
2025 Clean Power Supply Recommendation for GreenStart

Board of Directors Meeting
June 12, 2024



What we will discuss today

- Background
- SVCE Product offering for 2024
- Board directive for 2024 procurement of carbon free resources
- Continued challenges with carbon-free energy procurement for 2025
- SVCE's Total Portfolio and Incremental Costs
- Options for GreenStart
- Request to support recommendation to the Board to relax the 100% Carbon-free target for 2025

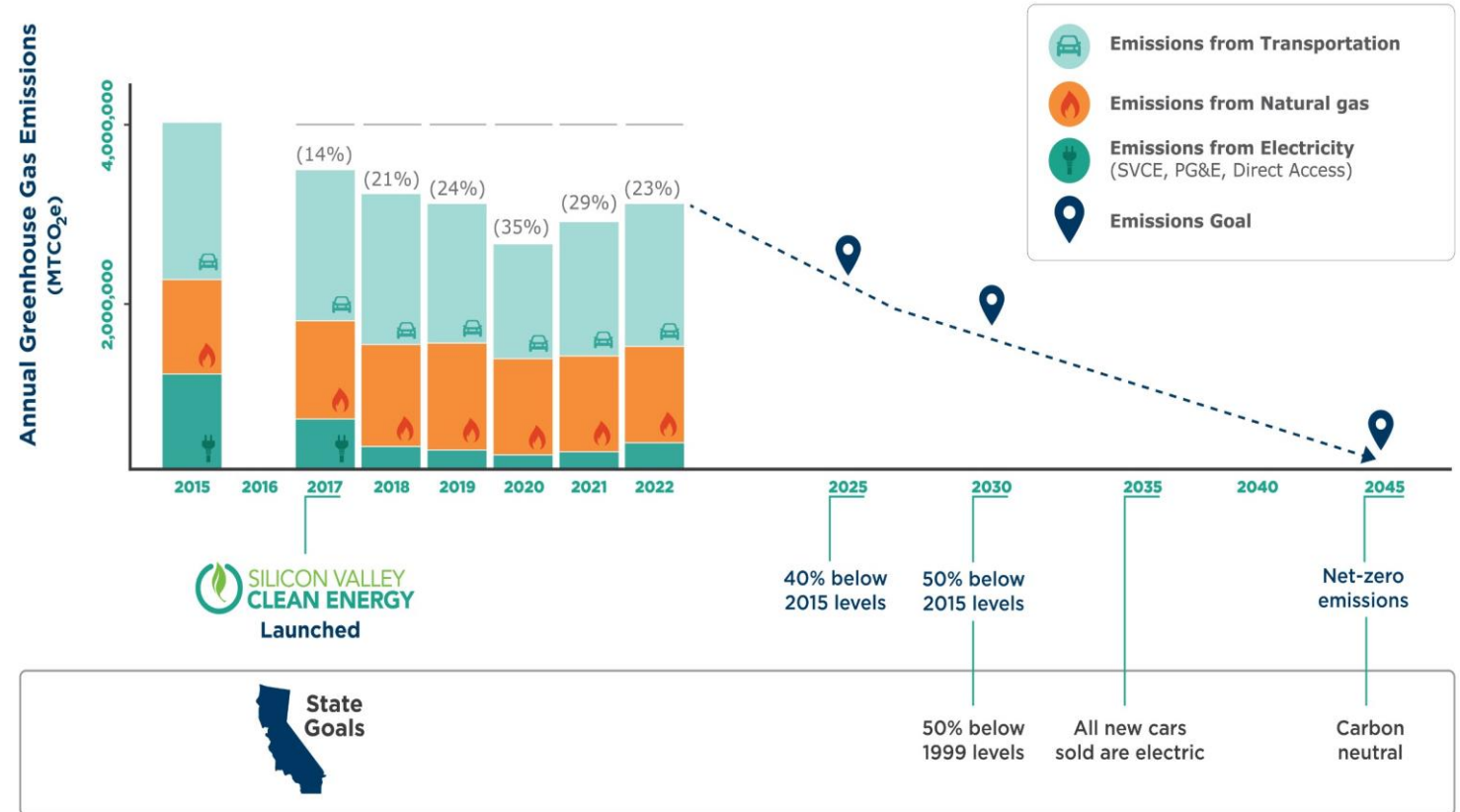


Ambitious GHG reduction Goals

SVCE's Mission: Reduce dependence on fossil fuels by providing carbon-free, affordable, and reliable electricity and innovative programs for the SVCE community.

SVCE Value Proposition is two-fold.

1. Meet and exceed California's ambitious GHG gas reduction goals for its customers by "greening" the grid.
2. Provide "innovative programs" to help to reduce SVCE's customers carbon footprint



Much of SVCE's ability to reduce emissions are a direct result of SVCE's clean power supply.



SVCE Product Offerings 2024



GreenStart



GreenPrime

Clean Energy Standard	78-85% Clean Energy measured annually	100% Renewable Energy or RPS measured annually
Product Content	RPS above California's RPS or ~50% via Power Purchase Agreements (PPA) and Short-term PCC1 RECs + Balance from Carbon/GHG-free non-RPS resources	100% RPS via PPA and Short-term PCC1 RECs. PCC3 RECs only used if necessary to meet increased participation requirements.
Eligible Resources	RPS: CEC defined, solar, geothermal, biomass, small hydro, and wind Carbon-free: Large Hydro and nuclear allocations	Portfolio PCC1 RECs.
Rate	Set at discount to PG&E	GreenStart rate + \$0.015 premium
Customers	90-95% of retail load	5% of retail load
Emissions	Low to zero	zero

GreenPrime Direct – Available to only certain commercial industrial customers



Board Directive for 2024

SVCE Board relaxed GreenStart Clean target for 2024 due to lack of supply.

Parameters:

1. Continue to seek carbon-free resources within budget parameters for calendar year 2024
2. Approve the procurement of nuclear carbon-free resources, provided:
 1. Allocations from PG&E are not available
 2. Sufficient volume is available to achieve 100% Clean below budget
3. If carbon-free resources are not available within budget, adjust 100% Clean goal for 2024 to current position of ~78% Clean

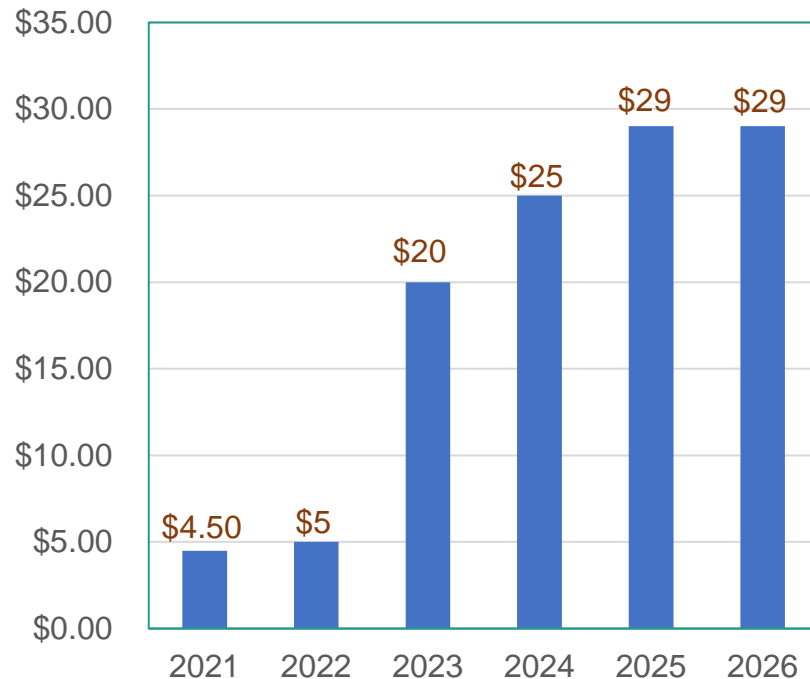
Staff was not able to procure sufficient carbon-free resources for 2024 to achieve 100% Clean. Latest estimate for 2024 is 80% Clean.



Procuring Clean Energy is a Challenge for 2025

Carbon Free Prices are High

Change in CF Market Prices
(2021 – 2026)



Demand for Carbon Free has increased substantially!

History of the Carbon Free Market at SVCE

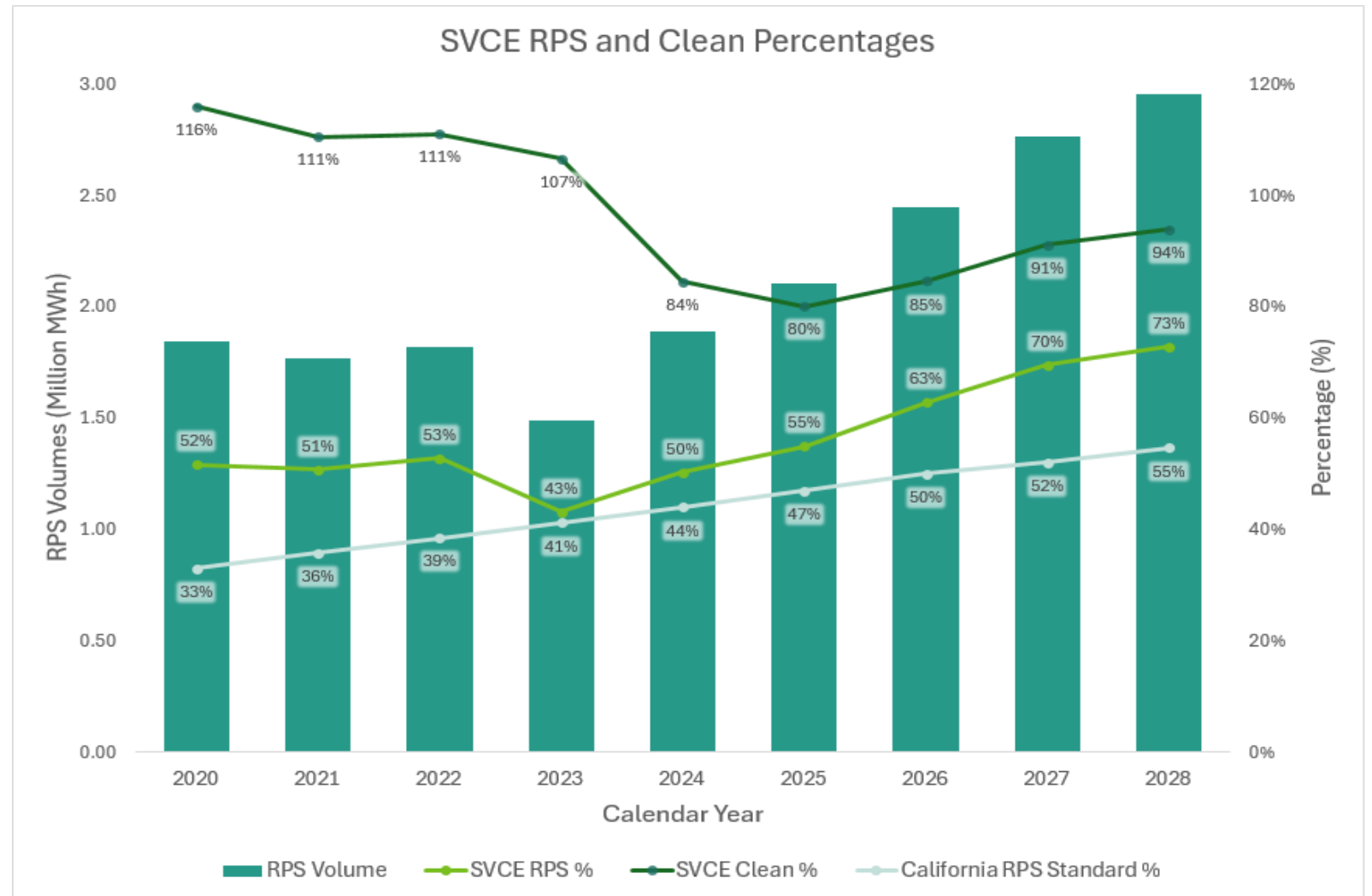
- 1** The first transactions that SVCE did for carbon free attributes were for less than \$2
Historically marketers in the PNW would flow power to California
- 2** These costs have increased as demand has grown
Post Covid years provided some respite but in 2023 prices shot up as available supply has diminished
- 3** Electricity demand has grown in the PNW the fastest rate in decades
Electricity demand in the PNW is expected to increase by 2.5% annually throughout the next decade, driven by industry
- 4** A recent Request for Offers showed limited offers for Carbon Free in 2025 and 2026
This implies that closing the current Net Open Position is unlikely



SVCE Clean Percentages

SVCE has a high clean percentage, due to the large amount of renewable generation procured. However, it takes time for those projects to come online. Project delays have impacted SVCEs overall progress.

Looking forward SVCE has a very strong portfolio with a total expected clean percentage approaching 95% in 2028.





2025 Incremental Cost of Carbon Free

80% of retail sales are projected to be met with Clean Energy (RPS and Non-RPS).

For 2025, RPS mandate is 50% 2025 (SB100). This implies SVCE has at least 30 percent of clean above the minimum required level.

Incrementally each 5 percent tranche of clean would cost ~\$6 million to procure (assuming prices remain constant) and supply is available.

Portfolio Percentage Clean	Cost for each additional Tranche of clean (\$/m)	Aprox. PCL Emmission Intensity (Lbs/CO2)	Metric Tonnes of Carbon
50%	(36) M	472	861,609
80%	0 M	248	452,710
85%	6 M	211	385,168
90%	12 M	164	299,373
95%	18 M	117	213,577
100%	24 M	64	116,828
106%	31 M	60	109,527

The estimated incremental cost to close the 2025 Clean position, assuming supplies are available and at modeled prices, is \$24 million.



