the leases and related obligations consistently. According to GASB, the Statement will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. It will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

Other noncurrent assets consist of various deposits for energy supply, regulatory and other operating purposes. The deposits have remained relatively stable over the last three years.

Current Liabilities

The most significant element of current liabilities is the obligation to pay the cost of electricity delivered to customers. Accrued cost of electricity at the end of 2022 increased compared to the prior year. This was a result of increased prices of electricity purchased as well as a small increase in the volume of purchased electricity outstanding.

Other components include taxes and surcharges due to other governments and various other accrued liabilities.

SVCE receives deposits from energy suppliers as a form of collateral on committed future purchases. During 2022, SCVE received \$11.4 million of deposits expected to be returned or applied within one year.

Noncurrent Liabilities

Noncurrent liabilities increased in 2021 as a result of collateral deposits from energy suppliers held by SVCE that are not due to be returned within a year. There was little change in deposits in 2022.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

The following table is a summary of SVCE's results of operations and a discussion of significant changes for the years ended September 30:

	2022	2021	2020
Operating revenues	\$ 363,521,534	\$ 242,600,167	\$ 297,043,720
Nonoperating revenues	1,870,954	273,985	1,729,841
Total income	365,392,488	242,874,152	298,773,561
Operating expenses	318,708,488	257,751,261	260,274,619
Nonoperating expenses	36,126	230,632	350,511
Total expenses	318,744,614	257,981,893	260,625,130
Change in net position	\$ 46,647,874	\$ (15,107,741)	\$ 38,148,431

Operating Revenues

SVCE's operating revenues are derived from the sale of electricity to commercial and residential customers throughout its territory. SVCE's customer territory was stable each year, with approximately 280,000 customers enrolled. SVCE decreased the rates it charges to customers during 2021, resulting in a planned drop in operating revenues. Rates increased from 2021 to 2022 resulting in a large increase in revenues during the year. SVCE reports its revenue net of uncollectible accounts.

Nonoperating Revenues

The nonoperating revenue increase from 2021 to 2022 was primarily the result of grant income from the California Arrearage Payment Plan (CAPP) that was received in 2022.

Operating Expenses

SVCE's largest operating expense is the purchase of electricity for retail customer use. SVCE procures energy from a variety of sources, aiming at purchasing electricity at competitive costs and maintaining a balanced renewable power portfolio. Electricity costs increased as a result of rising market prices. Expenses for staff compensation, consulting, data management, and other general and administrative expenses increased each year as the organization continued to grow to support its operational demands.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

ECONOMIC OUTLOOK

Silicon Valley Clean Energy serves approximately 96% of all eligible customers in the service area, and that rate of participation is expected to remain stable in 2023.

SVCE's mission is to reduce dependence on fossil fuels by providing carbon-free, affordable, and reliable electricity and innovative programs for the SVCE community. Since its launch, SVCE has:

- Committed about \$2.1 billion in clean energy and capacity contracts
- Secured over 930 MW in renewable energy and clean capacity projects, including 250 MW of energy storage
- Provided \$90 million in on-bill savings
- Reduced 29% of regional energy-related emissions (since 2015)
- Avoided 304 million pounds of greenhouse gas emissions
- Committed \$84 million in customer offers and services
- Processed more than 350 customer rebates for heat pump water heaters
- Led all 13 member jurisdictions to adopt local 2022 building codes promoting all-electric new homes and buildings
- Helped lead the formation of California Community Power and California Community Choice Financing Authority
- Achieved annual savings of \$1.9M from securing California's first-ever Clean Energy Project Revenue Prepay Bonds and with the execution of SVCE's second Clean Energy Project Revenue Prepay Bonds in January 2023, will achieve additional annual savings of \$4.7M.
- Achieved 'A' credit rating from S&P Global with a stable outlook and a Moody's Baa2, stable rating.

SVCE procures energy consistent with its Board-approved Energy Risk Management Policy that aligns customer demand for clean energy with short and long-term purchases of clean energy resources. SVCE complies with state laws and its own targets for renewable and greenhouse gas (GHG) free energy. California's Renewable Portfolio Standard ("RPS") requires load-serving entities such as SVCE to supply their retail sales with minimum quantities of eligible renewable energy both on an annual basis and through long-term commitments of greater than ten years. The state has also directed load-serving entities (LSEs) for new clean energy and capacity resources by 2026 to meet grid reliability goals. Senate Bill 100 directs all LSEs to procure 60% of their portfolios from RPS-eligible resources by 2030, and 100% of their retail sales from GHG-free resources (or eligible renewable resources) by 2045. Senate Bill 1020 sets interim clean targets of 90% and 95% by 2035 and 2040. SVCE's current policy is to procure 100% of retail sales, adjusted for transmission and distribution losses, from GHG-free resources. To date SVCE has executed 16 RPS contracts of ten years or more in duration and has met its RPS requirements for long-term procurement. SVCE is on the path to meeting its requirements as ordered by the CPUC under the Mid-term Reliability Procurement decision (R.20-05-003).

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

ECONOMIC OUTLOOK (continued)

SVCE uses a portfolio risk-management approach in its power purchasing program, seeking low-cost supply as well as diversity among technologies, production profiles, project sizes and locations, counterparties, length of the contract, and timing of market purchases. SVCE's procurement strategy through 2030 includes regularly procuring new and existing California renewables by 2030, via contracts with terms of 10 years or more. The strategy also includes investing in storage paired with solar, stand-alone storage, long-duration storage, geothermal and large hydroelectric resources. SVCE continually manages its forward load obligations and supply commitments with the objective of balancing cost stability and cost minimization. SVCE closely monitors its open positions for Portfolio Content Category 1 ("*PCC 1*") renewable energy and carbon-free, non-RPS eligible, based on calendar-year targets. SVCE maintains its clean portfolio coverage targets of up to 100% in the near-term and leaves a greater portion open in the medium- to long-term, consistent with generally accepted industry practice.

SVCE also procures electric capacity or Resource Adequacy ("*RA*"), a California program jointly administered by the CPUC, the CEC, and CAISO. The RA resources ensure there will be enough supply in the right locations and with sufficient ramping capability to meet the load in the CAISO market.

In the fiscal year ending September 30, 2022, SVCE's retail load dropped by about 0.5% from the prior fiscal year to 3.74 Terrawatt-hours (TWhrs). SVCE expects retail load to grow to 3.88 TWhrs for Fiscal Year ending September 30, 2023, resulting primarily from Direct Access load migrating to SVCE along with some other modest load growth. Over the next ten years, SVCE expects the load to grow at about 0.5% per year. SVCE's long-term load forecast is driven primarily by the number and types of customers that SVCE expects to serve. The forecast also incorporates load-modifying effects of increasing electric vehicle adoption and charging, behind-the-meter solar and/or storage (via net energy metering), and energy efficiency.

Senate Bill 237 was passed in 2018 and increased the cap for direct access participation for large commercial and industrial customer load. In June 2021, the CPUC adopted Decision 21-06-033, which recommended against further expansion of direct access. The CPUC stated that when compared to maintaining the current cap, expanding direct access would risk increases in greenhouse gas emissions and could significantly complicate the State's efforts to maintain grid reliability. Following this decision, a group of direct access parties filed an application for rehearing of Decision 21-06-033. A final decision was issued on December 15, 2022 (Decision 22-12-058) denying the application for rehearing on the basis that the application failed to establish that the CPUC had not complied with its duties pursuant to SB 237. However, reductions in statewide commercial and industrial electric load due to COVID-19 in 2020 and 2021 have created additional available capacity under the statewide direct access (DA) cap. The impact is expected to be minimal to SVCE, with less than 2% of current load at risk. SVCE has been and continues to be proactive about developing services for commercial customers so that it can remain competitive in any direct access growth scenario.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

ECONOMIC OUTLOOK (continued)

In 2019, the Board of Directors approved a Commercial Pricing Policy that allows SVCE to be innovative in customized contract offerings to customers that supports long-term customer retention. SVCE has now signed long-term arrangements with two major customers for customized power supply offerings and is working with additional prospective customers.

SVCE expects to continue to provide competitive electric rates. The unpredictable PG&E customer exit fee and volatile energy prices can be barriers to providing stable rates. The exit fee will be significantly lower in 2023 than in recent years, and as of January 2023, SVCE has increased its discount relative to PG&E's generation service to 4 percent. SVCE has prioritized regulatory and legislative work with respect to the exit fee process and other regulatory and legislative actions that impact rates, such as procurement mandates. Additionally, SVCE's commitment to building healthy cash reserves has placed SVCE in a stable position to manage volatile energy prices, and future regulatory and legislative risks including changes to the customer exit fees.

SVCE has a strong focus on continuing to build credit capacity through increased cash reserves, complying with the energy risk management policy and credit guidelines, and entering into favorable energy purchase commitments. SVCE received an investment grade credit rating in the Summer of 2020 from Moody's and an 'A' credit rating from S&P Global in January 2021.

REQUEST FOR INFORMATION

This financial report is designed to provide SVCE's customers and creditors with a general overview of SVCE's finances and to demonstrate SVCE's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 333 W. El Camino Real, Suite 330, Sunnyvale, CA 94087.

