

# **Silicon Valley Clean Energy**

## **ADDENDUM NO. 1 TO THE COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT**

### **ADDRESSING SVCE EXPANSION TO THE CITY OF MILPITAS**



**December 2017**

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## *CHAPTER 1 – Introduction*

The purpose of this document is to make certain revisions to the Silicon Valley Clean Energy Implementation Plan and Statement of Intent (“Implementation Plan”) in order to address expansion of the Silicon Valley Clean Energy community choice aggregation program (the “CCA Program”, “Program” or “SVCE”) to the City of Milpitas. The Silicon Valley Clean Energy Authority (“SVCEA”) is a public agency located within Santa Clara County, formed for the purpose of implementing the CCA Program, which serves the electric energy requirements of certain residents and businesses within its member municipalities. At the time of initial service commencement, member agencies of SVCEA included eleven (11) municipalities located within the County of Santa Clara (“County”) as well as the unincorporated areas of the County itself (together, the “Members” or “Member Agencies”), which elected to allow SVCEA to provide electric generation service within their respective jurisdictions. The following Members Agencies comprised SVCEA’s initial membership: the Cities of Campbell, Cupertino, Gilroy, Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale, the Towns of Los Altos Hills and Los Gatos, and the unincorporated areas of Santa Clara County. In anticipation of CCA program implementation and in compliance with state law, SVCE submitted its Implementation Plan to the California Public Utilities Commission (“CPUC” or “Commission”) on July 14, 2016. Consistent with its expressed intent, SVCE successfully launched the Program on April 1, 2017 and has been serving customers located within its Member Agencies since that time.

The SVCE program now provides electric generation service to approximately 235,000 electric customers, including a cross section of residential and commercial accounts. During its operating history, non-member municipalities have monitored SVCE’s progress, evaluating the potential opportunity for membership, which would enable customer choice with respect to electric generation service. In response to public interest and SVCE’s successful operations, the City of Milpitas recently requested SVCE membership. SVCE’s Board of Directors approved such membership request at a duly noticed public meeting on November 29, 2017 through the adoption of Resolution No. 2017-13.

This Addendum No. 1 describes SVCE’s expansion plans to include the City of Milpitas. According to the Commission, the Energy Division is required to receive and review a revised SVCE implementation plan reflecting the anticipated changes/consequences associated with the addition of any new members. With this in mind, SVCE has reviewed its certified Implementation Plan and has identified certain information that requires updating to reflect the changes and consequences of adding the City of Milpitas as well as other forecast modifications, which reflect the most recent historical electric energy use within SVCE’s existing service territory. This Addendum No. 1 reflects such changes.

The format of this document addresses all requirements identified in Public Utilities Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service. Furthermore, the format of this document is intended to streamline public review of pertinent changes related to SVCE expansion.

## **CHAPTER 2 – CHANGES TO ADDRESS SVCE EXPANSION TO THE CITY OF MILPITAS**

This Addendum No. 1 addresses the anticipated impacts of SVCE’s planned expansion to the City of Milpitas, as well as other forecast modifications reflecting the most recent historical electric energy use within SVCE’s existing service territory. As a result of this member addition, certain assumptions regarding SVCE’s future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and various other items. The following section highlights pertinent changes related to this planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 1, SVCE represents that such information remains unchanged relative to the July 2016 Implementation Plan, which was certified by the Commission on September 27, 2016.

With regard to the defined terms “Members” and “Member Agencies”, the following Community are now signatories to the SVCE Joint Powers Agreement and represent SVCE’s current membership:

<b>Member Agencies</b>
City of Campbell
City of Cupertino
City of Gilroy
City of Los Altos
Town of Los Altos
Town of Los Gatos
City of Milpitas
City of Monte Sereno
City of Morgan Hill
City of Mountain View
City of Saratoga
City of Sunnyvale
County of Santa Clara (Unincorporated Areas)

Throughout this document, use of the terms Members and Member Agencies shall now include the aforementioned communities. To the extent that discussion addresses the process of aggregation and SVCE organization, each of these communities is now an SVCE Member and the electric customers of such jurisdictions have been or will be offered CCA service consistent with the noted phase-in schedule.

### **Aggregation Process**

SVCE’s aggregation process was discussed in Chapter 2 of SVCE’s July 2016 Implementation Plan. The following verbiage is supplemental to the introductory section of Chapter 2:

SVCE successfully launched its CCA Program on April 1, 2017 after meeting applicable statutory requirements and in consideration of planning elements described in its initial Implementation Plan. At this point in time, SVCE plans to expand agency membership to include the City of Milpitas. The City of Milpitas requested SVCE membership, and SVCE’s Board of Directors subsequently approved its membership request at a duly noticed public meeting on November 29, 2017.

**Program Phase-In**

Program phase-in was discussed in Chapter 5 of SVCE’s July 2016 Implementation Plan. Chapter 5 is replaced in its entirety with the following verbiage:

SVCE will continue to phase-in customers of its CCA Program as communicated in this Implementation Plan. To date, two phases have been successfully implemented, and a third phase will commence in May 2018.<sup>1</sup> The third phase will include service commencement to electric customers located within the City of Milpitas as reflected in the following table.

SVCE Phase No.	Status & Description of Phase	Implementation Date
Phase 1	<b>Complete:</b> All municipal accounts, all small and medium commercial accounts, 20 percent of residential accounts, and all customer accounts that have voluntarily expressed interest in Phase 1 enrollment.	April 1, 2017
Phase 2	<b>Complete:</b> All agricultural, large commercial and industrial, and street lighting accounts, as well as the remaining 80 percent of residential accounts.	July 2017
Phase 3	City of Milpitas expansion: All eligible accounts.	May 2018 (planned)

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

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

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<sup>1</sup> Phase 3, as described in SVCE’s July 2016 Implementation Plan, was scheduled to occur in October 2017, but was consolidated with Phase 2. As such, SVCE enrolled the customers of its initial Member Agencies over the course of two phases, the first of which commenced in April 2017 and the second of which commenced in July 2017.