Green Start Bookend Alternatives

	Option #1 Current Policy	Option #2 No Additional Purchases
Description	Maintain 100% Carbon Free for 2025 – assumes SVCE can purchase additional CF resources	a) Relax the 100 percent clean target to reflect current portfolio clean position and market conditions; and b) Authorize the Chief Executive Office to procure nuclear, carbon-free, attributes.
Expected Reportable Emissions on Power Content Label	~74 lbs of Co2*	~248 lbs of Co2, includes some grid emissions
Benefits	<ul style="list-style-type: none">• Low emissions• Maintains SVCE’s historic product offering	<ul style="list-style-type: none">• Avoided cost of ~\$24 million in 2025
Drawbacks	<ul style="list-style-type: none">• Unlikely to be possible• Expensive• No additional emissions reductions for grid	<ul style="list-style-type: none">• Could impact member agencies Climate Action Plans

* Reflects emissions from the COSO facility, which will change by 2028

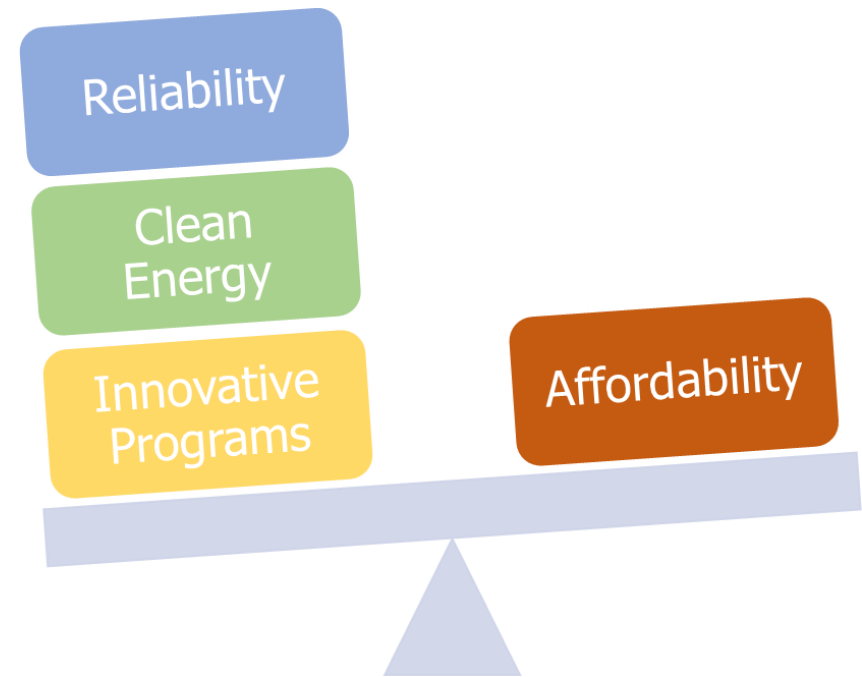


Clean Energy Pathways



SVCE's mission is durable. Shifting market and policy conditions will necessitate a deeper look at how SVCE balances "clean", "affordable" and "innovative programs".

- Clean Energy Pathways will evaluate:
 - How to meet SB100 Clean mandate (100% carbon free retail sales by 2045) and interim targets
 - Clean targets and metrics beyond mandates – Example: 24/7 carbon-free at different hourly levels (90%, 95% and 100%); 100% clean annually and what percent from RPS.
 - Shift focus to incremental clean projects including local generation
- Assess need for a Carbon abatement policy to achieve sustainable reductions from supply and programs
- Programs to expedite the energy transition
- ***Alignment and/or enhancements to clean product offerings***





Green Start: Next Steps

Ability to achieve 100% Clean target through short-term procurement and/or allocations will continue to be a challenge

- Evaluate avoided cost savings from 2024 and 2025
- Clean Energy Pathways assessment is expected to come to the Executive Committee and/or Board in August/September 2024
- Come to board in November/December 2024 with Staff recommendation of GreenPrime for 2025
- Re-assess GreenStart and GreenPrime holistically with consideration for findings from the above analyses
- Evaluate other “clean” products such as Asset-Controlling Supplier (ACS) power and GHG offsets



Request of Board of Directors

Staff recommends the Board of Directors approve changes to Silicon Valley Clean Energy's (SVCE) standard retail rate product, GreenStart, for 2025 as follows:

- 1.** Relax the 100 percent clean target to reflect current portfolio clean position and market conditions; and
- 2.** Authorize the Chief Executive Office to procure nuclear, carbon-free, attributes.

Option 2, Slide 9



Questions & Discussion



- CARB: California Air Resources Board is the California agency charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.
- Cap and Trade Auction: The Cap-and-Trade Regulation establishes a declining limit on major sources of GHG emissions throughout California, and it creates a powerful economic incentive for significant investment in cleaner, more efficient technologies.
- PCC1 RECs: Portfolio Content Category 1 (PCC1) Renewable Energy Certificates (RECs) resource with a first point of interconnection within a California balancing authority. Allows for some firm imports to also be counted. PCC 1 RECs are the most valuable.
- PCC2 RECs: imported from outside of California allows for firming and shaping of energy which may have reportable emissions associated with energy.
- PCC3 RECs: energy and RECs are completely unbundled and emissions from energy are reported based on system emission factor.

Stress Test Analyses

Amrit Singh
Board of Directors
June 12, 2024

Purpose

Present findings of the stress test analyses

Presentation Highlights

- Recap of ERM Framework
- Construction of Stress Tests
 - 5-yr Financial Stress Test
 - Long-Term Load Uncertainty
- Financial Stress Tests and Implied Reserve Targets
- Portfolio and Risk Management with Load Growth Uncertainty
- Next Steps





Recap of the ERM Framework

Comprehensive organization-wide assessment of risks

Optimally manage enterprise risks to achieve the organization’s mission and goals.

1. Risk Register

- Record of organization’s risks
- Lists current and additional risk mitigations
- Identifies a risk owner

2. Risk Matrix

- Assess the likelihood and consequence of risk
- Calibrate risks
- Identify risk tolerance levels

3. Stress Tests

- An essential component of ERM
- Model scenarios of interrelated risks that are extreme but plausible
- Important for commodity trading portfolios because of the inherent weakness of market risk measures in assessing black swans, such as disruptions in markets

		Impact/Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Frequency/Likelihood		Risk Easily Mitigated through Day-to-Day Operations	Risk is Manageable/Low Impact on Mission	Moderate Erosion of Reserves/Impact on Mission	Significant Erosion of Reserves/Impact on Mission	Risk of Existence
Certain	>90% chance	High (1)	High (2)	Extreme (3)	Extreme (4)	Extreme (5)
Likely	50%- 90% Chance	Moderate (6)	High (7)	High (8)	Extreme (9)	Extreme (10)
Moderate	10%- 50% Chance	Low (11)	Moderate (12)	High (13)	Extreme (14)	Extreme (15)
Unlikely but Plausible	5%-10% Chance	Low (16)	Low (17)	Moderate (18)	High (19)	Extreme (20)
Rare	<=5% Chance	Low (21)	Low (22)	Moderate (23)	High (24)	High (25)

Additional review slides are in the appendix (28-30).



Past Stress Test Learnings

- Examined both increases and decreases in market prices for energy
- Among them, the price collapse scenario was the most consequential
- **Price collapse scenario remains one of the most significant financial risks in the near term**

First Set of Stress Tests

Stress Scenarios for CY 2023 to CY2027 (five-year horizon):

1. Significant drop in energy prices including REC
 - Higher PCIA and lower PG&E Gen Rate
2. Insufficient financial liquidity
 - Price collapse triggers credit downgrade
 - Collateral calls from counterparties and CAISO
 - Increase in POLR (Provider of Last Resort) funding (called FSR – Financial Security Requirement)
3. PPAs default, renegotiate for higher prices, and/or delay start
 - RPS non-compliance penalty
 - Replacement at higher prices
4. Load loss due to direct access and distributed load
5. Threat to Public Services or Facilities



This Year's Stress Tests

Stress tests are extreme but plausible scenarios

- Financial Stress Test
 - Continue to model the price collapse scenario over the next 5 fiscal years for adequate reserve planning
- Additional Stress Tests – Load Growth Uncertainty
 - Explore longer-term load growth uncertainty and its strategic implications

5-yr Financial Stress Test



Financial Stress Test Description

- Forward Energy Prices Collapse to the one percentile level
- Economic Recession Creates Load Loss
- Customer Uncollectables Increase
- Additional Financial Liquidity Stress
 - In the past, we modeled the draw on reserves from a new potential requirement from the POLR Proceeding
 - POLR decision significantly mitigates the previously modeled risk that would have required posting collateral or cash equivalent of two highest months of procurement
 - For the current stress test, staff continued to model the requirement of a one-time cash draw equivalent to two months of procurement under the very low-price scenario as a proxy for other potential business operating and regulatory risks
 - Larger counterparty collateral postings from collapse in prices



Stress Test and Reserve Planning

Continue with the current methodology

Manage reserve targets to ensure the ability to withstand price collapse risk

- Maintain competitive rates over the next two fiscal years without drawing down reserves below 120 days of cash on hand (DCOH)
- Set the upper reserve target by ensuring SVCE's reserves stay above 90 DCOH over the next five fiscal years
- Other considerations include feedback from rating agencies



Financial Projections – More Uncertainty Than Past

Background:

- Energy prices have always been highly volatile
 - Fairly liquid forward energy prices are available
- Now RA, CF, and RPS* prices are also highly volatile
 - Limited forward RA, CF, and RPS prices are available
- CPUC’s market price benchmarks (MPB)
 - Used in computing PCIA
 - Forecast Energy Prices – uses market forwards
 - Forecast RA and RPS – based on past LSE’s** transactions
 - CPUC will publish MPBs in fall

Issue:

- Revenue forecast has become extremely difficult
- Last Fiscal Year
 - Adjusted budget in December 2023 was higher by ~\$120 million than the initial budget
 - Main driver: higher MPBs from higher RA and RPS prices
- Next fiscal year’s revenue forecast ranges:
 - \$600 million – using incremental market observed RA and RPS Prices
 - \$400 million – adjusting incremental prices per implied adjustment observed in last year’s MPBs
 - \$385 million – using NewGen consultant’s model prices –based on last year’s MPBs

\$215 million

* RA: Resource Adequacy, CF: Carbon Free, RPS: Renewable Portfolio Standard

** LSE: Load-serving entity



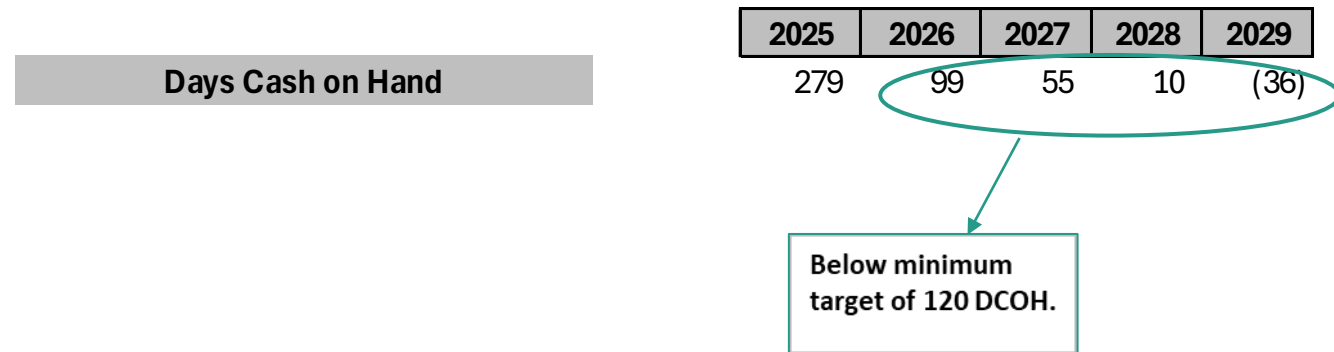
Base Case versus Financial Stress Scenario

Base Case

- Uses the lower end of the revenue projections
- If modeled assumptions prevail:
 - Reserves fall from the current forecast level of \$420 million at the end of the current fiscal year to \$368 million at the end of the next fiscal year.
 - Reserves continue to fall in subsequent years and then rise to \$360 million towards the end of the 5-year forecast period
- Caveats:
 - PCIA and PG&E Gen Rate portfolio assumptions based on public data as best modeled by NewGen Consultants
 - PG&E's portfolio management strategy and portfolio contents may change from those modeled
 - CPUC may moderate future rate impacts
 - Uncertainty increases further out in time
- **Focus on the delta of the base case to stress test results**

Stress Case

- If the modeled stress scenario were to occur, reserves would drop to \$240 million at the end of FY2025 (A drawdown of \$181 Million)
- Projected Days Cash on hand will also be below the minimum target of 120 DCH





Risk Mitigations

- Best Mitigation
 - Hold Sufficient Reserves
- Other Mitigations
 - Revisit the current energy hedging strategy
 - Allow for loss in revenues from price collapse to be mitigated by a reduction in power supply costs
 - Challenge: Determining the level of hedging given the uncertainty in modeling PCIA and PG&E Generation Rates
 - SVCE will collaborate with CCAs who have recently come to the same conclusion

- Use the results of these analyses to propose a reserve target for the next fiscal year’s budget
- Build reserves such that if the stress scenario were to occur, reserves do not fall below the minimum reserve threshold of holding 120 DCOH over the next 2 years and 90 DCOH over the years 3 to 5

	Current	Illustrative Implied Targets
Minimum	120	120
Goal (Target)	300	315
Maximum (Upper Target)	490	420

- The stress test analysis will likely be updated using prices consistent with those used to construct next year’s fiscal budget. The above table will then be revised and used to update the targets in the reserves policy.