Respectfully submitted,

Girish Balachandran, Chief Executive Officer

BASIC FINANCIAL STATEMENTS

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash	\$ 167,673,753	\$ 158,808,348
Accounts receivable, net of allowance	55,663,227	25,990,183
Accrued revenue	25,508,698	14,410,621
Market settlements receivable	-	269,012
Other receivables	81,714	230,485
Prepaid expenses	977,928	2,378,236
Deposits	20,565,121	726,084
Restricted cash	162,014	4,000,216
Total current assets	<u>270,632,455</u>	<u>206,813,185</u>
Noncurrent assets		
Deposits	45,330	45,330
Lease asset, net of amortization	1,324,125	1,805,625
Capital assets, net of depreciation	357,746	316,766
Total noncurrent assets	<u>1,727,201</u>	<u>2,167,721</u>
Total assets	<u>272,359,656</u>	<u>208,980,906</u>
LIABILITIES		
Current liabilities		
Accrued cost of electricity	36,054,862	30,827,091
Accounts payable	1,007,808	1,537,376
Other accrued liabilities	1,094,075	642,043
User taxes and energy surcharges due to other governments	1,693,997	1,055,035
Supplier security deposits	11,400,000	-
Lease liability	482,921	458,322
Total current liabilities	<u>51,733,663</u>	<u>34,519,867</u>
Noncurrent liabilities		
Supplier security deposits	7,031,250	7,031,250
Lease liability	911,222	1,394,142
Total noncurrent liabilities	<u>7,942,472</u>	<u>8,425,392</u>
Total liabilities	<u>59,676,135</u>	<u>42,945,259</u>
NET POSITION		
Net investment in capital assets	287,728	269,927
Restricted for security collateral	162,014	4,000,216
Unrestricted	212,233,779	161,765,504
Total net position	<u>\$ 212,683,521</u>	<u>\$ 166,035,647</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Electricity sales, net	\$ 359,373,795	\$ 241,484,417
GreenPrime electricity premium	1,741,940	1,014,531
Other income	34,549	101,219
Liquidated damages	2,371,250	-
Total operating revenues	<u>363,521,534</u>	<u>242,600,167</u>
OPERATING EXPENSES		
Cost of electricity	300,290,056	238,586,555
Contract services	9,255,297	9,490,474
Staff compensation and benefits	6,744,553	5,474,124
General and administration	1,257,650	1,228,421
Program rebates and incentives	579,004	2,402,537
Depreciation and amortization	581,928	569,150
Total operating expenses	<u>318,708,488</u>	<u>257,751,261</u>
Operating income (loss)	<u>44,813,046</u>	<u>(15,151,094)</u>
NONOPERATING REVENUES (EXPENSES)		
Grant income	1,545,172	-
Interest income	325,782	273,985
Financing costs	(36,126)	(230,632)
Nonoperating revenues (expenses), net	<u>1,834,828</u>	<u>43,353</u>
CHANGE IN NET POSITION	46,647,874	(15,107,741)
Net position at beginning of period (as restated - Note 11)	<u>166,035,647</u>	<u>181,143,388</u>
Net position at end of period	<u>\$ 212,683,521</u>	<u>\$ 166,035,647</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 326,719,985	\$ 255,739,767
Receipts from liquidated damages	2,371,250	-
Other operating receipts	11,512,300	13,609,316
Payments to suppliers for electricity	(313,073,540)	(247,219,228)
Payments for other goods and services	(11,536,855)	(13,070,000)
Payments for staff compensation and benefits	(6,554,946)	(5,247,813)
Payments of taxes and surcharges to other governments	(5,469,828)	(4,766,832)
Net cash provided (used) by operating activities	<u>3,968,366</u>	<u>(954,790)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant revenue received	1,545,172	-
Finance costs paid	(170,068)	(186,951)
Net cash provided (used) by non-capital financing activities	<u>1,375,104</u>	<u>(186,951)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to acquire capital assets	(141,408)	(295,207)
Payments of lease liability	(500,642)	(453,208)
Net cash used by capital and related financing activities	<u>(642,050)</u>	<u>(748,415)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	<u>325,782</u>	<u>273,985</u>
Net change in cash	5,027,203	(1,616,171)
Cash at beginning of year	162,808,564	164,424,735
Cash at end of period	<u><u>\$ 167,835,767</u></u>	<u><u>\$ 162,808,564</u></u>
Reconciliation to the Statement of Net Position		
Cash (unrestricted)	\$ 167,673,753	\$ 158,808,348
Restricted cash	162,014	4,000,216
Cash	<u><u>\$ 167,835,767</u></u>	<u><u>\$ 162,808,564</u></u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>2022</u>	<u>2021</u>
Operating income (loss)	\$ 44,813,046	\$ (15,151,094)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization expense	581,928	87,651
Provision for uncollectible accounts	2,052,448	1,100,000
(Increase) decrease in:		
Accounts receivable	(31,725,490)	4,368,129
Accrued revenue	(11,098,078)	3,106,604
Market settlements receivable	269,012	(161,694)
Other receivables	148,771	(22,485)
Prepaid expenses	1,400,308	212,310
Current deposits	(19,839,037)	3,606,134
Increase (decrease) in:		
Accrued cost of electricity	5,140,221	(5,917,746)
Accounts payable	(529,568)	214,220
Other accrued liabilities	628,293	672,677
Energy settlements payable	87,550	-
User taxes and energy surcharges due to other governments	638,962	(100,746)
Supplier security deposits, current	11,400,000	7,031,250
Net cash provided (used) by operating activities	<u>\$ 3,968,366</u>	<u>\$ (954,790)</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Silicon Valley Clean Energy Authority (SVCE) is a Joint Powers Authority created on March 31, 2016. As of September 30, 2022, parties to its Joint Powers Agreement consist of the following local governments:

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

SVCE is separate from and derives no financial support from its members. SVCE is governed by a Board of Directors whose membership is composed of elected officials representing the member governments.

SVCE was formed to study, promote, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing these objectives. A core function of SVCE is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

SVCE began its energy delivery operations in April 2017. Electricity is acquired from commercial and municipal suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company (PG&E).

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

SVCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

SVCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – investment in capital assets, restricted and unrestricted.

When both restricted and unrestricted resources are available for use, it is SVCE's policy to use restricted resources first, and then unrestricted resources as they are needed.

CASH

For purpose of the Statements of Cash Flows, SVCE defines cash to include cash on hand, demand deposits and money market funds. SVCE has cash that is restricted under various security agreements. This is reported as restricted cash on the Statements of Net Position and the Statements of Cash Flows.

PREPAID EXPENSES AND DEPOSITS

Contracts to purchase energy may require SVCE to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding. Also included are prepaid expenses and deposits for regulatory and other operating purposes.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASE ASSET AND LEASE LIABILITY

SVCE recognizes an asset and liability when it enters into certain leasing arrangements. The leased asset is amortized over the term of the lease. The lease liability is the present value of payments expected to be paid to the lessor during the lease term. SVCE's only leased asset and liability relates to its office premises.

CAPITAL ASSETS AND DEPRECIATION

SVCE's policy is to capitalize furniture and equipment valued over \$1,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, five years for automobiles and seven years for furniture and leasehold improvements. SVCE does not own any electric generation assets.

SUPPLIER SECURITY DEPOSITS

Various energy contracts require the supplier to provide SVCE with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent depending on the length of time the deposits will be held.

NET POSITION

Net position is presented in the following components:

Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets. SVCE did not have any outstanding borrowings as of September 30, 2022 or 2021.

Restricted: This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definition of "investment in capital assets" or "restricted".

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING AND NONOPERATING REVENUE

Revenue from the sale of electricity to customers is considered operating revenue. Interest income is considered nonoperating revenue.

REVENUE RECOGNITION

SVCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered, but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded. Revenue is presented net of estimated uncollectible charges.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of electricity and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

ELECTRICAL POWER PURCHASED

During the normal course of business SVCE purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers and for generation credits, and load and other charges arising from SVCE's participation in the CAISO's centralized market. The cost of electricity and capacity is recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, SVCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System. SVCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier.

SVCE purchases capacity commitments from qualifying generators to comply with the California Energy Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STAFFING COSTS

SVCE pays employees bi-weekly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan as they come due. SVCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. SVCE provides compensated time off, and the related liability is recorded in these financial statements.

INCOME TAXES

SVCE is a Joint Powers Authority under the provision of the California Government Code. As such it is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements. These reclassifications did not result in any change in previously reported net position or change in net position.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

2. CASH

SVCE maintains its cash in interest and non-interest-bearing accounts. SVCE's deposits are subject to California Government Code Section 16521, which requires banks to collateralize public funds in excess of the Federal Deposit Insurance Corporation limit of \$250,000 by 110%. SVCE monitors its risk exposure on an ongoing basis. SVCE's investment policy permits the investment of funds in depository accounts, certificates of deposit, and the California Local Agency Investment Funds (LAIF). As of September 30, 2022, all of SVCE's cash was held in depository or money market accounts.

At the end of each year, SVCE had restricted cash that was held as collateral for either its bank letters of credit postings, or collateral held in accordance with certain security agreements with suppliers.

3. ACCOUNTS RECEIVABLE AND ACCRUED REVENUE

Accounts receivable were as follows as of September 30:

	<u>2022</u>	<u>2021</u>
Accounts receivable from customers	\$ 58,563,227	\$ 28,590,183
Allowance for uncollectible accounts	(2,900,000)	(2,600,000)
Net accounts receivable	<u>\$ 55,663,227</u>	<u>\$ 25,990,183</u>

The majority of account collections will occur within the first few months following customer invoicing. SVCE estimates that a portion of the billed accounts will not be collected. SVCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, SVCE continues to be successful in collecting older accounts. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years and is adjusted for write-offs. In 2022, SVCE received CAPP funds (see Note 7) that helped recover previously written off accounts receivable.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

4. MARKET SETTLEMENTS RECEIVABLE

SVCE receives generation scheduling and other services from a scheduling coordinator registered with CAISO. Energy settlements due from the scheduling coordinator were \$0 and approximately \$269,000 as of September 30, 2022 and 2021, respectively.

5. CAPITAL ASSETS AND LEASE ASSET

Capital asset activity for the years ended September 30, 2022 and 2021 was as follows:

	Furniture & Equipment	Leasehold Improvements	Accumulated Depreciation	Total
Balances at September 30, 2020	\$ 269,467	\$ 5,263	\$ (155,555)	\$ 119,175
Additions	212,629	72,613	(87,651)	197,591
Balances at September 30, 2021	482,096	77,876	(243,206)	316,766
Additions	85,011	56,397	(100,428)	40,980
Balances at September 30, 2022	<u>\$ 567,107</u>	<u>\$ 134,273</u>	<u>\$ (343,634)</u>	<u>\$ 357,746</u>

Lease asset activity for the years ended September 30, 2022 and 2021 was as follows:

	Lease Asset	Accumulated Amortization	Total
Balances at September 30, 2020	\$ -	\$ -	\$ -
Additions	2,287,125	(481,500)	1,805,625
Balances at September 30, 2021	2,287,125	(481,500)	1,805,625
Additions	-	(481,500)	(481,500)
Balances at September 30, 2022	<u>\$ 2,287,125</u>	<u>\$ (963,000)</u>	<u>\$ 1,324,125</u>

6. DEBT

As of September 30, 2021, SVCE had a bank line of credit available in the amount of \$35,000,000 to provide additional liquidity for operations as needed. The line of credit matured in October 2021 and was not renewed.

Letters of Credit to energy suppliers totaled approximately \$147,000. After the line of credit matured in October 2021, letters of credit issued required a cash collateral posting by SVCE with the bank to guarantee the letter of credit.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

7. GRANT REVENUE

SVCE administers a grant from the California Arrearage Payment Program (CAPP) that offers financial assistance for California energy utility customers to help reduce past due energy account balances that increased during the COVID-19 pandemic. This program is funded through the federal American Rescue Plan Act (ARPA) with Coronavirus State and Local Fiscal Recovery Funds. Grant revenue recognized for the year ended September 30, 2022 was \$1,545,172.