Long-Term Load Uncertainty

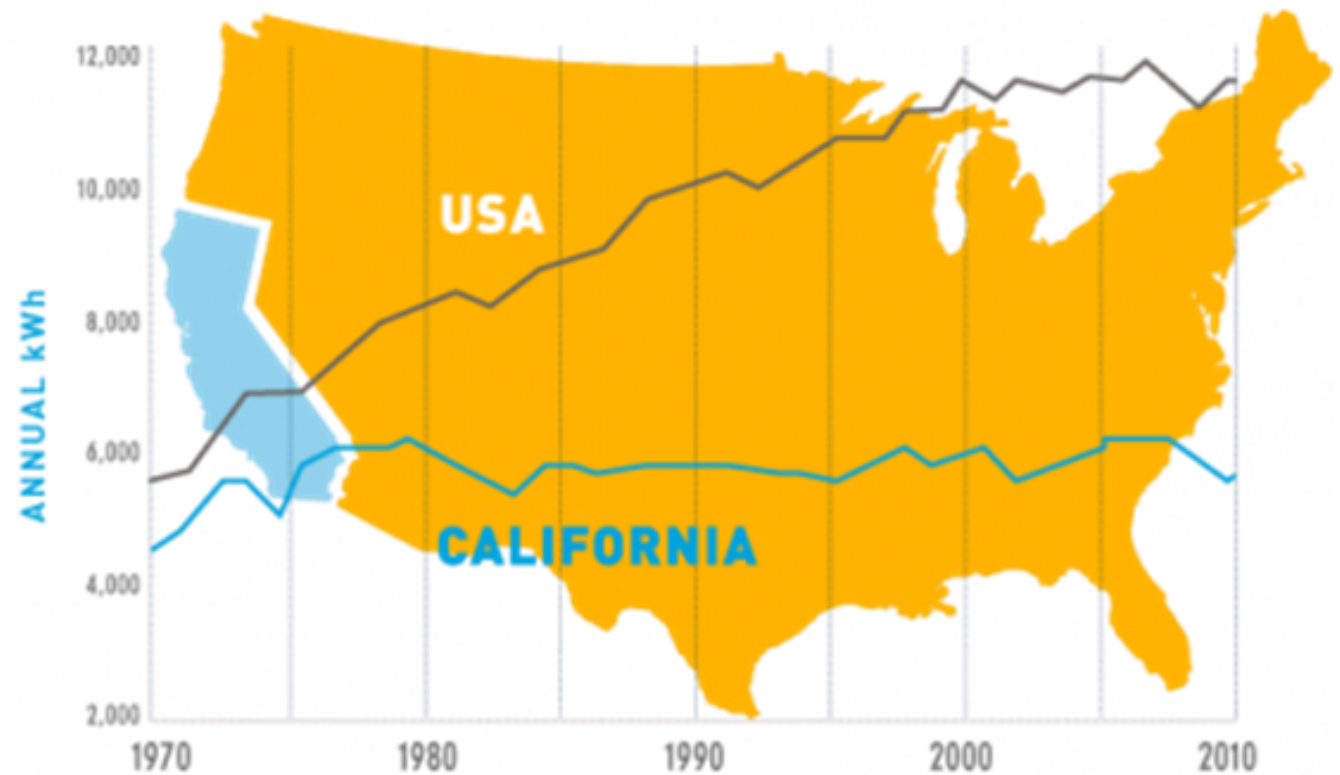




Fairly Stable CA Load Over the Last Few Decades

- Load changes year-over-year are mainly due to weather
- Longer-term load growth in the past was largely moderated by energy efficiency measures

PER CAPITA ELECTRICITY CONSUMPTION

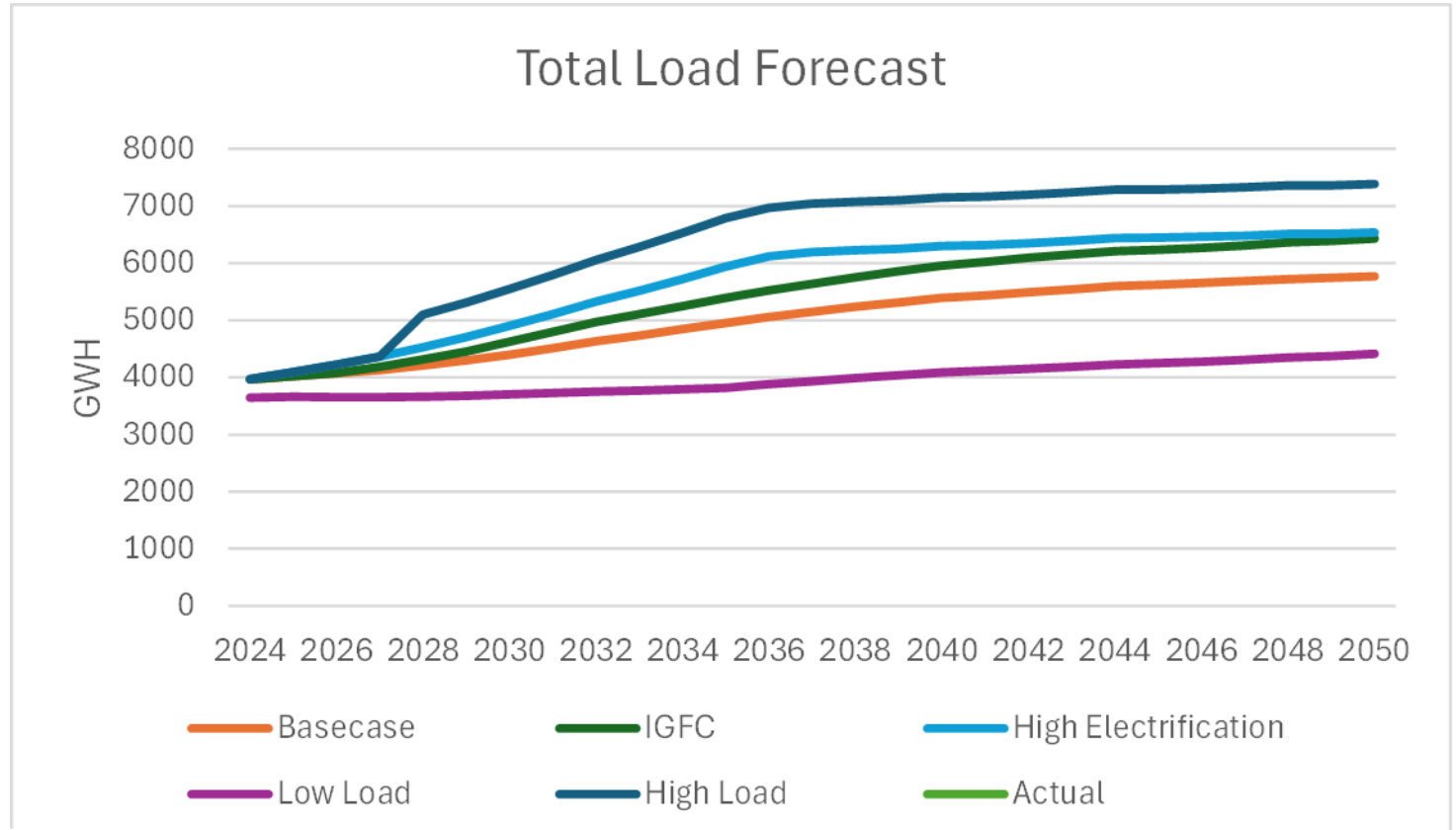


(Source: US Energy Information Administration)



Future Load Growth is Highly Uncertain

- The future, while highly uncertain, will be unlike the past
- Over the longer term, significant load growth is expected
 - Electric Vehicles
 - Building Electrification
 - Data Center Load - AI
- Energy efficiency, behind-the-meter PV, and batteries will continue to lessen the impact of the above drivers
- SVCE's load growth scenarios range from cumulative base case growth of 46% to high case of 86% over the period from 2024 to 2050



2024-2050	Base Case	IGFC	HE	HL	LL
CAGR	1.5%	1.9%	1.9%	2.4%	0.7%
Cumulative	46%	62%	65%	86%	21%



Load Growth Scenario Assumptions

Scenario	Load Modifier						
	BTM PV	EV	EE	BE	BTM ESS	Opt-Out	Others
Base	12% CAGR	61% by 2035	12% CAGR	68% space heating and 19% water heater by 2035	13% CAGR	No	No
IGFC	11%	67% by 2035	Base	75% space heating and 55% water heater by 2035	Base	No	No
High Electrification	Base	90% by 2035	Base	86% space heating and 81% water heater by 2035	Base	No	No
High Load	Base	90% by 2035	Base	86% space heating and 81% water heater by 2035	Base	No	Data Center 3*Current large sized load by 2035
Low Load	Base	30% by 2035	Base	53% space heating and 14% water heater by 2035	Base	4%	DA Open ~400 GWh by 2035



Long-Term Portfolio Management Risks

SVCE's planning is based on its base case scenario

If these load scenarios prevail in the future

	Higher Future Prices	Lower Future Prices
High load	High portfolio costs; Uncompetitive rates if other suppliers hedged a greater portion of their load; Procurement Compliance Penalties	Procure additional volumes at lower prices
Base Case	Regret or Opportunity Cost – could have procured more volumes	Regret or Opportunity Cost – could have procured at lower costs
Low load	Sell excess volumes at higher prices	High stranded costs; Uncompetitive rates if other suppliers hedged a lower portion of their load or from new entrants.

Factors that can affect future market prices:

- Resource Development
 - CAISO Interconnection
 - Transmission
 - Supply Chain Issues
- Load growth uncertainty
- Technology

Similar to the IOU's predicament with load departure to CCAs. However, PCIA protects the IOUs, but CCA's do not have such protection.



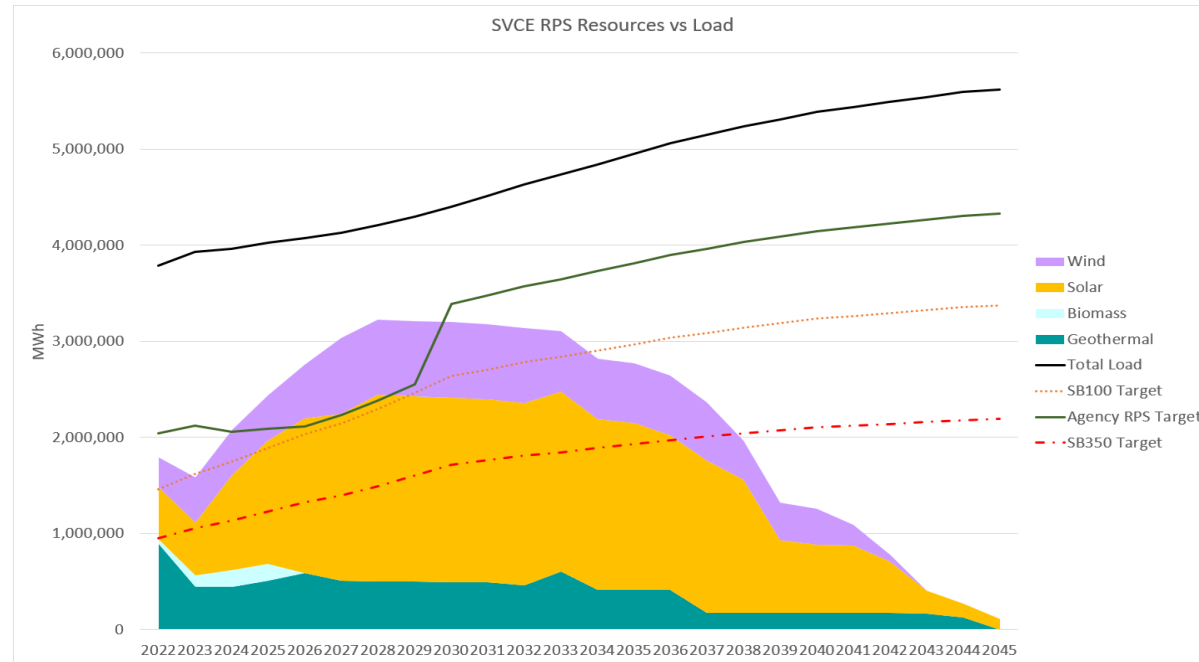
Current Risk Management Strategy

1. 5-yr short-term laddered energy hedges per the Energy Risk Management Policy

Period	ERMP Min	ERMP Max
Prompt Quarter	85%	110%
2024 (balance)	80%	110%
2025	70%	90%
2026	55%	80%
2027	50%	80%
2028	50%	80%

2. Longer-term hedges through Power Purchase Agreements (PPA)

- Meet SVCE target of 75% RPS by 2030
- Meet CPUC procurement orders for reliability
- Comply with SB 350
 - 65% RPS from long-term contracts of 10 years or longer
- Comply with SB 100 and SB 1020
 - 60% RPS by 2030; 90% clean by 2035; 95% clean by 2040; 100% clean by 2045





Current Plan and Future Considerations

1. Assess long-term pathways to 2045
 - Conducting analyses with consultant Energy Environmental Economics (E3) for use in developing long-term clean targets
 - Expect to present results to the Board in late summer/early fall
 - Monitor Central Procurement Entity (CPE) activity and fair cost allocation
2. Continue with laddered procurement of long-term resources
 - Reduces risks from advances in technology, changes in resource cost, and load uncertainty
 - Focus on resources coming online after 2030 as those currently under contract roll-off
3. Work with CC Power to assess the economics and risks of direct ownership versus PPA
 - Take advantage of Inflation Reduction Act (IRA) benefits and further diversity portfolio
4. Revisit hedging targets
 - Take account of PCIA and PG&E generation rate impact on revenues
 - Will reduce the amount of hedges needed



Next Steps

June

August

September

TBD

Staff presents stress analysis to the Board

Finance Committee and Board reviews and provides staff feedback on the proposed budget and any changes to reserves targets

Board approves FY 2024 – 2025 budget with updated reserves targets

Staff completes hedge target analyses and proposes new hedging targets



Appendix

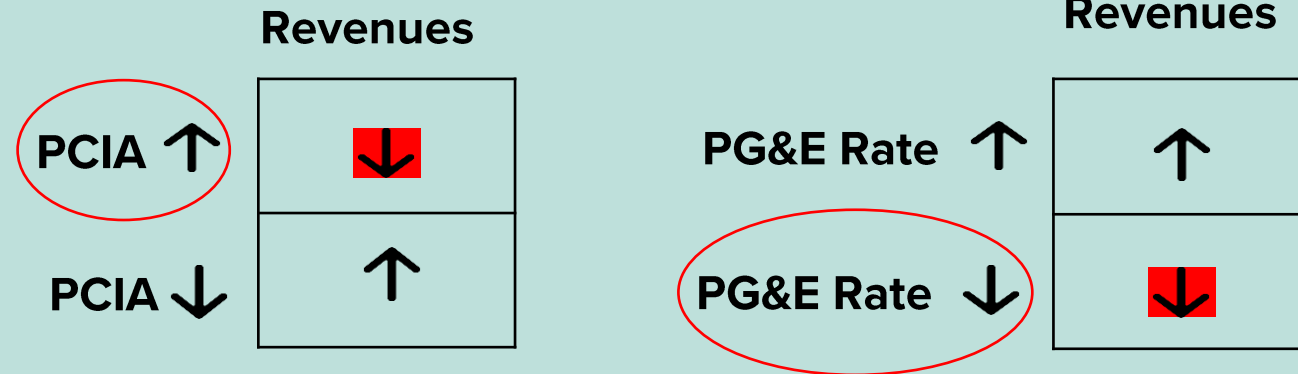


Recap – Price Uncertainty

Biggest contributor to financial risk: PCIA and PG&E Generation Rate Uncertainty.



PCIA and PG&E Gen Rate determine SVCE Rates and, therefore, Revenues



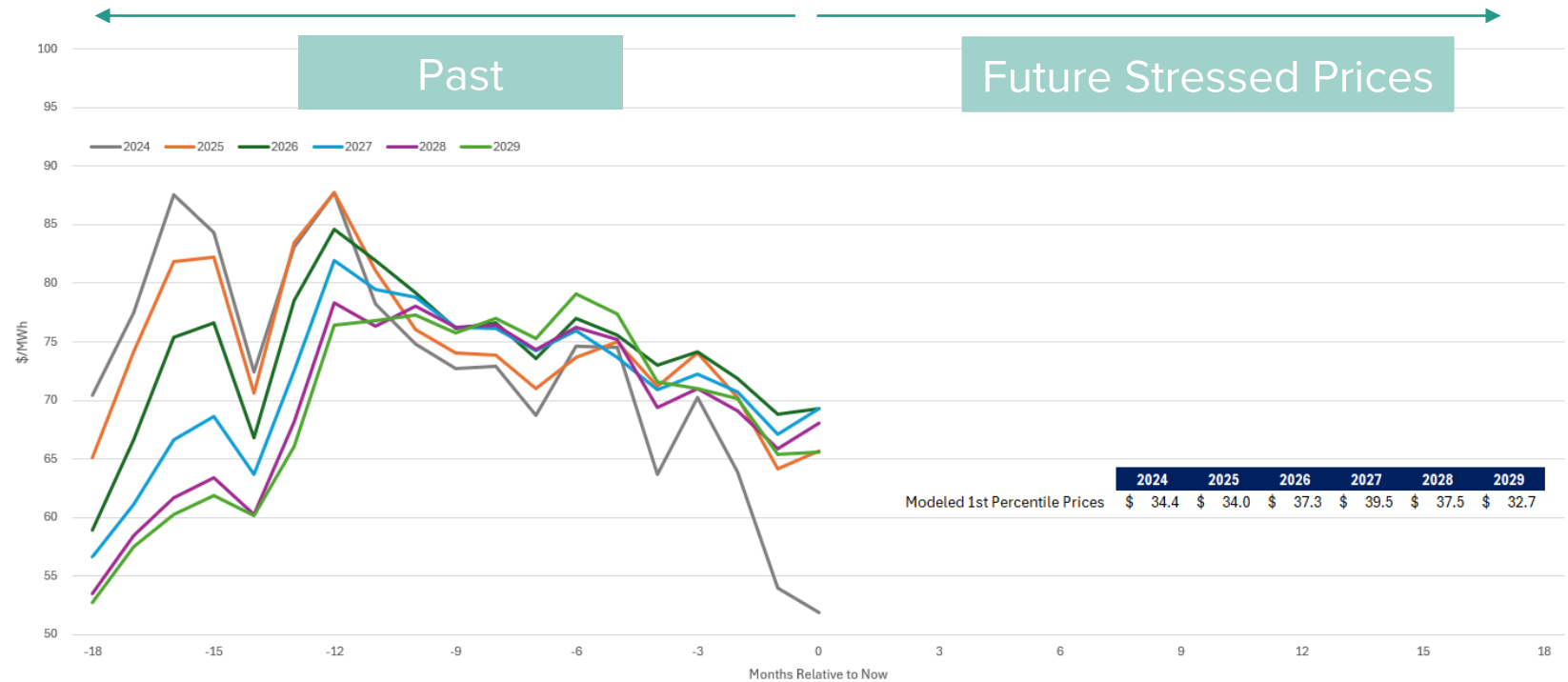
PCIA increases and PG&E generation rates decrease when energy prices decline

Because of hedging, power supply costs are locked



Past, Current, and Stress Case Modeled Commodity Prices

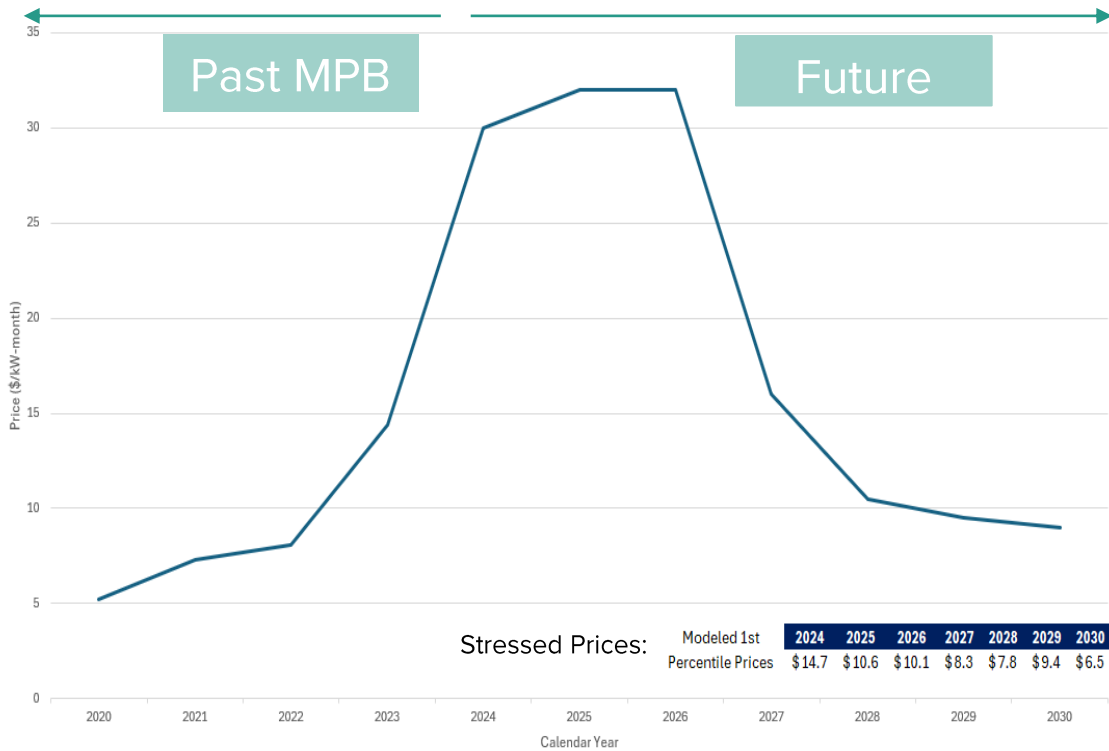
- Forward prices have fallen 13-41% from their recent highs.
- Traded prices were at the modeled stress test levels as recently as three years ago.



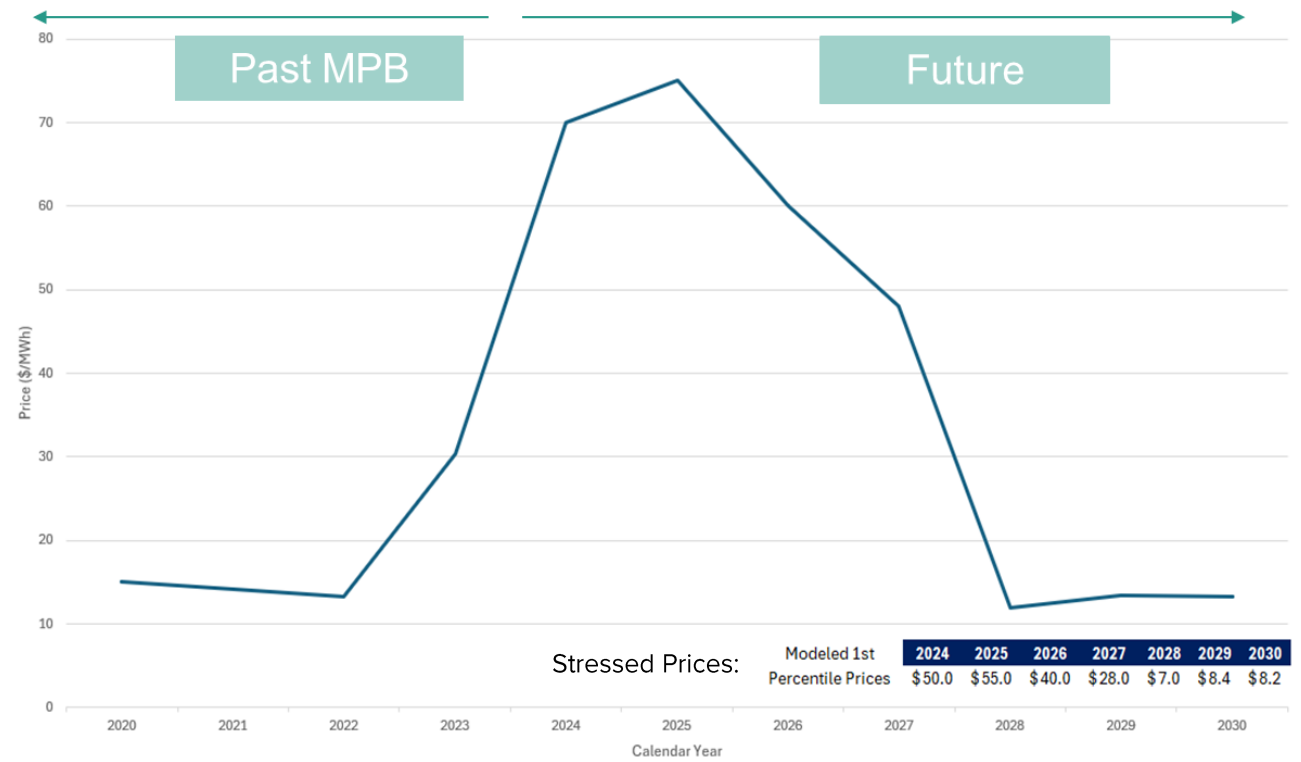


Past MPB, Current, and Stress Case Modeled RPS and System RA Prices

System RA Prices



RPS Prices





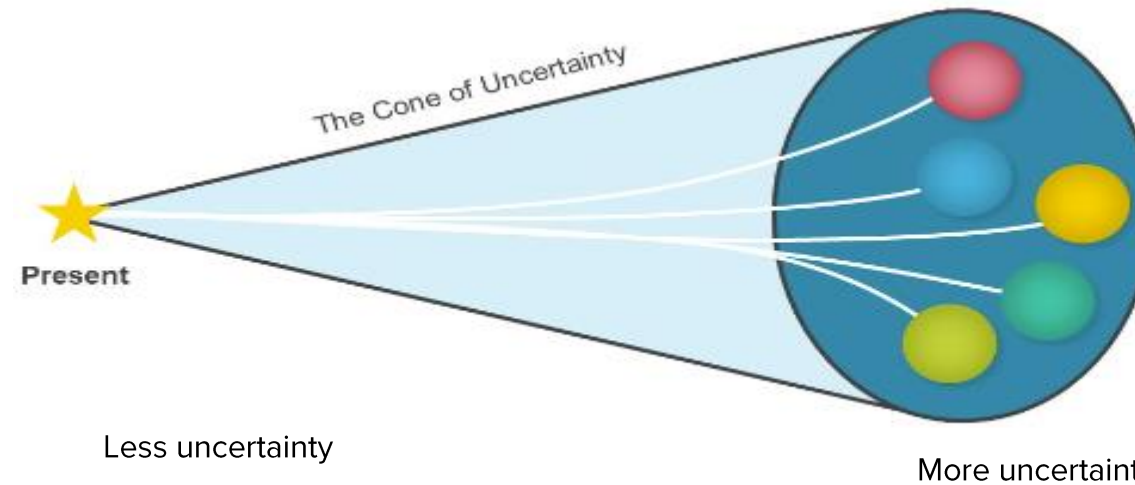
Summary of Base Case Results

Using NewGen Consultant's Model Prices as RA & RPS MPB Estimates

\$ millions

	2025	2026	2027	2028	2029
Revenues	\$ 384	\$ 459	\$ 416	\$ 450	\$ 438
Power Supply Costs	\$ 397	\$ 485	\$ 360	\$ 370	\$ 360
Operating Margin	\$ (13)	\$ (26)	\$ 56	\$ 80	\$ 78
Other Costs	\$ 40	\$ 66	\$ 47	\$ 41	\$ 43
Net Contribution to Reserves	\$ (53)	\$ (91)	\$ 9	\$ 39	\$ 35

Reserve Balance	\$ 368	\$ 277	\$ 286	\$ 325	\$ 360
Days Cash on Hand	307	183	257	289	326



Constructed for stress analysis. Does not account for additional expenditures for programs and customer discounts beyond the 1% level.