8. DEFINED CONTRIBUTION RETIREMENT PLAN

SVCE provides retirement benefits through the Silicon Valley Clean Energy Authority Public Agency Retirement System Defined Contribution Plan (Plan). The Plan is a defined contribution 401(a) Retirement Plan established to provide benefits at retirement to employees of certain qualified employers admitted by the Plan. The Plan is administered by Public Agency Retirement System (PARS). At September 30, 2022 and 2021, SVCE had 40 and 38 plan participants, respectively. SVCE is required to contribute up to 10% of covered payroll as a match to required employee contributions. SVCE contributed approximately \$519,000 and \$414,000 during the years ended September 30, 2022 and 2021, respectively. Plan provisions and contribution requirements as they apply to SVCE are established and may be amended by the Board of Directors.

9. RISK MANAGEMENT

SVCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, SVCE purchased insurance policies from investment-grade commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage. SVCE has general liability coverage of \$2,000,000 with a deductible of \$500.

SVCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market.

Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, SVCE enters into netting arrangements whenever possible and, where appropriate, obtains collateral and other performance assurances from counterparties.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

10. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, SVCE enters into various power purchase agreements to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

SVCE enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following table represents the expected, undiscounted, contractual obligations outstanding as of September 30, 2022:

Years ending September 30,	
2023	\$ 213,000,000
2024	172,000,000
2025	150,000,000
2026	130,000,000
2027	117,000,000
2028-2045	<u>1,303,000,000</u>
Total	<u><u>\$ 2,085,000,000</u></u>

As of September 30, 2022, SVCE had non-cancelable contractual commitments to professional service providers through December 2024 for services yet to be performed. Fees associated with these contracts are based on volumetric activity and are expected to be \$7.1 million.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

11. LEASE

In June 2017, GASB issued Statement No. 87, *Leases*. As amended, the effective date of the Statement was for fiscal years beginning after June 15, 2021. SVCE implemented the Statement in these financial statements. According to GASB, the Statement aims to increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that previously were not reported. As a result of implementing the Statement, net position at September 30, 2021 has been reduced by approximately \$47,000.

In December 2019 SVCE amended its non-cancelable lease for its office premises, extending the lease through June 30, 2025.

As of September 30, 2022, future minimum lease payments under the lease were projected as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending September 30,			
2023	\$ 482,921	\$ 24,559	\$ 507,480
2024	508,483	14,222	522,705
2025	402,739	3,554	406,293
Total	<u>\$ 1,394,143</u>	<u>\$ 42,335</u>	<u>\$ 1,436,478</u>

12. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statements are effective for years ending after September 30, 2022:

GASB has approved GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, GASB Statement No. 99, *Omnibus 2022*, GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, and GASB Statement No. 101, *Compensated Absences*. Management is evaluating the effect of implementation of these statements.

SUPPLEMENTARY INFORMATION

**SILICON VALLEY CLEAN ENERGY AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of the Treasury			
California Department of Community			
Services and Development (CSD)			
COVID-19 American Rescue Plan Act (ARPA)			
Coronavirus State and Local Fiscal Recovery Funds			
California Arrearage Payment Program (CAPP)	21.027	68-0283471	\$ 1,545,172
Total U.S. Department of the Treasury			<u>1,545,172</u>
Total expenditures of federal awards			<u><u>\$ 1,545,172</u></u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Silicon Valley Clean Energy (SVCE) under programs of the federal government for the year ended September 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, SVCE's financial statements. Because the Schedule presents only a selected portion of the operations of SVCE, it is not intended to and does not present the financial position, changes in the net position or cash flows of SVCE.

All federal awards received directly from federal agencies, as well as federal awards passed through nonfederal agencies and organizations are included in the Schedule. Pass-through entity identifying numbers are presented when available.

The reporting entity for SVCE is based upon criteria established by the Governmental Accounting Standards Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARDS

Expenditures on the accompanying Schedule are reported on an accrual basis of accounting. Expenditures are recognized when incurred. Expenditures for federal awards are recognized following the cost principles contained in the Uniform Guidance. Under these cost principles certain types of expenditures are not allowable or are limited as to reimbursement.

3. SUB-RECIPIENTS

Of the federal expenditures presented in the Schedule, SVCE did not provide federal awards to sub-recipients for the year ended September 30, 2022.

4. INDIRECT COSTS

SVCE did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Silicon Valley Clean Energy Authority
Sunnyvale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Silicon Valley Clean Energy Authority ("SVCE"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise SVCE's basic financial statements, and have issued our report thereon dated February 27, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SVCE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SVCE's internal control. Accordingly, we do not express an opinion on the effectiveness of SVCE's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SVCE's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards (continued)**

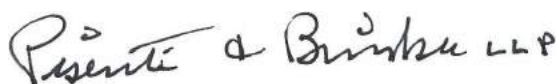
Independent Auditor's Report (continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SVCE's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SVCE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SVCE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Santa Rosa, California
February 27, 2023



**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
Silicon Valley Clean Energy Authority
Sunnyvale, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Silicon Valley Clean Energy Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Silicon Valley Clean Energy Authority's major federal programs for the year ended September 30, 2022. Silicon Valley Clean Energy Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Silicon Valley Clean Energy Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Silicon Valley Clean Energy Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Silicon Valley Clean Energy Authority's compliance with the compliance requirements referred to above.

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance (continued)**

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Silicon Valley Clean Energy Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Silicon Valley Clean Energy Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Silicon Valley Clean Energy Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Silicon Valley Clean Energy Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Silicon Valley Clean Energy Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Silicon Valley Clean Energy Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance (continued)**


Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness over internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Santa Rosa, California
February 27, 2023

Silicon Valley Clean Energy Authority

Schedule of Findings and Questioned Costs

Year Ended September 30, 2022

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No
Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No
Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Assistance Listing Number (s)	Name of Federal Program or Cluster
-------------------------------	------------------------------------

21.027	Coronavirus State and Local Fiscal Recovery Funds
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Silicon Valley Clean Energy Authority

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2022

II. Financial Statement Findings

No matters are reportable

III. Federal Award Findings and Questioned Costs

No matters are reportable

Silicon Valley Clean Energy Authority

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2022

No Uniform Guidance audit performed in prior year.

Silicon Valley Clean Energy Authority

Report to the Board of Directors

*For the Year Ended September 30,
2022*





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Certified Public Accountants & Advisors

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To the Board of Directors
Silicon Valley Clean Energy Authority
333 W El Camino Real, Suite 330
Sunnyvale, CA

We are pleased to present this report related to our audit of the financial statements of Silicon Valley Clean Energy Authority ("SVCE") as of and for the year ended September 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for SVCE's financial reporting process.

This report is intended solely for the information and use of the Audit Committee, Board of Directors and management of SVCE and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Silicon Valley Clean Energy Authority.

Santa Rosa, California
February 27, 2023

TABLE OF CONTENTS

Required Communications	1
Significant Accounting Estimates	4
Exhibits	
Exhibit A—Significant Written Communications Between Management and Our Firm	
• Representation Letter	5
Exhibit B—Recent Accounting Pronouncements	11

REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 14, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated January 3, 2023 regarding the planned scope and timing of our audit and identified significant risks, if any.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by SVCE. Exhibit B provides a description of significant accounting policies or their application that were either initially selected or changed during the year.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Departure From the Auditor's Standard Report

Reporting – Expected Other-Matter Paragraph

Accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board require that the management's discussion and analysis be presented to supplement the financial statements. We do not express an opinion or provide any assurance on the information. In light of this matter, we will include an other-matter paragraph in the auditor's report. This matter will not modify the opinion. Below is the paragraph included in the auditor's report:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing SVCE's audited financial statements is to read the information and consider whether its content or manner of its presentation is materially inconsistent with the financial information covered by our auditor's report or whether it contains a material misstatement of fact. We read SVCE's Board of Directors meeting packet materials. We did not identify material inconsistencies with the audited financial statements.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Observations About the Audit Process (continued)

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of SVCE, are attached as Exhibit A.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in SVCE's September 30, 2022 financial statements.

Significant Accounting Estimates

Accrued Revenue

Accounting policy/ Management's estimation process	Management's estimate of accrued revenue includes historical trends and anticipated energy usage.
Basis for our conclusion on the reasonableness of the estimate	We tested management's estimate analytically and determined management's estimate to be reasonable in relation to the financial statements taken as a whole.

Cost of Electricity

Accounting policy/ Management's estimation process	Management's estimate of accrued cost of electricity includes historical trends and anticipated energy usage.
Basis for our conclusion on the reasonableness of the estimate	We tested management's estimate through subsequent disbursements and analytical procedures and determined management's estimate to be reasonable in relation to the financial statements taken as a whole.

Allowance for Uncollectible Accounts

Accounting policy/ Management's estimation process	Management's estimate of the allowance for uncollectible accounts includes historical collection trends and anticipated future collections.
Basis for our conclusion on the reasonableness of the estimate	We evaluated the key factors and assumptions used to develop the estimate in determining that the allowance is reasonable in relation to the financial statements taken as a whole.

EXHIBIT A

**Significant Written Communications Between Management and
Our Firm**



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February 27, 2023

Pisenti & Brinker LLP
3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403

This representation letter is provided in connection with your audit of the basic financial statements of Silicon Valley Clean Energy Authority (SVCE) as of and for the years ended September 30, 2022 and 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, that as of February 27, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 14, 2022 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
9. We have reviewed, approved, and taken responsibility for the financial statements and related notes.



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10. Deposit risk has been properly and fully disclosed.
11. Capital assets are properly capitalized and depreciated.
12. The government has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.
13. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
14. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
15. We believe the implementation of the GASB Statements listed below is appropriate:
 - a. GASB Statement No. 87, *Leases*
16. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

17. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within SVCE from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
18. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
19. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
20. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud.
21. We have no knowledge of allegations of fraud or suspected fraud affecting SVCE's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
22. We have no knowledge of any allegations of fraud or suspected fraud affecting SVCE's basic financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
23. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.



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24. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. We have not consulted legal counsel concerning litigation or claims.
25. We have disclosed to you the identity of all of SVCE's related parties and all the related-party relationships and transactions of which we are aware.
26. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect SVCE's ability to record, process, summarize and report financial data.
27. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
28. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
29. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts.
30. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB 62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62.