Summary of Stress Test Results

	2025	2026	2027	2028	2029
Revenues	\$ 167	\$ 225	\$ 239	\$ 288	\$ 308
Power Supply Costs	\$ 274	\$ 308	\$ 249	\$ 282	\$ 309
Operating Margin	\$ (97)	\$ (73)	\$ (10)	\$ 6	\$ (1)
Other Costs	\$ 40	\$ 66	\$ 47	\$ 41	\$ 43
Counterparty Collateral Outflow	\$ (10)	\$ (11)	\$ -	\$ -	\$ -
Net Contribution to Reserves	\$ (137)	\$ (138)	\$ (57)	\$ (35)	\$ (43)
Reserve Balance	\$ 295	\$ 156	\$ 99	\$ 64	\$ 21
Reserve after Risk Adjustment	\$ 240	\$ 101	\$ 44	\$ 9	\$ (34)
Days Cash on Hand	279	99	55	10	(36)

The 2025 numbers are slightly different due to a modeling error than the results presented at the 5/13/2024 Finance and Administration Committee meeting. The results for 2025 are higher by about \$3 million.



Days Cash on Hand Comparison

SVCE Target Days Cash on Hand is 300

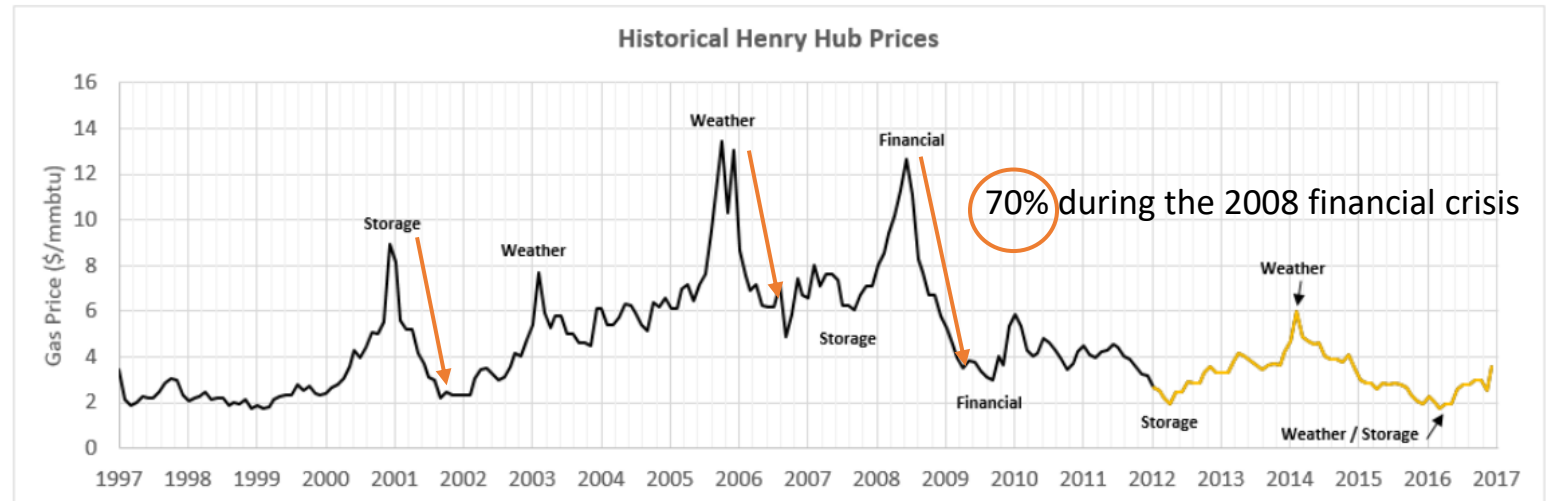
CCA	Published Targets
SCP	280
MCE	240
EBCE	183
PCE	180
SJCA	180



Past Price Collapse

Volatility in Natural Gas Markets Translates to Volatility in Electricity Markets

2008 financial crisis natural gas prices dropped ~**70%** with a corresponding drop in power prices



Source: <http://epis.com/powermarketinsights/index.php/2017/05/18/how-good-is-the-eia-at-predicting-henry-hub/>



2024-2029 Forward Prices Across Time





Load Forecast Results – Percentage in Total (2035)

Scenario	Load Modifier						
	BTM PV	EV	EE	BE	BTM ESS	Opt-Out	Others
Base	6.3%	15.5%	2.0%	4.5%	0.1%		
IGFC	5.6%	15.7%	2.3%	10.6%	0.1%		
High Electrification	5.3%	19.5%	2.3%	14%	0.1%		
High Load	4.6%	17%	2%	12.3%	0.1%		12% Data Center
Low Load	8.2%	8.9%	2.7%	5.8%	0.2%	4%	10% goes to DA



Key Components of the ERM Framework

Risk Register

- Record of organization’s risks
- Identify current and additional planned mitigations
- Identify risk owner

Risk Matrix

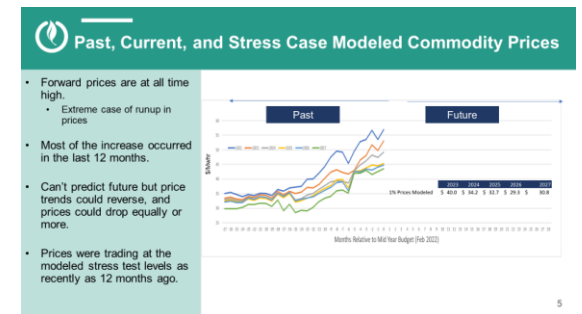
- Risk Rubric. Assess the likelihood and consequence of risk events
- Calibrate risks
- Identify risk tolerance – level of acceptance

Impact/Consequence

	Insignificant	Minor	Moderate	Major	Catastrophic
Frequency/Likelihood					
Certain	Risk Easily Mitigated	Risks Manageable/Low Impact on Mission	Moderate Erosion of Reserves/Impact on Mission	Significant Erosion of Reserves/Impact on Mission	Risk of Existence
	High (1)	High (2)	Extreme (3)	Extreme (4)	Extreme (5)
Likely	50%- 90% Chance	Moderate (6)	High (7)	High (8)	Extreme (9)
	Extreme (10)				
Moderate	10%- 50% Chance	Low (11)	Moderate (12)	High (13)	Extreme (14)
	Extreme (15)				
Unlikely but Plausible	5%- 10% Chance	Low (16)	Low (17)	Moderate (18)	High (19)
	Extreme (20)				
Rare	<=5% Chance	Low (21)	Low (22)	Moderate (23)	High (24)
					High (25)

Stress Tests

- Model scenarios (financial position, systems, and processes) of interrelated risks that are extreme but plausible
- Develop appropriate risk management strategies, including the adequacy of reserves





Risk Matrix

- Assess the likelihood (frequency of occurrence) and consequence (impact)
- Calibrate risks/opportunities and optimally direct resources
- Identify risk tolerance or acceptable level of risk
- Assessment based on the subject matter expert's (SME) judgment
- Will continue to refine further and attempt to quantify risks
- Significant financial risks will be explicitly quantified and used for reserve planning, like last year's stress test analyses

Impact/Consequence

		Impact/Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Frequency/Likelihood		Risk Easily Mitigated through Day-to-Day Operations	Risk is Manageable/Low Impact on Mission	Moderate Erosion of Reserves/Impact on Mission	Significant Erosion of Reserves/Impact on Mission	Risk of Existence
Certain	>90% chance	High (1)	High (2)	Extreme (3)	Extreme (4)	Extreme (5)
Likely	50%- 90% Chance	Moderate (6)	High (7)	High (8)	Extreme (9)	Extreme (10)
Moderate	10%-50% Chance	Low (11)	Moderate (12)	High (13)	Extreme (14)	Extreme (15)
Unlikely but Plausible	5%-10% Chance	Low (16)	Low (17)	Moderate (18)	High (19)	Extreme (20)
Rare	<=5% Chance	Low (21)	Low (22)	Moderate (23)	High (24)	High (25)

Risk Register

- Risk Register:
 - Records risks/opportunities
 - Briefly describes each risk/opportunity
 - Lists existing and planned mitigations
 - Ranks risks/opportunities
 - Identifies risk owner
- Cross-functional teams brainstormed and identified risks and opportunities
- Bucketed the risks into the following categories:
 - Financial
 - Regulatory and Compliance
 - Customer Opt-Out Risk
 - Operational and Business Continuity
 - Opportunities

Draft and Illustrative

Risk ID	Risk Category	Risk Description	Risk Owner	Current Mitigations	Any Additional Planned Mitigations/Actions	Risk Matrix Placement (Impact Over 5Yrs) (Initial Placement to Get Discussions Going)		
						Unmitigated	With Current Mitigations	With Additional Mitigations
1	Financial	Prices Collapse (insufficient liquidity, collateral postings; MTM losses on investments); PCIA Increases; Revenues Decrease (under current rate methodology); Credit downgrade; insufficient liquidity; Increase DA load	Amrit	Reserves to withstand the shocks; Stress Tests, Cashflow Modeling; Reserves to maintain competitive pricing; CPUC Decision not opening DA	Reassess reserve adequacy; Hedging Strategy	Extreme (20)	High (19)	High (19) (Depends on Reserve Set Aside)
7	Financial	Significant Number of PPAs Default/Delay/Renegotiate for higher prices	Kris	Supplier & Technology diversity; plan for contingencies; Contractual language for delay damages and default provisions; credit provisions	Renegotiated several PPAs; reserve litigation path for some PPAs. Over procure relative to compliance requirements.	Moderate (14)	Moderate (12)	Moderate (12)
15	Regulatory/ Compliance	POLR Proceeding - Large Tie up of Financial Reserves	Amrit	Hold Adequate Reserves	Manage and shape regulatory proceeding against PG&E Pool Proposal	Extreme (14)	High (13)	Moderate (12)
30	Customer Opt-Out	Ineffective or sluggish spending of approved program dollars;	Justin	Program plans developed with stakeholders, ongoing feedback during design/management, increased staff/resources, and emphasizing larger-scale programs.	Additional staffing, new supporting systems, and public reporting on impacts. SVBEST, additional Study Sessions, systematizing processes.	High (19)	Moderate (18)	Low (17)
34	Customer Opt-Out	Major Disruption of the T&D/Grid operator, Grid Reliability - affects our mission	Monica	Shape Regulatory and Legislative Initiatives		Moderate (18)	Moderate (18)	Moderate (18)
37	Operational and Business Continuity	Natural Disaster Recovery/Pandemic/War (Earthquake, flooding) - Cover key business functions (procurement, scheduling, collateral calls ...)	Amrit	System backups and desk procedures	Add'l Desk Procedures and Continuity Plans	Low (22)	Low (22)	Low (22)
43	Operational and Business Continuity	Calpine system failure; issues that SVCE has to pay to resolve (such as billing issues)	Adam	Verify Calpine/third party security risks, compliance status and mitigation strategy, eg. SOX compliance		Moderate (23)	Moderate (23)	Moderate (23)

FY 24-25 Budget Framework

Amrit Singh
Board of Directors
June 12, 2024

Purpose

Discuss Budget Framework

- Seeking high-level feedback/validation on principles and assumptions
- Budget numbers to be computed in July based on feedback
- Methodology could be tweaked if results from actual numbers in July do not align with expectations

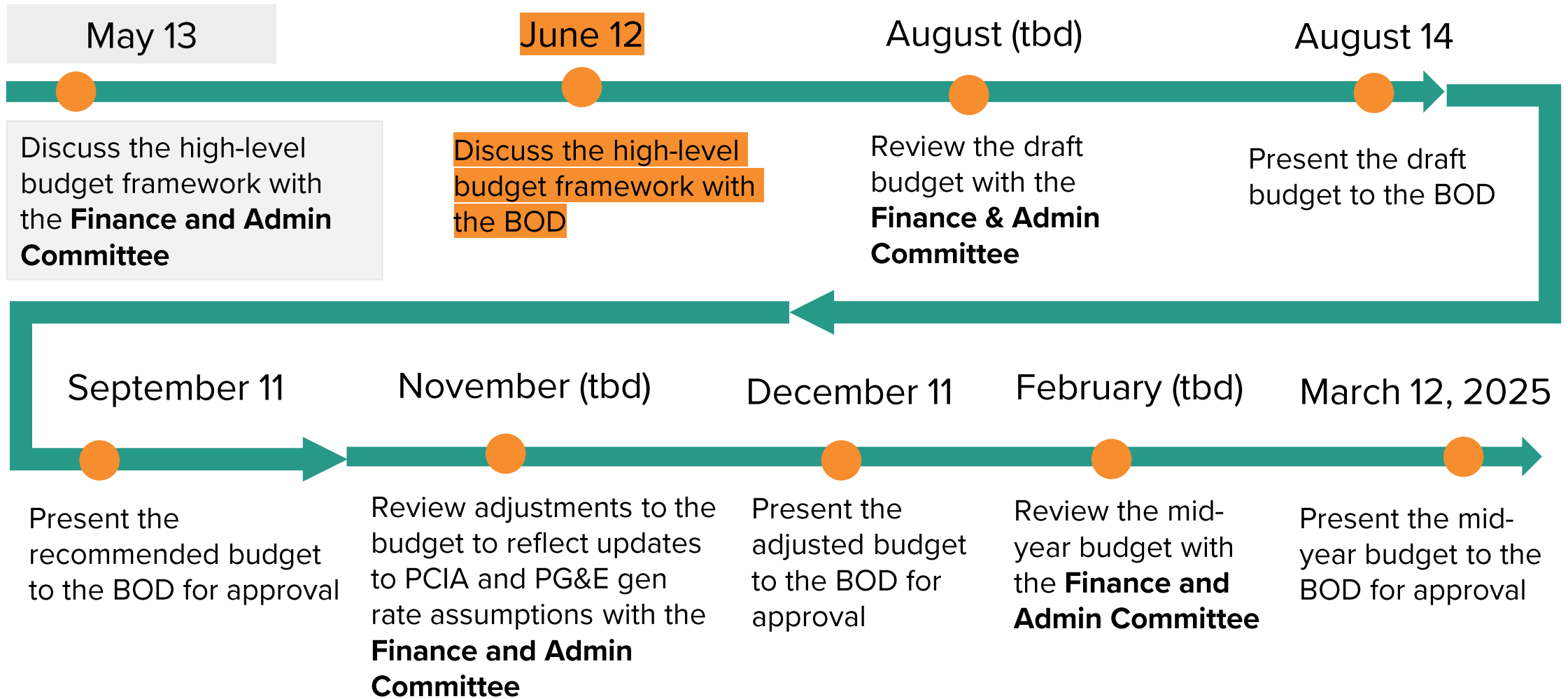
Main Areas of Discussion

1. Revenue Modeling
 - PCIA and PG&E Gen Rate Uncertainty
2. Reserve Targets
3. Customer Discount Rate, Additional Funding for Programs, and Set Aside for Reserves
4. Power Supply Costs
5. Other Cost Drivers



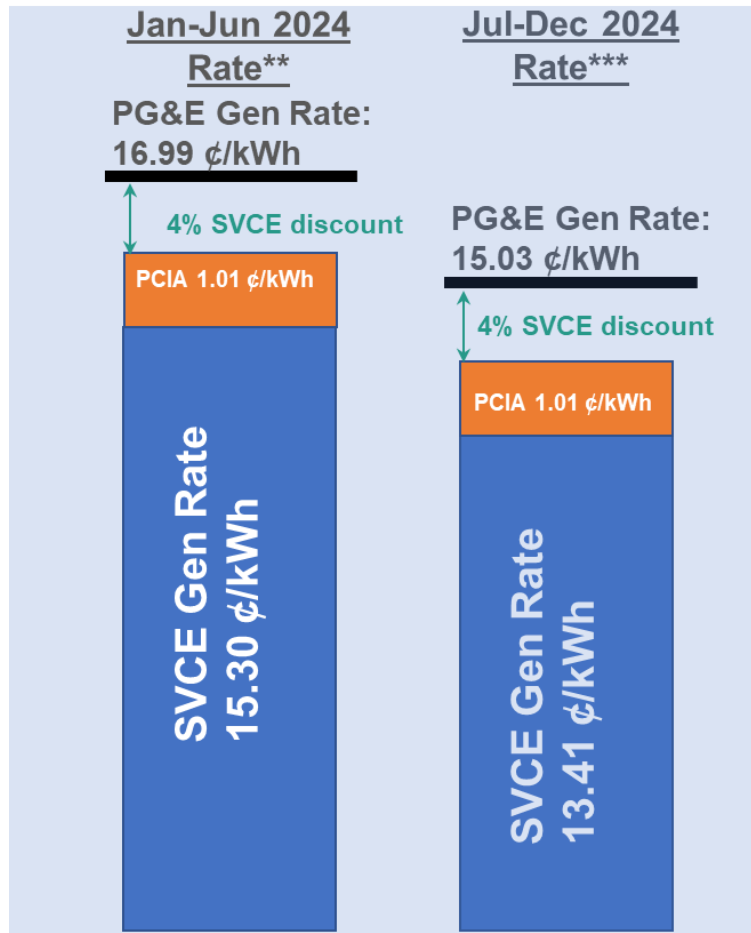


FY24-25 Budget will be ready for Review in August





Revenue Forecast Depends on PG&E Generation and PCIA Rates



Issue: Rate Uncertainty	Staff Recommendation	Implications/Reasons
<ul style="list-style-type: none"> PG&E issued the 2024 ERRA forecast on May 15 with preliminary 2025 PG&E generation and PCIA rate forecasts PG&E will update this forecast in the fall. CPUC normally adopts the rate in December based on this update Given the high volatility in energy, RA, and RPS prices, when staff prepares the budget in July, the PG&E estimate may be outdated 	<ul style="list-style-type: none"> Update the Cal-CCA NewGen model using lasted energy price data after calibrating the model to PG&E's forecasted rates and making any adjustments to account for potential modeling errors 	<ul style="list-style-type: none"> Likely aligns revenues closer to rates that PG&E will update in October Better aligns revenues with power supply costs Primarily for budget setting purposes Additional expenditures based on headroom projections can be made by the Board in December when there's more information on likely 2025 PG&E gen and PCIA rates

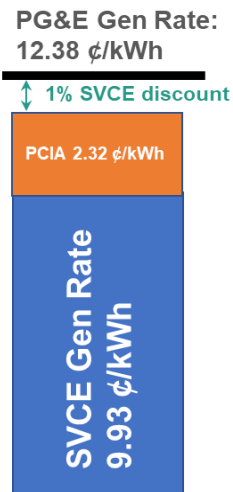
* Power Charge Indifference Adjustment (PCIA) is a charge our customers pay to PG&E such that they can recover commitments made on behalf of the customer when they were part of PG&E's portfolio.



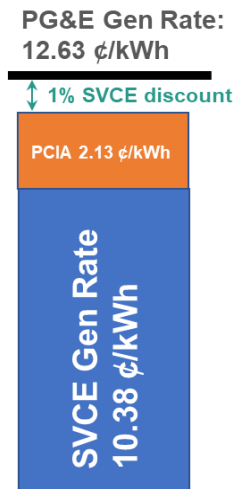
Current Rate Projections – Highly Uncertain

- Higher uncertainty in forecasting CPUC’s fall market price benchmarks (MPBs) due to volatile Resource Adequacy (RA) and Renewable Portfolio Standard (RPS) prices will continue to make revenue projections difficult.
- Staff’s current 2025 rate projection scenarios, illustrated below, correspond to revenue projections ranging from about \$385 to \$600 million.

NewGen Model RA/RPS Prices*



Market RA/RPS adjusted based on 2024 implied adjustment factor*



Market RA/RPS Prices*



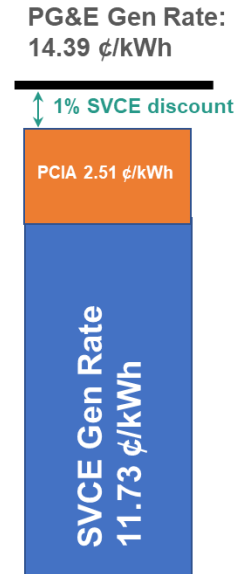
* SVCE Load weighted Rates



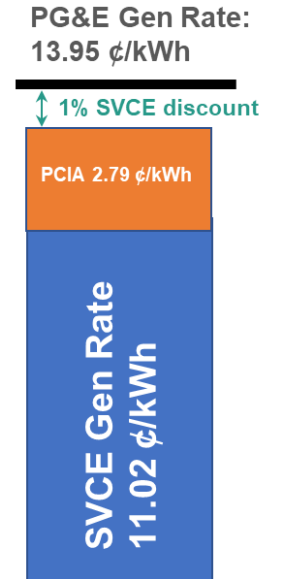
PG&E's ERRA Forecast and Staff Proposal

- PG&E proposes the CPUC use lower of RA MPB computed using the current methodology and last year's forecast of 2024 RA MPB
- The ERRA forecast Issued two sets of rate projections
 - Rates using existing common cost allocation methodology (ERRA A)
 - Rates using PG&E's new proposed methodology (ERRA B)
- Staff's 2025 revenue projections using these rates range from \$440 million to \$420 million

Projected 2025 Rate- PG&E ERRA A*



Projected 2025 Rate- PG&E ERRA B*



- For initial budget setting, Staff proposes to use last year's MPB prices
- The December budget update will incorporate final CPUC-published MPB prices

* SVCE Load weighted Rates

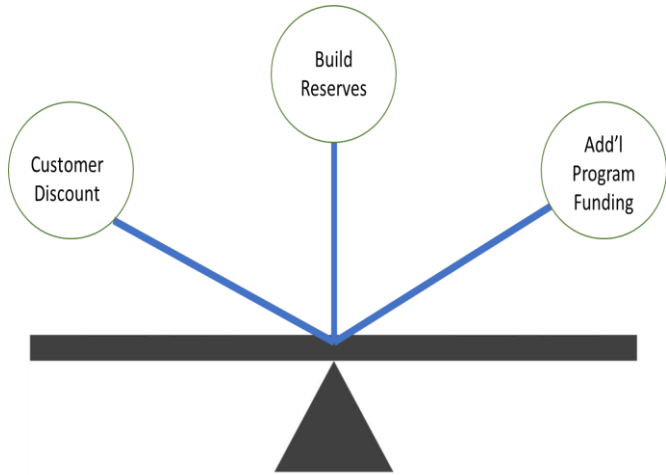


Reserve Targets

Issue: Update Reserve Targets	Staff Recommendation	Implications/Reasons
<ul style="list-style-type: none">• Ensure SVCE maintains sufficient reserves to manage risks such as those modeled under the stress test analyses• Staff will likely update the stress test analyses in July using market prices consistent with those used to develop the annual budget	<p><u>Target</u> to keep reserves above 120 Days of Cash On Hand (DCOH) for FY 2024-2025 and FY 2025-2026 under the modeled stress scenario</p> <p>Reset <u>upper</u> reserve target such that over the next 5 fiscal years, reserves do not fall below 90 DCOH under the modeled stress scenario</p>	<ul style="list-style-type: none">• FY 25 margins not guaranteed given true-up in 2024 for PCIA and PG&E Gen rate• If adverse conditions materialize, need 120 days to reshape strategy and secure additional liquidity• The upper reserve target enables the agency to take advantage of good margin years to manage risks over a 5-year period



Additional Funding for Programs and Customer Discounts



- 1% customer discount over 12 months of 2024 is ~\$5.5 million
- Monthly Average Bill Savings of 1%* Discount:
 - Residential - ~\$0.80
 - Small Commercial - ~\$2.80
 - Medium Commercial - ~\$30.85

Issue: Balancing Priorities	Staff Recommendation	Implications/Reasons
<ul style="list-style-type: none"> • Continue to provide competitively-priced and high-valued services to SVCE customers • Funds not needed to cover cost-of-service flow to customers via lower SVCE rates (discount to comparable PG&E rates) • Cost-of-service includes funds needed to cover operations, meet reserve targets, and fund decarbonization programs 	<ul style="list-style-type: none"> • To be developed later after completing the budget analysis <ul style="list-style-type: none"> • Likely to keep current discount through the end of this year • Set a preliminary discount for next year • Board can change the budgeted discount rate once actual PG&E rates are known towards the end of the year • Staff will likely present several options to the Board on different levels of discount rates, additional spending on programs, and set aside for reserves 	<ul style="list-style-type: none"> • Keeping reserves at or above target levels ensures SVCE can withstand adverse risk scenarios and helps maintain/improve credit ratings • Keeping the discount rate at a reasonable level <ul style="list-style-type: none"> • Enables additional funding for valued customer programs such as decarbonization efforts • Ensures there's more organizational resiliency to respond to risks over the 5-yr planning horizon



Power Supply Expenses

(>90% of Expenses)

Issue: Volatile Prices	Staff Recommendation	Implications/Reasons
<ul style="list-style-type: none"> Power prices are very volatile and have declined significantly. In addition to power price volatility, recent volatility in RA and RPS prices makes budget projections highly uncertain <ul style="list-style-type: none"> Budget will be developed based on a snapshot of market prices in July 2024 Contract delays/renegotiations further add uncertainty Resource adequacy requirements are changing, and costs are high. Slice of Day methodology is expected to be implemented in January 2025, and the portfolio is well positioned for its implementation. 	<ul style="list-style-type: none"> Continue hedging to current ERM (Energy Risk Management) targets <ul style="list-style-type: none"> Staff to develop additional analysis to revisit the hedging targets to account for impacts from PCIA and PG&E Gen Rate SVCE's 100% clean policy will be addressed as a separate item on the agenda 	<ul style="list-style-type: none"> The budget projection for power supply costs will reflect any changes to SVCE's clean policy approved by the Board



Other Costs

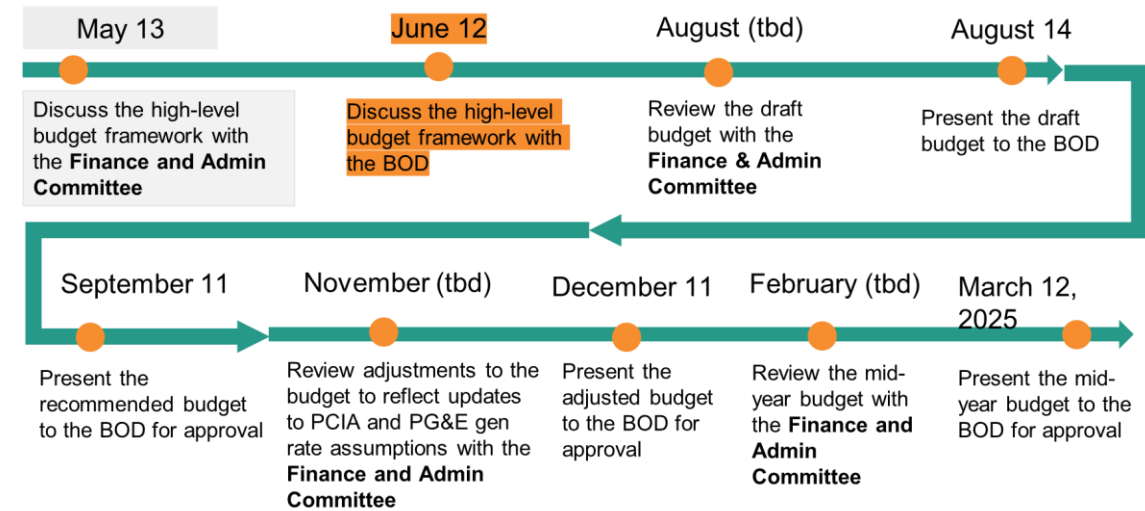
(Staffing, Cost of living/Merit, Operations)

Status	Staff Recommendation	Implications/Reasons
<ul style="list-style-type: none"> • Review and assess staffing in all areas of the organization <ul style="list-style-type: none"> • 13 new budgeted positions added in FY23-24 • 14 new staff hired since Sept 2023 • 4 vacancies • Adjust employee salaries for cost-of-living and merit/promotions • Review existing employee benefits to remain competitive with peer CCAs • Develop recommendations for buying versus leasing office space 	<ul style="list-style-type: none"> • Current budgeted headcount of 62 <ul style="list-style-type: none"> • Expect staffing levels to stabilize • Currently anticipate 4 headcount additions: <ul style="list-style-type: none"> • 2 in the Decarbonization Area, 1 in Risk Management, and 1 in Power Procurement. • Adjustment for COLA <ul style="list-style-type: none"> • Propose to continue using the 6-month (Jan – June 2024) rolling average of SF Bay Area CPI – current trailing 6-mo average is 2.9% • CEO discretion applied depending on employee pay relative to market range, performance, and date of hire • Any additional increases for merit and promotions based on CEO discretion <ul style="list-style-type: none"> • Budgeted at 3% • Employee benefits – under review 	<ul style="list-style-type: none"> • Evaluate staffing levels to: <ul style="list-style-type: none"> • Scale up decarbonization programs • Reduce the high level of existing employee workload • Advance strategic focus area goals • Create organizational depth for business continuity • Sustained investments in cybersecurity preparedness and business process optimization projects continue



Next Steps

- Prepare the budget using the latest energy market data
- Develop/finalize recommendations:
 - Customer discount levels
 - Any additional funding for programs
 - Reserve targets and set aside
 - Final staffing needs
 - Employee cost of living, merit, and benefits adjustments
 - Buying versus leasing office space
- Present draft budget for Finance Committee review in early August and then to the Board
- The board adopts the budget in September



Thank you! / Questions?