Required Supplementary Information

32. With respect to the Management's Discussion and Analysis presented as required by GAAP and the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management



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33. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
34. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
35. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
36. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
37. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
38. Has a process to track the status of audit findings and recommendations
39. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and California Arrearage Payment Program we confirm:

40. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance and California Arrearage Payment Program.
41. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal and state programs
42. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal and state statutes, regulations, and the terms and conditions of the [federal and state award that could have a material effect on its federal and state programs.
43. Management is responsible for the preparation of the schedule of expenditures of federal and state awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance and California Arrearage Payment Program asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.
44. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance and California Arrearage Payment Program compliance audit.



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45. Management has identified and disclosed to the auditor the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program.
46. Management has made available all federal and state awards (including amendments, if any) and any other correspondence relevant to federal and state programs and related activities that have taken place with federal and state agencies or pass-through entities.
47. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards or stated that there was no such noncompliance.
48. Management believes that the auditee has complied with the direct and material compliance requirements.
49. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
50. Management is aware of no communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
51. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
52. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the Uniform Guidance and California Arrearage Payment Program.
53. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
54. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
55. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
56. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
57. The copies of federal and state program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
58. Management has charged costs to federal and state awards in accordance with applicable cost principles.
59. The reporting package does not contain protected personally identifiable information.
60. Management has accurately completed the appropriate sections of the data collection form.



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- 61. Management has disclosed all contracts or other agreements with service organizations.
- 62. Management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

A handwritten signature in dark ink, appearing to read "Amrit Singh", is written over a horizontal line.

Amrit Singh, Chief Financial Officer
Silicon Valley Clean Energy Authority

A handwritten signature in dark ink, appearing to read "Michael Maher", is written over a horizontal line.

Mike Maher, Accountant

EXHIBIT B

Recent Accounting Pronouncements

RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements have been issued as of October 14, 2021 and is effective and for the financial reporting by SVCE.

Pronouncement	Summary
GASB Statement No. 87, <i>Leases</i>	GASB Statement No. 87, <i>Leases</i> , is effective for fiscal years beginning July 1, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about the government's leasing activities.



February 27, 2023

To Management and the Board of Directors
Silicon Valley Clean Energy Authority
333 W. El Camino Real, Suite 330
Sunnyvale, California

In planning and performing our audits of the financial statements of Silicon Valley Clean Energy Authority (SVCE) as of and for the years ended September 30, 2022 and 2021, in accordance with auditing standards generally accepted in the United States of America, we considered SVCE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SVCE's internal control. Accordingly, we do not express an opinion on the effectiveness of SVCE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control during our audits that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

PISENTI & BRINKER LLP

Kellin Gilbert
Partner



Staff Report – Item 3

Item 3: CEO Report

To: Silicon Valley Clean Energy Board of Directors

Prepared by: Girish Balachandran, CEO

Date: 3/8/2023

REPORT

Staff Updates

Doug Bernard joins SVCE March 6, 2023 as the Decarbonization Management Analyst to perform analytical and administrative support services for the Decarbonization Programs and Policy team. Doug has worked in utility services for seven years, starting his career in Public Finance Investment Banking at RBC Capital Markets working with municipal utilities and local governments on over 100 transactions. He then joined a 350-employee energy efficiency business in Massachusetts as Chief of Staff to the CEO working on new initiatives. During his second year he helped incubate a venture capital backed residential electrification business which has the same investors as Casper and Warby Parker. Doug has a B.S. in Mathematics and a Minor in Economics from Villanova University.

Personnel Officer Update

SVCE's recruiting efforts are beginning to pay off, with 5 offers extended and accepted since the February Board Meeting. The first hire, a new management analyst on the DPP team, will be introduced at this meeting. From mid-March to early April, SVCE will onboard a new Senior Quantitative Analyst on the Finance & Admin team, new Senior Programs Specialist and Programs Lead on the DPP team, and a new Power Resources Planner on the 4PRO team. Staff has also begun work in earnest on planning for the next quarterly retreat, scheduled for April 13th and 14th.

Website Navigation Update Occurring Mid-March

As part of the Fiscal Year '21 "digital pivot" strategic focus area, SVCE made major updates to the design, content and navigation of its website. Following these updates, SVCE conducted user testing and surveys to evaluate the effectiveness and next steps for the website. Through the testing, SVCE gained insights for improving the navigation and content to create a better customer journey.

These updates are designed to help residential and commercial customers learn more about SVCE and access the education, rebates and resources available to help them utilize their clean energy. For our key stakeholders such as SVCE board members, member agency staff, and policymakers, there will be a newly-created landing page to serve as a hub information with updates that are pertinent to accessing member agency-specific information. Overall, these updates align with FY 22 Strategic Goal 6 of empowering customers with the awareness, knowledge and resources needed to make effective clean energy choices and decisions.

Resource Adequacy Update

At the February 8, 2023, Board meeting, the CEO informed the Board that SVCE would likely face penalties for its inability to meet the California Public Utilities Commission's (CPUC) Resource Adequacy (RA) Program requirements as demonstrated in its year-ahead filing for 2023.

Agenda Item: 3**Agenda Date: 3/8/2023**

As a follow-up, at the February 24, 2023, Executive Committee Meeting, staff provided a primer on the CPUC's RA Program, penalty structure and an assessment of the current state of RA including the factors leading up to what staff believes to be insufficient RA capacity in California. Staff also shared specific factors leading up to SVCE's deficiency including the ineffectiveness of the Central Procurement Entity; erosion of counting capacity related to SVCE's renewable resources; and delays in bringing new resources on-line. Many other load serving entities, including CCAs, faced the same challenges and will be deficient in meeting their 2023 RA Program obligations.

Staff presented possible solutions including the need for regulatory and legislative advocacy in support of a sound RA Program, fair treatment of all load serving entities and an appropriate penalty structure.

The penalty amount for the year-ahead filing has not yet been assessed but is expected in the next month or two. Once the citation is issued, the CPUC is expected to make the information public. In the meantime, staff continues to try to procure capacity to meet remaining 2023 RA obligations.

Bay Area Air Quality Management District (BAAQMD) Appliance Rule Amendments

The Bay Area Air Quality Management District (BAAQMD) is proposing new appliance standards. The rules will protect air quality – while also electrifying buildings. SVCE has submitted a letter of support, has existing programs and programs in development that will assist with rule implementation, and circulated a list of FAQs to all Directors.

CEO Agreements Executed

The following agreements have been executed by the CEO, consistent with the authority delegated by the Board:

- 1) Law Office of Joseph Wiedman, Agreement: Legal Services, not to exceed \$9,600
- 2) Abbot, Stringham & Lynch, Agreement: Green-E Certification, not to exceed \$8,200
- 3) ZappyRide, Amendment: Master Subscription Agreement, not to exceed \$89,570, extends date to February 27, 2024
- 4) The Town of Los Altos Hills, Agreement: Decarbonization Grant Program Agreement, not to exceed \$70,000, ends 12/31/24
- 5) Buro Happold, Agreement: County of Santa Clara, Energy Roadmap for Unincorporated County, not to exceed \$82,754.46

CEO Power Supply Agreements Executed

No agreements to report.

Presentations & Relevant Meetings Attended by CEO

- Participated in CalCCA Monthly board, executive, and legislative meetings;
- CC Power Board Meeting, February 15, 2023 (Alt. Dir. Amrit Singh), report included on the Consent Calendar
- CCCFA Meeting, February 23, 2023 (Alt. Dir. Zak Liske)

ATTACHMENTS

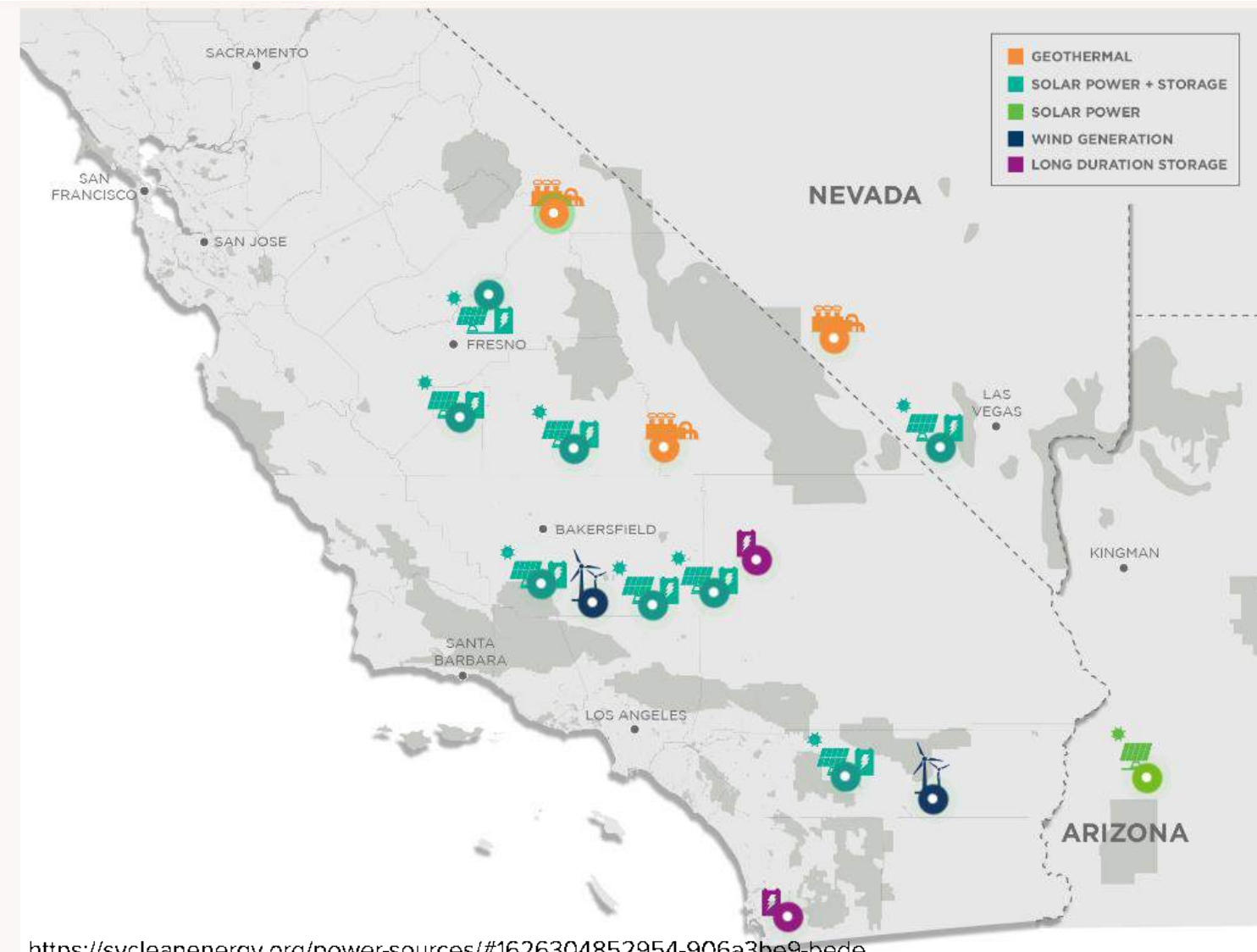
1. Clean Power Update, March 2023
2. Decarb Programs & Policy Update, March 2023
3. Energy Services & Community Relations Update, March 2023
4. Regulatory and Legislative Update, March 2023
5. Agenda Look Ahead, March – July 2023