SVCE Planning & Budgeting Process



2023-2024 Mid-Year Operating Budget

SILICON VALLEY CLEAN ENERGY	
FY 2023-24 OPERATING BUDGET	
(\$ in thousands)	
DESCRIPTION	FY 2023-24 MID-YEAR ADJUSTED BUDGET
ENERGY REVENUES	
Energy Sales	550,852
Green Prime	1,962
Other Income	50
TOTAL ENERGY REVENUES	552,864
ENERGY EXPENSES	
Power Supply	365,617
OPERATING MARGIN	187,247
OPERATING EXPENSES	
Data Management	3,413
PG&E Fees	1,470
Salaries and Retirement	14,818
Professional Services	8,210
Marketing & Promotions	1,250
Notifications	315
Lease	551
General & Administrative	2,091
TOTAL OPERATING EXPENSES	32,118
OPERATING INCOME (LOSS)	155,129
NON-OPERATING REVENUES	
Interest Income	12,867
Grant Income	0
TOTAL NON-OPERATING REVENUES	12,867
NON-OPERATING EXPENSES	
Financing	3
Interest	0
TOTAL NON-OPERATING EXPENSES	3
TOTAL NON-OPERATING INCOME (EXPENSES)	12,864
CHANGE IN NET POSITION	167,994
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	
Capital Outlay	50
Building Fund	20,000
Transfer to CRCR Fund	0
Program Fund	28,874
Nuclear Allocation	2,188
Multi Family Direct Install Program	0
Electrification Discount Program	0
Customer Bill Relief	4,300
Other	0
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	\$55,412
BALANCE AVAILABLE FOR RESERVES	\$112,582

2025 Strategic Plan and Focus Areas Intro

Board of Directors Meeting
June 12, 2024



Overview

- Fiscal Year 2024-25 Strategic Planning & Budget process
- Review existing Strategic Focus Areas (SFA)
- Highlight progress on SFAs
- Input and recommended direction on SFAs
- Receive feedback
- Next Steps



Strategic Work Plan & Focus Areas



Mission

Reduce dependence on fossil fuels by providing carbon-free, affordable, and reliable electricity and innovative programs for the SVCE community

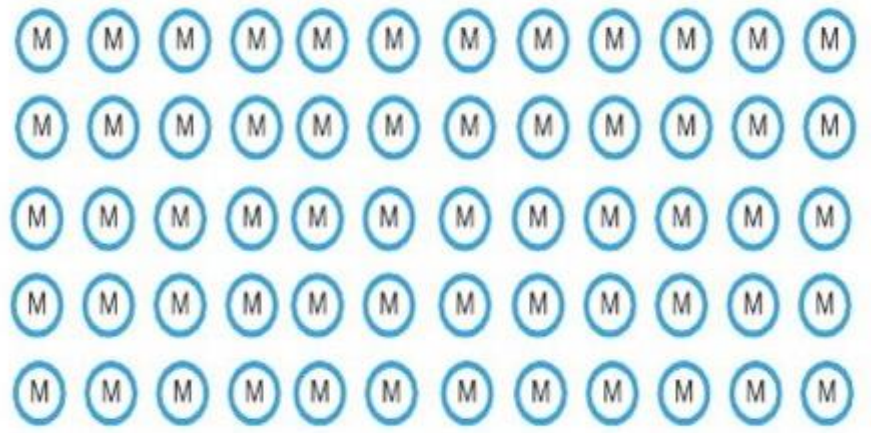
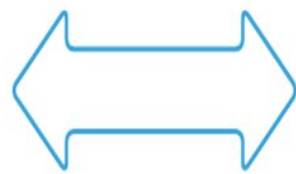
Focus Area

Focus Area

Focus Area

Focus Area

Focus Area



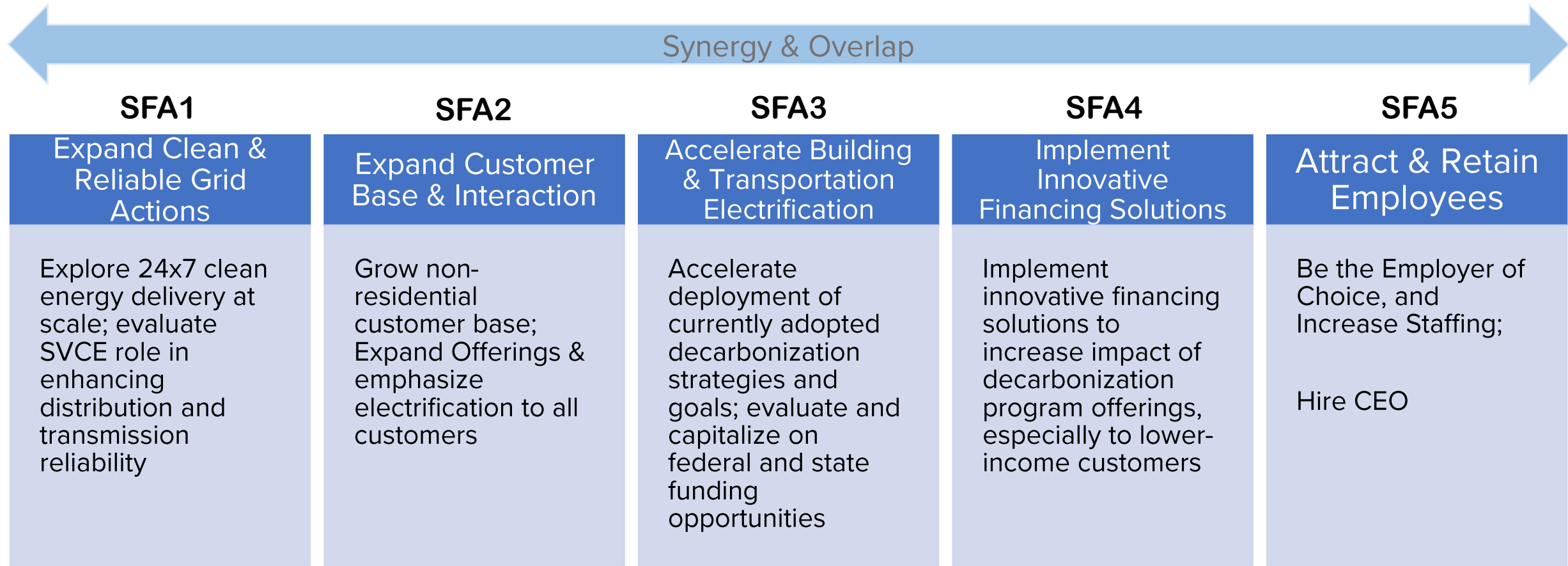


SVCE Planning & Budgeting Process



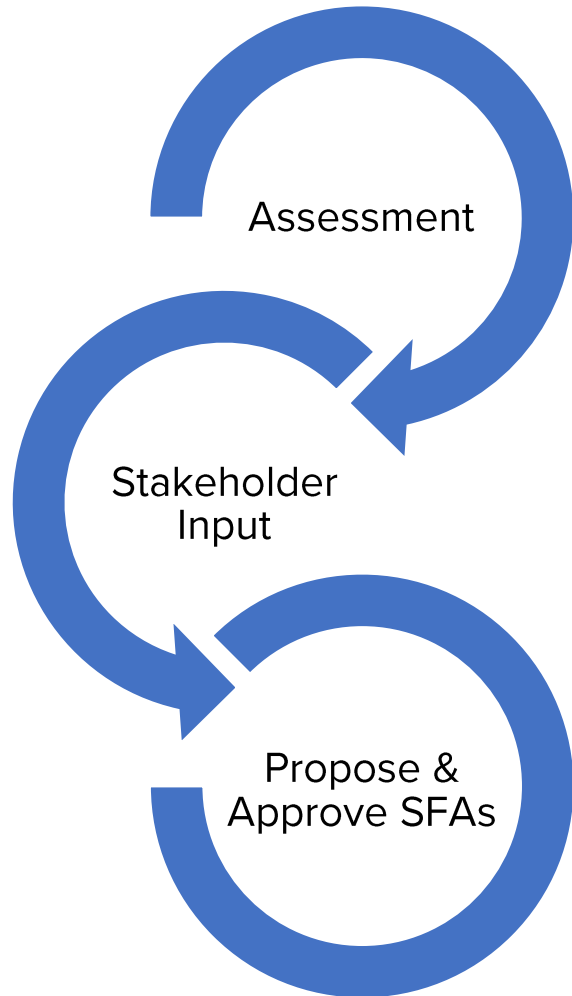


Board Approved 5 Strategic Focus Areas for FY 2024





Focus on Strategic Focus Areas



Scan the Landscape

- New Threats/Risks/Challenges
- Opportunities
- New priorities – Board, customer or staff directed

Review and Reflect on Existing SFAs

- Progress on achieving – is it now operational?
- Priority - top 5 item to focus on for next 12 months?
- Is the SFA unachievable or beyond our scope?
- Staff input – March – June – in process
- Executive Committee initial input – done
- Board input – June 2024

Propose modifications, deletions and/or new SFAs

- Existing
- New



SFA1: Expand Clean & Reliable Grid Actions

Explore 24x7 clean energy delivery at scale; evaluate SVCE role in enhancing distribution and transmission reliability

Key Measures

- Explore pathways to measure & achieve carbon free 24x7 for the entire portfolio and aligned with SVCE's mission
- Implement Google's Carbon Free Energy (CFE) framework and explore opportunities to offer expanded clean offerings to other customers
- Explore VPP opportunities and how we can demonstrate the "grid of the future"
- Explore targeted SVCE role to enhance distribution and transmission reliability

Challenges

- Affordability
- Lack of clean, reliable resources
- What do customers value
- Little influence on distribution and transmission costs

Opportunities

- Demand flexibility and virtual power plants pilots

Progress to date

- Hired E3 to assess various clean metrics including 24x7, 100% annual and CFE.
- Developed enhanced load forecasting capabilities including new load modifiers for long-term forecast
- Completed 1st year of Google CFE contract
- Internal Tiger Team on SVCE's role in distribution enhancements
- Participated in regulatory proceedings and supported legislative efforts on transmission, energization and interconnection enhancements
- Developed demand Flexibility/VPP team, roadmap development and Load Management Standard compliance report

Recommendation:

Keep and modify to focus on Pathways study (not just 24/7) and clean value proposition – that is how will we achieve SB100 carbon neutral requirements and interim targets in a cost effective, reliable and sustainable manner.



SFA2: Expand Customer Base & Interaction

Grow non-residential customer base; expand offerings; and emphasize electrification to all customers

Key Measures

- Be the Supplier of Choice
- Attract and retain DA customers
- Maintain competitive rates; increase customer offerings and demand side programs
- Expand value proposition emphasizing electrification

Challenges

- Lengthy timelines for DA conversion and market expansion opportunities

Opportunities

- Large decarb potential for large commercial

Progress to date

- Maintained rate discount 4% w/plan for 4% next two years
- Maintained opt-out level
- Continued to launch new programs to target new customers (e.g. Go Electric Advisor)
- Google CFE Framework implementation
- New programs (e.g. multifamily and single-family direct install programs)
- New C/I Decarbonization program

Recommendation:

Keep and modify to focus on commercial/industrial and non-residential decarbonization efforts



SFA3: Accelerate Building & Transportation Electrification

Accelerate deployment of currently adopted decarbonization strategies and goals; and evaluate and capitalize on federal and state funding opportunities

Key Measures

- Grow our capacity and deploy programs at a much larger scale
- Operationalize equity into programs
- Assist member agencies in evaluating federal and state decarbonization policies and program impacts
- Explore opportunities to influence and partner with other organizations on supporting a clean energy workforce

Challenges

- Cost of funding to scale
- BAAQMD rule amendments coming
- Reach Codes at risk
- Affordability and reliability concerns

Opportunities

- Lead preparation for BAAQMD rules

Progress to date

- New portfolio management tool being deployed
- Improvements to internal processes for program design, launch, and re-launch
- Rapid progress on large programs (FFH, GEA, CHAMP, Single Family Install)
- Policy and permitting experimentation and reform getting traction with member agencies
- Advocacy and analysis around IGFC

Recommendation:

Keep and modify to focus on preparing for BAAQMD Rule implementation



SFA4: Implement Innovative Financing Solutions

Implement innovative financing solutions to increase impact of decarbonization program offerings, especially to lower-income customers

Key Measures

- Continue building strong financial reserves
- Attract and retain DA customers
- Implement innovative financing solutions to customers, particularly to reach those with barriers to conventional programs (e.g., low income, renters)

Challenges

- CPUC moving slowly on TOB approval
- California budget deficit

Opportunities

- Lead preparation for BAAQMD rules

Progress to date

- Evaluation of program funding options for full electrification
- Tariff On Bill discussions with state/IOUs and developing our own pilot plan
- Issued third clean power bond prepay - \$3.7 B total
- Participating in CC Power Build Transfer Ownership RFP to get direct IRA benefits for new renewable projects

Recommendation:

Drop, as much progress has been made and many of the measures have been operationalized or are included within other SFAs



SFA5: Attract & Retain Employees

Be the Employer of Choice; increase staffing; and hire a new CEO

Key Measures

- Attract and hire new employees, passionate about our mission and with excellent job knowledge
- Build and maintain a high-performance agency
- Preserve start-up culture of employee innovation, engagement, and collaboration
- Continue enhancing remote, hybrid and in-person work
- Hire new CEO

Challenges

- Additional compliance needs with growth
- Increasing benefits costs (prices & staff maturation)
- Continued competitive environment for talent

Opportunities

- Remote/hybrid work
- Organizational maturity (SVCE 3.0)

Progress to date

- Hired new CEO
- Hired new HR Director
- Hired new General Counsel
- 11 new employees – now at 60 total
- 8 Promotions
- Enhanced on-boarding process
- Enhanced remote work practices

Recommendation:

Keep and modify to focus on employee retention, preserving culture and establishing optimal workforce



Propose New SFA – Affordability

Affordability is a key concern raised by all stakeholders.

- What drives costs, rates and affordability?
- Competitive and rate discount vs. affordable?
- How to balance clean and reliable with affordable?
- What is SVCE's role?
- How can SVCE influence advocate for affordability?
- Impacts of affordability on SVCE's decarbonization mission?
- How to best educate and/or communicate rates and affordability?
- How can SVCE keep cost down?
- How will new rates, for example demand flexibility and/or dynamic pricing help?

New SFA: Affordability – DRAFT

Expand rate-related education, legislative and regulatory advocacy, and rate-setting principles to support all-electric as the most affordable and competitive option for customers, which is essential for meeting SVCE's decarbonization mission.

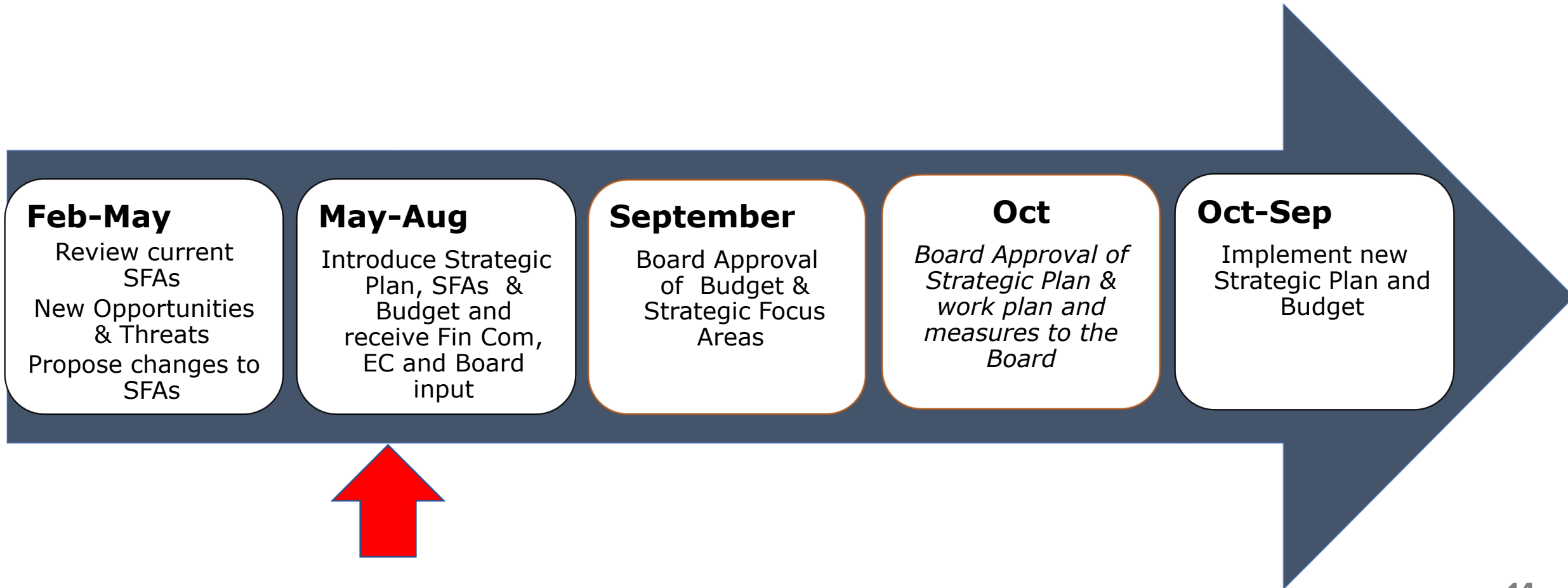


Summary of changes to SFAs

- **SFA1: Expand Clean & Reliable Grid Actions**
 - Keep and modify to focus on Pathways study (not just 24/7) and clean value proposition
- **SFA2: Expand Customer Base Interaction**
 - Keep and modify to focus on C/I decarbonization efforts
- **SFA3: Accelerate Building Transportation and Electrification**
 - Keep and modify to focus on preparing for BAAQMD Rule implementation
- **SFA4: Implement Innovative Financing Solutions**
 - Drop, as much progress has been made and operationalized
- **SFA5: Attract and Retain Employees**
 - Keep and modify to focus on employee retention and establishing optimal workforce
- **New SFA5: Affordability**
 - Finalize language and key measures/goals in support of affordability as an SFA



FY 24-25 Strategic Plan & Budget Process



Thank you

2024 Local Agency Action Planning

*Resources to support the transition to
pollution-free buildings and transportation.*

June 2024

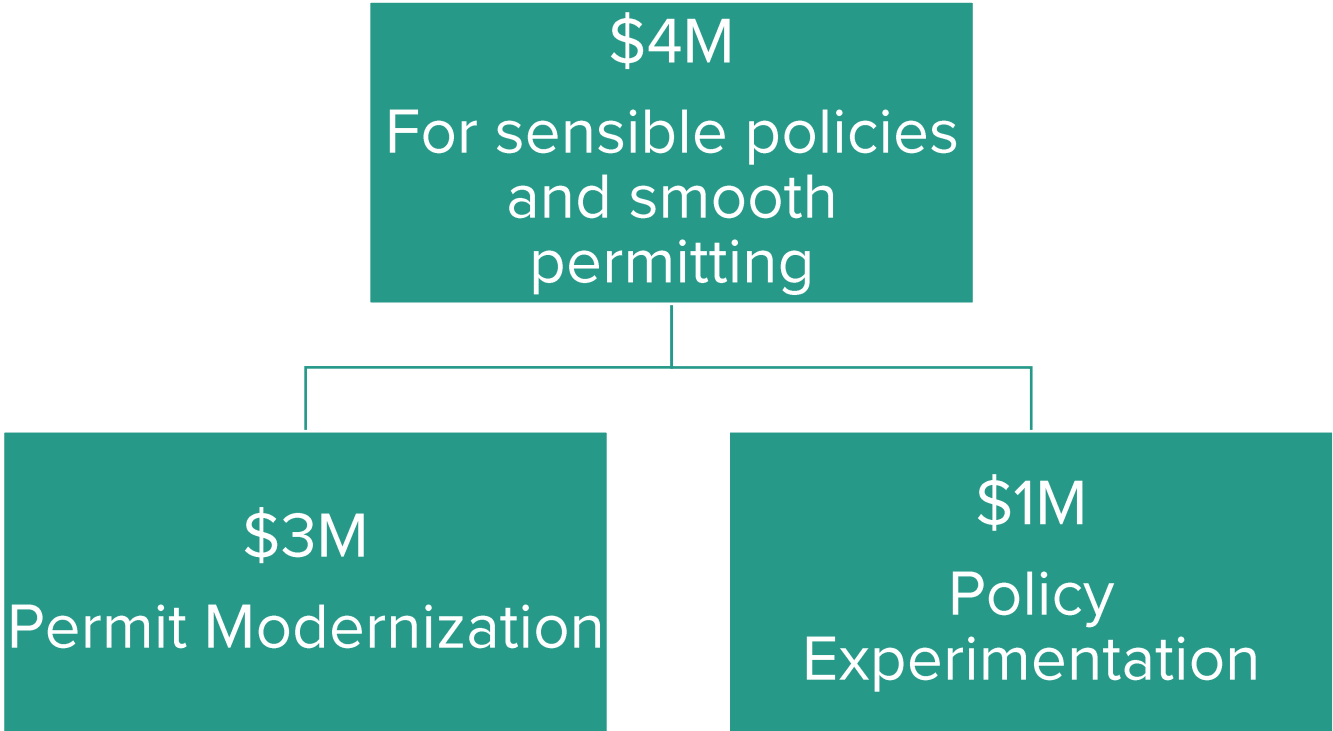
Objective

1. Provide status update on BAAQMD rule
2. Provide status update agency readiness planning

SVCE and Member Agency Partnership

SVCE rebates and federal tax credits can reduce the financial cost of electrification. Local codes and permitting can increase adoption at the best time and with less friction.

SVCE is launching two complementary programs to provide our member agencies \$4M in technical resources and grants to enable sensible local policies and smoother local permitting.



BAAQMD Update

1. BAAQMD will report to the Board in December on market readiness, including costs, technology, workforce, and tenant protections.
2. SVCE is coordinating the 7 Bay Area CCAs to develop scalable solutions that support our communities.
3. Rules are under development for South Coast Air Quality Management District and CA Air Resources Board – the current [proposal](#) would make phaseout gas water heaters statewide starting in 2027.

Local governments also play a critical role in this transition.

Each agency selects from a menu of options to help their community more easily make this transition.

There are three tiers of action.

Foundational Practices	Advancing Practices	Leading Practices
<i>Complete required practices* + choose 2 additional from below</i>	<i>Implement 3 advancing practices</i>	<i>Foundational + Advancing + Choose 2 from below</i>
*Review EVI code, update if needed	Incorporate Mechanical Siting best practices	Minimize barriers to inspections (blinders, virtual inspections)
*Review New Construction Reach Code (if applicable) and make compliant with Berkeley decision	Require Bi-Directional HVAC at time of AC replacement	BAAQMD ramp up (includes electrification readiness)
Provide staff training for expedited permitting	Establish HPWH permitting equivalency	Require disclosures about gas appliances at time of sale
Develop pre-application support materials		Implement Contractor Certification Program
Free permit pilot		Incentive-based remodels for electrification
Implement Permit Concierge		
Certificate of quality inspection		

Member agencies have already demonstrated the success of policies and permitting.

1. Monte Sereno can approve online permits and complete inspections in 1 business day for HPWH and HVAC upgrades!
2. Sunnyvale's Green Building Program incentivizes all-electric new construction by offering higher lot coverage (e.g., 5%) or higher building height (e.g., 5 feet) for all-electric buildings and by removing design review practices. – *This approach could be used for existing buildings too!*

Remember, codes and policies aren't just sticks but can incorporate carrots that make it easier to electrify.

Three jurisdictions have stated a commitment to adopt leading practices.

PROGRESS UPDATE					
Member Agency	Director Meeting	Staff Meetings	Action Plan Status	Progressing Towards <i>Foundational, Advancing, or Leading</i>	
Campbell	1/17	2/2	Staff Finalizing	Advancing	
Cupertino	1/19	2/14	SVCE Drafting	TBD	
Gilroy	1/30	2/26	SVCE Drafting	TBD	
Los Altos	1/26	2/7, 2/29	SVCE Drafting	TBD	
Los Altos Hills	1/19	2/24*	SVCE Drafting	Leading	
Los Gatos	1/9	2/6	SVCE Drafting	Leading	
Milpitas	2/5	2/5	SVCE Drafting	TBD	
Monte Sereno	1/9	4/29	SVCE Drafting	TBD	
Morgan Hill	2/9	5/1	SVCE Drafting	TBD	
Mountain View	2/13, 2/16	2/27, 4/3	SVCE Drafting	Leading	
Saratoga	2/1	3/8, 5/29	Staff Reviewing	Foundational	
Sunnyvale	2/5	2/14, 3/12	Staff Reviewing	Leading	
Santa Clara County	2/9	TBD	TBD	TBD	

Strategies with the most interest:

- Bi-directional AC requirements
- Certified contractor program (if SVCE orchestrates)
- Electrification at remodel

*In lieu of meeting with staff, SVCE met with Environmental Commission.

The Impact of Local Government Action

Sensible action now can make this transition easier and cheaper. For example, if every jurisdiction...

- Adopted rewiring requirements it could lead to **tens of thousands of electric-ready homes by 2030**.
- Required bidirectional AC at the time of replacement, it could add **~20,000 heat pumps by 2029** and **save residents \$ millions in redundant costs**.

Note: These are meant to be illustrative examples. Assumptions in the appendix.

Thank you!



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Appendix

The Impact of Your Leadership - Assumptions

Sensible action now can make this transition easier and cheaper. For example, if every jurisdiction...

- Adopted rewiring requirements it could lead to **tens of thousands of electric-ready homes by 2030.**
- There are at least 5000 permits drawn per year in our service territory that could reasonably require pre-wiring. This could mean at least 25,000 electric-ready homes by 2030. Given the variety of ways these policies could be written, we are not stating a certain number, but rather an order of magnitude.
- Required bi-directional AC at the time of replacement, it could add **~16,000 heat pumps by 2029** and **save residents \$ millions in redundant costs.**
- According to the market saturation study that SVCE conducted, there are ~100,000 ducted AC systems in our territory and they last ~20 years. Assuming an even annual turnover, that is ~5 replacements per year and ~20,000 by 2029 if policies went into effect in 2025.

SVCE is providing a comprehensive set of resources to help each agency meet its goals.

Available to All

Available to Leadership Cohort

Resources Available	Permit Modernization	Policy Experimentation
1:1 consultation w/SVCE staff (Board member & agency staff)	X	X
Tailored action plan for each jurisdiction	X	X
Technical, legal, and staff support resources	X	X
Access to national-level climate change trainings	X	X
Stipend for part-time, one-year fellow	X	X
Expanded consultant support to implement leading-edge initiatives	X	X