CEO Report Clean Power Update

SVCE Board Meeting
March 8, 2023



Clean Long-term Power Agreements



- \$1.9B+ in commitments
- 16 PPAs signed
 - 13 new build projects
- 676 MW of Renewable Power
- 151 MW lithium-ion storage paired with 445 MW of Solar PV
- 30 MW of Long-duration storage

6 Projects now delivering to SVCE meeting ~29% of energy needs:

- COSO geothermal - January 2022
- Slate Solar + Storage – January 2022
- Casa Diablo geothermal – September 2022
- Mountain View wind – July 2022
- Rabbitbrush Solar + Storage – October 2022
- Terra-Gen Wind – January 2023



SVCE Long-Term Clean Energy Contracts

	Seller	Project Name	Technology	Generation MW	Storage MW	Approximate % of Annual load in 2025	Term (years)	Lifetime Not to Exceed Authority (MM\$)	SVCE Board Approval	Status
1	MN8	Slate	Solar + Storage	93.0	46.5	6.7%	17	\$198	Oct-18	Online
2	Ormat	Casa Diablo	Geothermal	7.0		1.4%	10	\$43	Feb-20	Online
3	Atlantica	Coso	Geothermal	43.8		9.6%	15	\$331	Mar-20	Online
4	Leeward	Rabbitbrush	Solar + Storage	40.0	8	3.0%	15	\$64	Apr-20	Online
5	NextEra	Yellow Pine	Solar + Storage	50.0	26	4.1%	20	\$128	May-20	Construction
6	Avantus	Aratina	Solar + Storage	80.0	20	6.6%	20	\$174	Jun-20	Pre-construction
7	174 Power Global	Atlas	Solar	50.0	0	3.8%	10	\$27	Jan-21	Pre-construction
8	SB Energy	Angela	Solar + Storage	20.0	10	1.4%	15	\$35	Mar-21	Pre-construction
9	AES	Mountain View	Wind	33.3		3%	20	\$128	Apr-21	Online
10	Origis	San Luis West	Solar + Storage	62.5	15.625	4%	15	\$74	Apr-21	Pre-construction
11	Clearway	Victory Pass	Solar + Storage	100.0	25	8%	15	\$149	May-21	Construction
12	Terra-Gen	Cameron Crest	Wind	77.7		5%	15	\$150	May-21	Online
13	Rev Renewables	Tumbleweed	Long Duration Storage		15.9375	n/a	15	\$100	Feb-22	Pre-construction
14	Onward	Goal Line	Long Duration Storage		14.2	n/a	15	\$100	Mar-22	Pre-construction
15	Ormat	Geothermal Portfolio	Geothermal	16.75		3.3%	20	\$256	Jun-22	Pre-construction
16	OME	Fish Lake	Geothermal	1.82		0.4%	20	\$30	Clean Power Update, March 2023 Jun-22	In-development



Clean Energy Resources On-line Progress as of 2/24/2023

2023 – Q2

- Angela Solar + Storage – **Pre-construction - delayed**
- Aratina Solar + Storage – **Pre-construction – delayed**

2023 – Q3

- Yellow Pine Solar + Storage – **Construction mode - delayed**

2023 – Q4

- San Luis West Solar + Storage - **Pre-construction - delayed**

2024 – Q1

- Victory Pass Solar + Storage – **Construction mode – delayed**

2024 – Q2

- FCR: Fish Lake Geothermal – Pre-construction

2025+

- FCR: Ormat Geothermal - **Pre-construction**
- LDS: Goal Line and Tumbleweed - **Pre-construction**
- Atlas Solar – **Pre-construction - delayed**



Upcoming Projects

Yellow Pine: 50 MW PV, 26 MW BESS

- COD in June/July 2023

Victory Pass: 100 MW PV, 25 MW BESS

- COD in March 2024



Yellow Pine Solar + Storage

THANK YOU!



DECARBONIZATION PROGRAMS AT A GLANCE

[Click for More Information](#)

● Active

● In Development

● Complete

POWER SUPPLY	<ul style="list-style-type: none"> ● C&I Clean Power Offerings
BUILT ENVIRONMENT	<ul style="list-style-type: none"> ● FutureFit Fundamentals ● FutureFit Heat Pump Water Heater ● Permit Simplification Effort ● Resilience at Community Facilities ● Medical Baseline Battery Program ● CRCR Bill Relief ● Reach Codes ● Electric Showcase Awards ● Accessible Financing ● Feasibility Assessment - Natural Gas Phase Out By 2045 ● FutureFit Homes & Buildings ● Existing Building Policy Experimentation ● Regional Coordination ● SV Building Electrification Clearinghouse (SVBEC)
MOBILITY	<ul style="list-style-type: none"> ● CA Electric Vehicle Infrastructure Project (CALeVIP) ● Future Fit Assist ● Multifamily EV Charging Installation Incentive Program ● Priority Zone DCFC ● SV Transportation Electrification Clearinghouse (SVTEC) ● Fleet Electrification Program
GRID INTEGRATION	<ul style="list-style-type: none"> ● GridShift EV Charging ● Lights On Silicon Valley ● Other Virtual Power Plant
EDUCATION & OUTREACH	<ul style="list-style-type: none"> ● Customer Resource Center (eHub) ● Data Hive ● Building Decarbonization Demonstration Grants ● Decarbonization Engagement Grants
INNOVATION	<ul style="list-style-type: none"> ● Innovation Onramp Pilots



DECARBONIZATION PROGRAMS UPDATE

FEBRUARY HIGHLIGHTS



Electric Showcase Awards



SVCE is excited to bring back the Electric Showcase Awards to highlight existing building electrification in homes and businesses in SVCE communities. **Applications are open!** Winners will be recognized for their leadership in the transition to clean, electric appliances and will receive a cash prize. In Spring 2023, SVCE will create case studies of each winner's story to promote the various paths to achieving a future with fossil fuel-free buildings. This is the second version of this program; [the Showcase Awards](#) first ran in 2019 and awarded prizes to 18 local homes and businesses. The deadline for these awards is **March 20th 2023**.

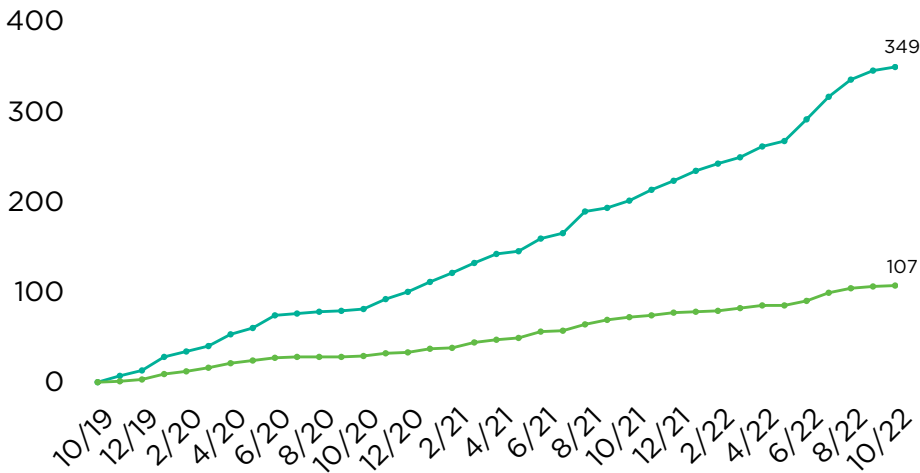
Fast EV Chargers Coming Soon to Multifamily Priority Zones



SVCE is reviewing applications for incentives of up to \$50,000 per DC fast charger installed in high priority zones near dense areas of multifamily housing. The goal of this program is to accelerate electric vehicle adoption by residents of multifamily developments in SVCE territory who may otherwise lack access to on-site EV charging at home. Applications are currently under review and best-fit projects will be selected for funding in early 2023.

Heat Pump Water Heater

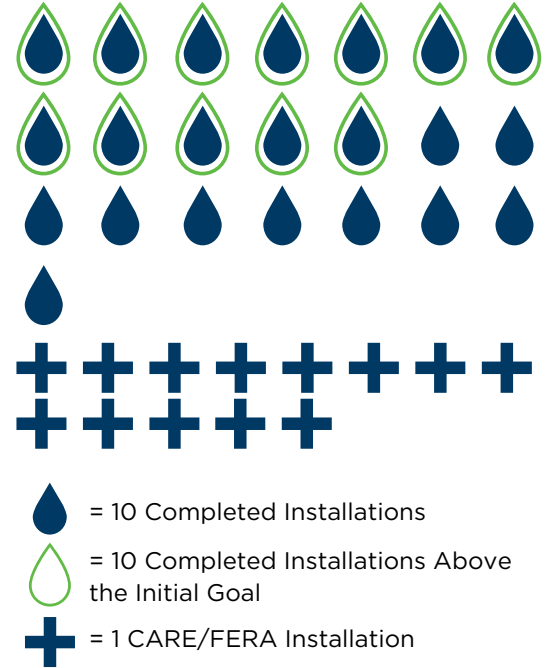
Provide incentives for electric heat pump water heaters and service panel upgrades to residents using gas or electric resistance heaters



- Cumulative HPWH Installations
- Cumulative Service Panel Upgrades

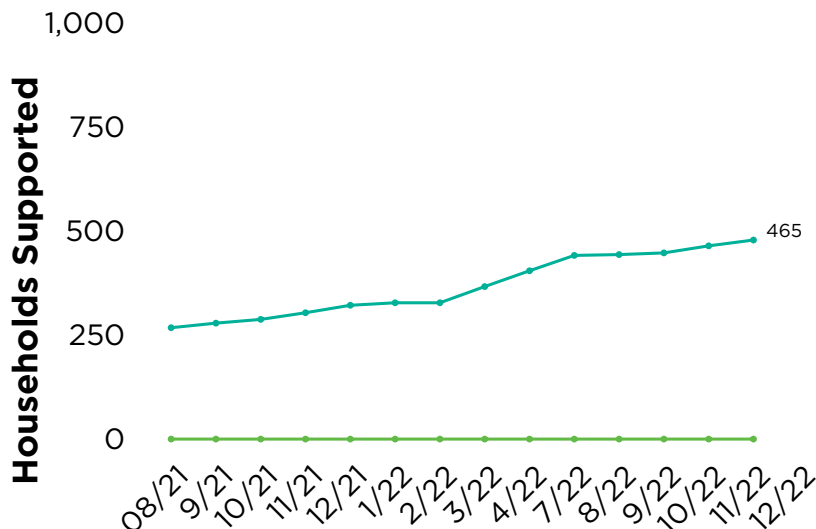
Funding: \$1.15M

Goal: 220 HPWH by 2022



Lights On Silicon Valley

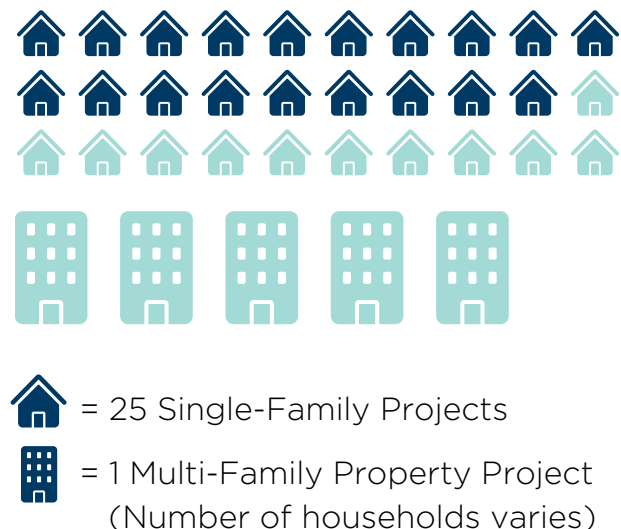
Provide incentives for enrolling solar and battery systems in the SVCE grid services program



- Single-Family
- Multi-Family

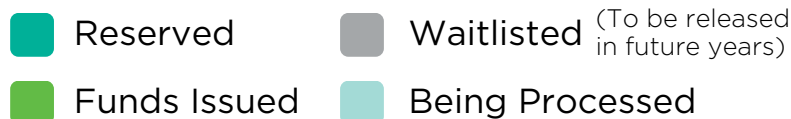
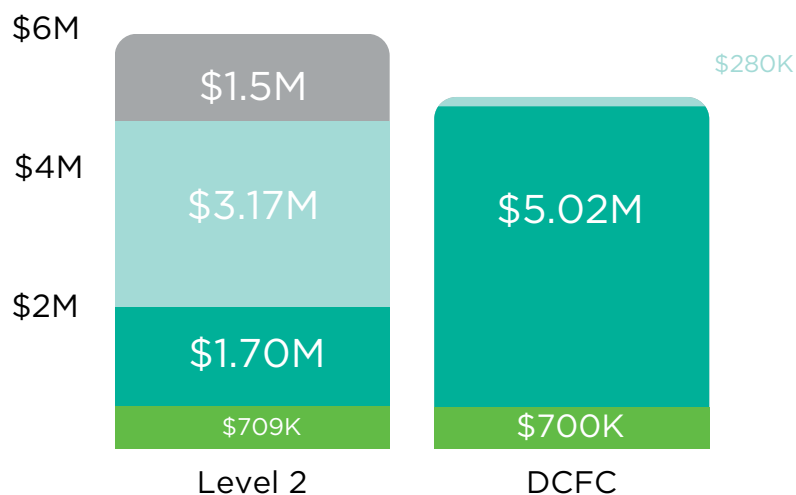
Funding: ≤ \$7.4M

Goal: 750 Single-Family + 5 Multi-Family Projects Completed by 2023



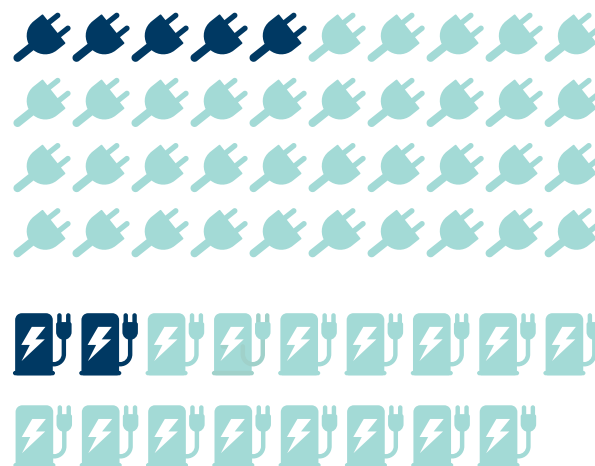
CALeVIP

Provide incentives for electric vehicle (EV) chargers as part of a regional program



Funding: \$11.58M

Goal: 1K Level 2 + 85 DC Fast Chargers by 2023

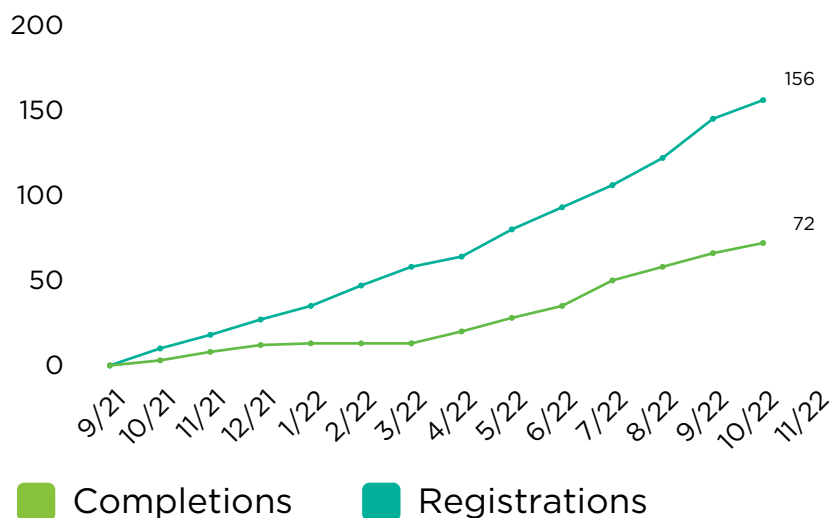


= 25 Level 2 Installations

= 5 DCFC Installations

FutureFit Fundamentals

Provide financial relief to contractors by expanding their knowledge of electrification technologies



Completions Registrations

Funding: \$1.5M

Goal: 150 Participants Complete the Course (Phase 1)



= 5 Participants Complete Course

1. Outreach Events & Sponsorships

Date	Sponsorship	Location
3/15/2023	The Climate Center: Building Electrification- Stories from the Home Front 10 a.m. – 11 a.m. <i>Webinar Series Sponsor</i>	Virtual
3/16/2023	Silicon Valley Central Chamber: State of our Cities 11:30am- 1:00pm <i>Event Sponsor</i>	Embassy Suites Milpitas 901 East Calaveras Boulevard Milpitas, CA 95035
3/18/2023	2nd Annual Environmental Literacy Summit hosted by the Santa Clara County Office of Education 9:00 a.m. – 3:00 p.m. <i>Event sponsor, tabling and workshop</i>	Santa Clara County Office of Education 1290 Ridder Park Drive San Jose, CA 95131
3/23/2023	Acterra Promise to Our Planet 5:00 – 7:00 p.m. <i>Event Sponsor</i>	Virtual

2. Customer Participation

	Participation Rate	Overall Participation Rate
Residential	96.35%	96.38%
Commercial	96.72%	

3. Member Agency Working Group – February Update

The recent MAWG meeting was held virtually on February 20, 2023 and was attended by 7 different agencies and organizations with a total of 28 participants.

The following agenda items were presented and discussed:

- Member Agency Roundtable Check-In
- 2021 Greenhouse Gas Emission Inventory
- All-Electric Showcase Awards - Applications Open!
- Recap of CPUC's Electrification of Mobile Homes Presentation
- Decarbonization Demonstration & Engagement Grant Program Update
- March MAWG Meeting - Replaced with In-Person Meeting

4. 2022 Community Impact Reports

Published in February 2023

Impact Reports were emailed to:

- City Managers/County Executive
- City Councils/Supervisors
- Residential & small/medium business customers



58% email open rate

Reports can be found online at

www.svcleanenergy.org/community-impact



Dear City of Saratoga Residents and Businesses,

We are pleased to share the impact our community made in 2022 by using clean electricity. Silicon Valley Clean Energy (SVCE) is the community choice energy provider for Saratoga, supplying our power exclusively from renewable and carbon-free sources at competitive rates since 2017. Below you will find a summary of financial and emissions savings, available offers and services, and information on where your power comes from.

Saratoga's Energy Results - Clean, Reliable, Affordable

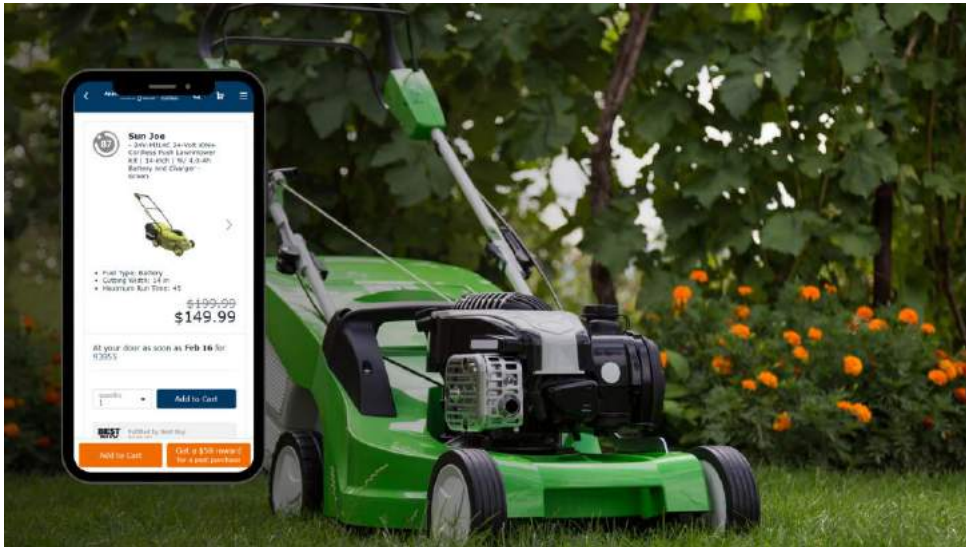


82% reduction in electricity-related emissions (**9,247,000 pounds** greenhouse gas emissions avoided)



\$195,000 in on-bill savings for Saratoga customers (**\$2,541,000** since launch)

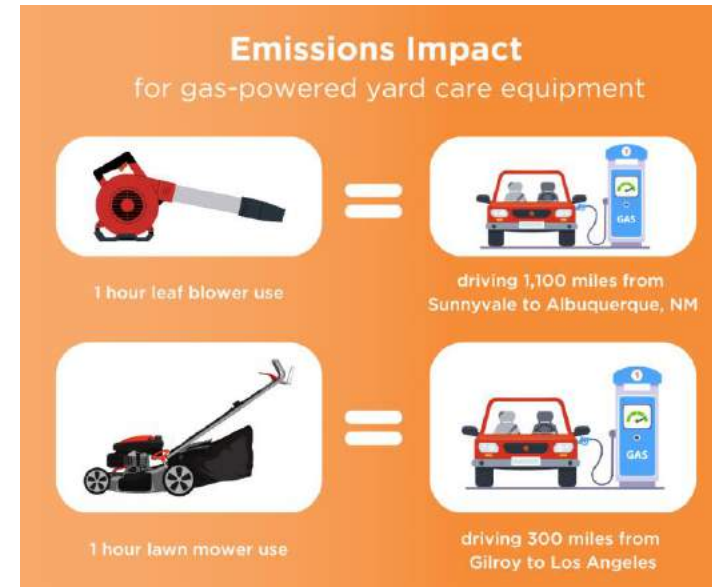
5. All-Electric Yard Care Promotion



Launched Feb. 10, and closes May 31

Purpose of Promotion: \$50 off electric lawn mowers and leaf blowers through the Appliances Assistant

Ways to Claim Rebate: (1) Instant \$50 reward on the Appliances Assistant. (2) Claim \$50 reward for past purchases on the Appliances Assistant



Promotion Goals



250 Lawn Mowers



250 Leaf Blowers

6. Press & Media

Press

[Silicon Valley Clean Energy Enters Into Second Prepayment Transaction](#), *Press Release*, 02-07-23

[Building Code Enhancements Passed to Encourage Healthy, Safe Homes and Businesses](#), *Press Release*, 02-14-23

[CA Wind Powers Silicon Valley Clean Energy Communities](#), *Press Release*, 02-21-23

Media

[Energy efficiency rewards](#), *The Mercury News (Los Gatos)*, 02-19-23

[California Community Power appoints Alex Morris as new general manager](#), *Public CEO*, 02-16-23

[Meet the family company turning recycled steel into custom-built homes](#), *The Almanac*, 02-06-23

[San Carlos cooling on electrification](#), *San Mateo Daily Journal*, 01-30-23

SVCE Legislative and Regulatory Update

March 8, 2023



Policy Updates

Regulatory Update:

1. Resource Adequacy
2. Integrated Resource Planning

Legislative Update:

1. Key legislation



Regulatory Update



Key Regulatory Proceedings

Proceeding	Purpose	Status
Resource Adequacy (RA)	Oversee the Resource Adequacy program, consider reforms to the program, and establish resource adequacy procurement obligations	On February 24th, stakeholders filed comments in the Resource Adequacy proceeding in response to Energy Division proposals to refine and adjust the Resource Adequacy program. The proposals encompassed a variety of topics ranging from the planning reserve margin in 2024, the program's penalty structure, and import rules to whether community choice aggregators should be prohibited from serving new customer load if they have been non-compliant with their past resource adequacy obligations. Both CalCCA and SVCE filed comments on the proposals and are reviewing other stakeholder's comments. A final decision on the program refinements is expected at the end of Q2 2023.
Integrated Resource Planning (IRP)	Evaluate electric system needs and plan for electric sector greenhouse gas emissions reductions	On February 23rd, the CPUC adopted a decision that orders load-serving entities to procure 4,000 MW of incremental capacity to contribute to system reliability. SVCE's procurement obligation is 40 MW of incremental capacity by 2026 and another 40 MW of incremental capacity by 2027, totaling 80 MW. This is the third procurement order issued in the Integrated Resource Planning proceeding and brings the total amount of new procurement ordered in a little over 3 years to 18,800 MW, a historical amount. The 4,000 MW order was adopted in order to meet increased demand from an increase in forecasted load, climate change impacts, and resource retirements.



Legislative Update



2023 Key Legislation

Bill introduction deadline 2/17. Staff is reviewing bills. Here are some highlights:

Bill	Summary
AB 538 (Holden)	Directs CAISO to present a governing plan to the CEC on regionalization.
SB 410 (Becker)	Requires IOUs to provide data to the CPUC on response time to provide upgraded electrical service for building electrification, EV charger, or solar installations.
AB 643 (Berman)	Requires CPUC to submit report to legislature with information on interconnection timelines for customer-sited energy generation/storage resources.
SB 411 (Portantino), AB 557 (Hart), and SB 537 (Becker)	Would make changes to the Brown Act to allow more flexibility in remote Board participation.



Key State Legislative Milestones

- ~~January 4—Legislature Reconvenes~~
- ~~February 17—Last day for bills to be introduced~~
- April 28 – Last day for policy committees to vote on fiscal bills
- May 5 – Last day for policy committees to vote on non-fiscal bills
- May 19– Last day for fiscal committees to hear bills introduced in that house
- June 2 – Last day for each house to pass bills introduced in that house
- June 15– Budget bill must pass by midnight
- July 14– Last day for policy committees to vote on bills
- September 1– Last day for fiscal committees to vote on bills
- September 14– Last day for each house to pass bills
- October 14– Last day for Governor to sign bills

MARCH 2023	APRIL 2023	MAY 2023	June 2023	July 2023
Board of Directors, March 8 	Board of Directors, April 12: Consent: Minutes February 2023 Treasurer Report Committee Reports Regular Calendar: Insurance Coverage	Board of Directors, May 10: Consent: Minutes March 2023 Treasurer Report Committee Reports Regular Calendar: Hedging Analysis	Board of Directors, June 14: Consent: Minutes April 2023 Treasurer Report Committee Reports Regular Calendar: Stress Test Analysis Strategic Plan Update	Board of Directors, Cancelled
Executive Committee, March 24: Insurance Coverage Program Snapshots	Executive Committee, April 28: Hedging Analysis	Executive Committee, May 26: Stress Test Analysis Intro to 2024 Strategic Plan	Executive Committee, June 23: FY Budget Framework	Executive Committee, Cancelled

Staff Report – Item 4

Item 4: Adopt Resolution Approving the Mid-Year 2022-23 Adjusted Operating Budget

From: Girish Balachandran, CEO

Prepared by: Amrit Singh, CFO and Director of Administrative Services
Kevin Armstrong, Deputy Director of Administrative Services

Date: 3/8/2023

RECOMMENDATION

Staff recommends that the Board of Directors adopt resolution 2023-04, approving the Mid-year 2022 -23 (MY 2023)¹ Adjusted Operating Budget that projects depositing \$73.4 million into the reserves.

Finance and Administration Committee Review

Staff presented the proposed MY 2023 Adjusted Operating Budget to the Finance and Administration Committee at its February 27th meeting. The Committee reviewed the budget and asked clarifying questions, including the drivers of the recent power market price volatility, the adequacy of SVCE's financial reserves, and tradeoffs in rate design considerations such as setting customer discount levels, funding reserves, and additional expenditures on decarbonization programs. After the discussion with staff, the Committee unanimously recommended that the Board of Directors approve the MY 2023 Adjusted Operating Budget.

BACKGROUND

The Board of Directors adopted the Annual Budget for the Fiscal Year 2022-23 (FY 2023) at the September 14th, 2022, meeting. At Mid-Year, Staff is adjusting the budget to update the energy supply expenses using the latest market price data and portfolio positions, update the revenues to reflect the rate changes that went into effect starting January 2023, account for the December Board of Directors' decision to increase funding for decarbonization programs, and update other minor changes in operating expenses and projected investment income.

In adopting the FY 2023 budget at the September 2022 Board meeting, the Board of Directors voted to maintain the 1% customer discount rate until the CPUC sets the new Power Charge Indifference Adjustment (PCIA) and PG&E Generation rates, expected to take effect in January 2023. To set the budget, the Board adopted an effective discount of 3% starting January 2023. The 3 percent effective discount rate comprised a 2 percent overall discount relative to comparable PG&E Generation rates for all customers and an additional 1 percent converted to dollar bill credits to the CARE and FERA customers, which amounted to \$3.6 million or about \$100 bill credit (~\$12.50 a month for eight months). The Board of Directors also agreed to revisit the customer discount level in December 2022 when there would be more certainty on final PCIA and PG&E Generation rates.

Based on better-than-expected SVCE margin projections in December 2022, the Board agreed to increase the overall customer discount rate from the budgeted amount of 2 percent to 4 percent and to further fund the Decarbonization Programs by directing \$9.5 million to fund a new electrification discount rate and another \$9.5 million to expand the low-income multifamily direct-install program.

¹ The fiscal year 2022-23 started on October 1, 2022 and ends on September 30, 2023.

Agenda Item: 4**Agenda Date: 3/8/2023****ANALYSIS & DISCUSSION**

The MY 23 Adjusted Operating Budget is balanced and presents Silicon Valley Clean Energy (SVCE) in stable financial condition.

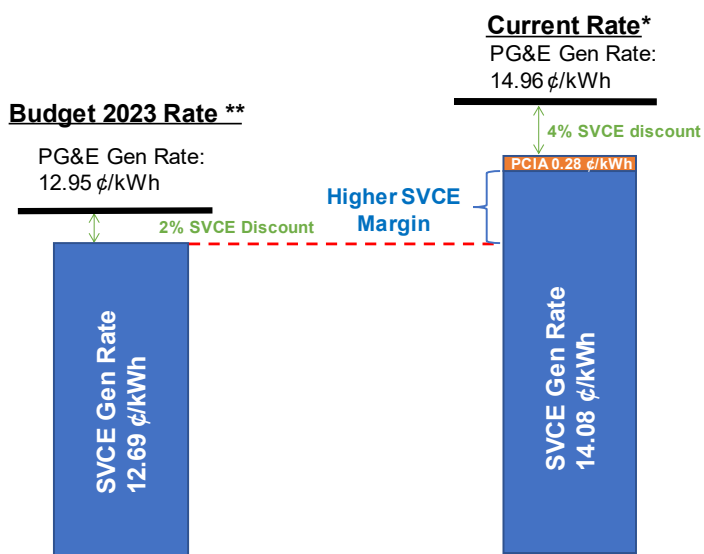
The projected balance available for reserves of \$73.4 million is a decrease of \$42.1 million from the \$115.5 million presented in the FY 23 Budget. The Board of Directors' approval to increase the customer discount rate from 2% to 4% accounts for about \$10 Million of the \$42.1 million variance. The Board's approval to fund an additional \$19.0 million in Decarbonization Programs spending contributes to another source of the variance. The rally in commodity prices (energy, renewable energy credits, and resource adequacy) since adopting the annual budget accounts for a significant portion of the remaining variance. Increased revenues from higher SVCE rates, increased projected investment income, and a slight reduction in other operating expenses partially offset the declines.

The table below illustrates the \$42 million reduction:

December Board Approvals	
Additional 2% Customer Discount	\$10
Increased Program Spending	\$19
Increased Energy Expenses	\$67
Increase Revenues	-\$50
Increase Investment Income	-\$3
Reduction in Other Operating Expenses	-\$1
	\$42

Energy Revenues

The proposed budget shows an increase in revenues of \$40 million compared to the FY 23 budget after the adjustment for additional customer discounts. SVCE's margins improved relative to the FY 23 budget assumptions primarily because the CPUC adopted higher PG&E generation rates. PG&E generation rates are 15.5% higher than those assumed at budget. While PCIA came in higher than forecasted, the overall margins improved by about 11 percent, as shown in the illustration below.



* Source: PG&E 2023 Average Rate, effective January 1, 2023 (Weighted for SVCE Portfolio Load)

***Using NewGen Model with 7/16/2022 Forward Curves and 10% haircut (Weighted for SVCE Portfolio Load)

Above margin analyses ignores minor reductions for franchise fees (0.00 ¢/kWh)

Agenda Item: 4**Agenda Date: 3/8/2023**Power Supply Expenses

Due to increasingly volatile market prices, power supply expenses are expected to increase to \$392.4 million. The October to December 2022 actuals came in about \$14 million higher than the Annual Budget due to increased market prices and higher CAISO charges. The actuals for January 2023 are also expected to be higher than budgeted due to extremely high natural gas prices. In addition, the costs for non-RPS, carbon-free attributes, and RPS products are expected to remain high due to the low supplies. Changing resource adequacy (RA) requirements and insufficient available supply in the RA market have resulted in high RA prices and compliance costs. While long-term PPAs continuing to come online place downward pressure on SVCE's power supply costs, potential delays in their operational starts and negotiations subject SVCE to additional energy, RPS, and RA volumes at high market prices.

Operating Expenses

Due to ongoing personnel vacancies, budgeted operating expenses are slightly lower than the adopted budget by about \$740,000. While staff has been engaged in a concerted hiring effort since late 2022, fourteen full-time positions remain vacant, reducing personnel expenses relative to the FY22-23 budget.

Beyond personnel, other operating expenses are unchanged in the adjusted MY22-23 budget. Spending on professional services, marketing, and general & administrative categories remain well within the levels set in the FY 23 budget, and no changes are requested.

Programs Budget

SVCE will continue incorporating projected Decarbonization Programs spending over the 5-year forecast into the reserve balance projections. This includes remaining CRCR funds (expected to be drawn down by the end of FY23-24) and the double-down program allocation from FY21-22 (expected to be drawn down by FY24-25). For this coming fiscal year, program spending is projected to be \$11.5 million, with an additional \$2.8 million in CRCR spending. In addition to previously allocated funds, the MY 2023 budget includes the \$19 million from the Board's December electrification rate decision, which provided funds for electrification discounts and a low-income multi-family direct-install program.

Non-Operating Revenues

The Board adopted a new investment policy in October 2022, and staff began implementing investment changes shortly after. SVCE established an account with the California Asset Management Program (CAMP) and set up an Insured Cash Sweep (ICS) account, each earning well above the ~0.2% interest previously earned in a Money Market Account. As a result, non-operating revenues for the first four months of FY22-23 were \$835,000 higher and are projected to total \$3.9 million for the fiscal year. This increase reflects a conservative estimate of investment earnings; earnings will likely be higher given the sustained high-interest rate environment.

STRATEGIC PLAN

The recommendation supports all goals of the Board adopted Strategic Plan. Specifically, the recommendations strongly support Goal 15 - "Commit to maintaining a strong financial position" and the accompanying Measure, "Present balanced budget that achieves cash reserve targets, weighs tradeoffs between customer value proposition and contribution to reserves and maintains competitive rates."

ALTERNATIVE

Staff is open to feedback and suggestions from the Board. At a strategic level, the Board can change the discount to PG&E, reduce the carbon-free percent of the power supply portfolio, reduce the renewable percent of the power supply portfolio, and cut the expenditure of the Decarbonization Programs.

Staff does not recommend any specific reductions given a sufficient projected reserve balance that maintains SVCE's stable financial condition.

Agenda Item: 4**Agenda Date: 3/8/2023**

FISCAL IMPACT

The MY 2023 Adjusted Operating Budget includes \$523.95 million in revenues and \$450.6 million in expenses, non-operating revenues, and transfers, resulting in a contribution to reserves of \$73.4 million.

ATTACHMENTS

1. MY 2022-23 Adjusted Operating Budget
2. Resolution 2023-04, Adopting the Mid-Year 2022-23 Adjusted Operating Budget

**SILICON VALLEY CLEAN ENERGY
MY 2022-23 OPERATING BUDGET
(\$ in thousands)**

DESCRIPTION	FY 2022-23 APPROVED BUDGET	MY 2022-23 ADJUSTED BUDGET	Adjustment / Change	
			\$	%
ENERGY REVENUES				
Energy Sales	482,930	522,853	39,923	8.3%
Green Prime	931	1,055	124	13.4%
Other Income	50	50	0	0.0%
TOTAL ENERGY REVENUES	<u>483,910</u>	<u>523,958</u>	<u>40,048</u>	<u>8.3%</u>
ENERGY EXPENSES				
Power Supply	325,296	392,436	67,140	20.6%
OPERATING MARGIN	<u>158,564</u>	<u>131,522</u>	<u>(27,042)</u>	<u>-17.1%</u>
OPERATING EXPENSES				
Data Management	3,413	3,413	0	0.0%
PG&E Fees	1,470	1,470	0	0.0%
Salaries and Retirement	12,024	11,285	(740)	-6.2%
Professional Services	8,016	8,016	0	0.0%
Marketing & Promotions	862	862	0	0.0%
Notifications	131	131	0	0.0%
Lease	525	525	0	0.0%
General & Administrative	1,857	1,857	0	0.0%
TOTAL OPERATING EXPENSES	<u>28,299</u>	<u>27,559</u>	<u>(740)</u>	<u>-2.6%</u>
OPERATING INCOME (LOSS)	<u>130,265</u>	<u>103,963</u>	<u>(26,302)</u>	<u>-20.2%</u>
NON-OPERATING REVENUES				
Interest Income	592	3,870	3,279	554.1%
Grant Income	0	0	0	-
TOTAL NON-OPERATING REVENUES	<u>592</u>	<u>3,870</u>	<u>3,278</u>	<u>553.8%</u>
NON-OPERATING EXPENSES				
Financing	3	3	0	0.0%
Interest	0	0	0	-
TOTAL NON-OPERATING EXPENSES	<u>3</u>	<u>3</u>	<u>0</u>	<u>0.0%</u>
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>639</u>	<u>3,867</u>	<u>3,229</u>	<u>505.5%</u>
CHANGE IN NET POSITION	<u>130,904</u>	<u>107,830</u>	<u>(23,074)</u>	<u>-17.6%</u>
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Capital Outlay	200	200	0	0.0%
Transfer to CRCR Fund	0	0	0	-
Transfer to Program Fund	9,765	9,765	0	0.0%
Nuclear Allocation	1,900	1,900	0	0.0%
Multi Family Direct Install Program	0	9,500	9,500	-
Electrification Discount Program	0	9,500	9,500	-
Customer Bill Relief	3,600	3,600	0	0.0%
Other	0	0	0	-
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	<u>\$15,465</u>	<u>\$34,465</u>	<u>\$19,000</u>	<u>122.9%</u>
BALANCE AVAILABLE FOR RESERVES	<u>\$115,439</u>	<u>\$73,365</u>	<u>(\$42,074)</u>	<u>-36.4%</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY RESOLUTION

NO. 2023-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY TO APPROVE THE MID-YEAR 2022-2023 ADJUSTED BUDGET FOR SILICON VALLEY CLEAN ENERGY

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016, pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, the Authority operates on a fiscal year budget cycle from October 1st through September 30th;

WHEREAS, a mid-year adjusted version of the Authority’s budget for each fiscal year is generally presented to the Board of Directors at the midpoint of the fiscal year in March;

WHEREAS, staff has incorporated direction from recent Board discussions around rates, programs, and customer relief and has prepared an adjusted budget, set forth in Exhibit A (the “Adjusted Budget”);

NOW THEREFORE, the Board of Directors of the Silicon Valley Clean Energy Authority does hereby resolve that:

1. The foregoing recitals are true and correct.
2. The Board of Directors hereby approves and adopts the Adjusted Budget, as set forth in Exhibit A, as the Authority’s fiscal year 2022-2023 budget.

PASSED AND ADOPTED this 8th day of March, 2022, by the following vote:

JURISDICTION	NAME	AYE	NO	ABSTAIN	ABSENT
City of Campbell	Director Scozzola				
City of Cupertino	Director Mohan				
City of Gilroy	Director Hilton				
City of Los Altos	Director Meadows				
Town of Los Altos Hills	Director Tyson				
Town of Los Gatos	Director Rennie				
City of Milpitas	Director Chua				
City of Monte Sereno	Director Mekechuk				
City of Morgan Hill	Director Martinez Beltran				

City of Mountain View	Director Abe-Koga				
County of Santa Clara	Director Lee				
City of Saratoga	Director Walia				
City of Sunnyvale	Director Klein				

Chair

ATTEST:

Andrea Pizano, Board Secretary