## Sales Forecast

With regard to SVCE's sales forecast, which is addressed in Chapter 6, Load Forecast and Resource Plan, SVCE projects that total annual retail sales will increase to approximately 4,171 GWh following Phase 3 expansion. The following tables have also been updated to reflect the impacts of planned expansion to SVCE's new membership.

## Chapter 6, Resource Plan Overview

Silicon Valley Clean Energy Proposed Resource Plan (GWh) 2017 to 2026										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>SVCE Demand (GWh)</b>										
Retail Demand	-2,109	-3,939	-4,175	-4,196	-4,217	-4,238	-4,259	-4,280	-4,302	-4,323
Distributed Generation	0	0	4	6	8	11	13	15	17	19
Energy Efficiency	0	0	0	0	4	8	13	17	21	26
Losses and UFE	0	0	0	0	0	0	0	0	0	0
<b>Total Demand</b>	<b>-2,109</b>	<b>-3,939</b>	<b>-4,170</b>	<b>-4,189</b>	<b>-4,204</b>	<b>-4,219</b>	<b>-4,233</b>	<b>-4,248</b>	<b>-4,263</b>	<b>-4,278</b>
<b>SVCE Supply (GWh)</b>										
<u>Renewable Resources</u>										
Total Renewable Resources	1,054	1,970	2,087	2,098	2,108	2,119	2,129	2,140	2,151	2,162
<u>Conventional Resources</u>										
Total Conventional Resources	1,054	1,970	2,083	2,091	2,096	2,100	2,104	2,108	2,113	2,117
<b>Total Supply</b>	<b>2,109</b>	<b>3,939</b>	<b>4,170</b>	<b>4,189</b>	<b>4,204</b>	<b>4,219</b>	<b>4,233</b>	<b>4,248</b>	<b>4,263</b>	<b>4,278</b>
<b>Energy Open Position (GWh)</b>	<b>0</b>									

## Chapter 6, Customer Forecast

For Phase 3, the number of accounts switched over to SVCE service will increase again by approximately 712 accounts per day. The number of accounts served by SVCEA at the end of each phase is shown in the table below.

<b>Silicon Valley Clean Energy Enrolled Retail Service Accounts Phase-In Period (End of Month)</b>			
<b>SVCE Customers</b>	<b>Apr-17</b>	<b>Jul-17</b>	<b>May-18</b>
Residential	37,627	209,935	229,200
Small Commercial	16,497	18,176	20,707
Medium Commercial	2,180	2,245	2,568
Large Commercial	141	1,255	1,444
Industrial	<15	33	36
Street Lighting & Traffic	-	841	873
Agricultural & Pumping	-	921	877
<b>Total</b>	<b>57,192</b>	<b>233,406</b>	<b>255,705</b>

<b>Silicon Valley Clean Energy Retail Service Accounts (End of Year) 2017 to 2026</b>										
<b>SVCE Customers</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Residential	209,935	229,200	230,346	231,497	232,655	233,818	234,987	236,162	237,343	238,530
Small Commercial	18,176	20,707	20,811	20,915	21,019	21,124	21,230	21,336	21,443	21,550
Medium Commercial	2,245	2,568	2,581	2,594	2,607	2,620	2,633	2,646	2,659	2,673
Large Commercial	1,255	1,444	1,451	1,458	1,466	1,473	1,480	1,488	1,495	1,503
Industrial	33	36	36	36	36	36	37	37	37	37
Street Lighting & Traffic	841	873	877	882	886	891	895	899	904	908
Agricultural & Pumping	921	877	881	886	890	895	899	904	908	913
<b>Total</b>	<b>233,406</b>	<b>255,705</b>	<b>256,983</b>	<b>258,268</b>	<b>259,559</b>	<b>260,857</b>	<b>262,162</b>	<b>263,472</b>	<b>264,790</b>	<b>266,114</b>

## Chapter 6, Sales Forecast

<b>Silicon Valley Clean Energy Energy Requirements (GWh) 2017 to 2026</b>										
<b>SVCE Energy Requirements (GWh)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Retail Demand	2,109	3,939	4,175	4,196	4,217	4,238	4,259	4,280	4,302	4,323
Distributed Generation	0	0	-4	-5	-7	-9	-11	-12	-14	-16
Energy Efficiency	0	0	0	0	-4	-8	-13	-17	-21	-26
Losses and UFE	0	0	0	0	0	0	0	0	0	0
<b>Total Load Requirement</b>	<b>2,109</b>	<b>3,939</b>	<b>4,171</b>	<b>4,190</b>	<b>4,205</b>	<b>4,220</b>	<b>4,236</b>	<b>4,251</b>	<b>4,266</b>	<b>4,281</b>

## Chapter 6, Capacity Requirements

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

Month	2017	2018	2019
January	-	607	666
February	-	625	695
March	-	539	604
April	275	623	697
May	301	721	723
June	319	847	849
July	662	833	835
August	674	830	831
September	669	929	932
October	694	783	785
November	668	736	738
December	661	737	739

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Demand (MW)</b>										
Retail Demand	604	808	812	816	820	824	829	833	837	841
Distributed Generation	-	-	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Energy Efficiency	-	-	-	-	(1)	(2)	(3)	(4)	(5)	(5)
Losses and UFE	-	-	-	-	-	-	-	-	-	-
Total Net Peak Demand	604	808	810	813	815	818	820	822	824	827
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	91	121	122	122	122	123	123	123	124	124
Capacity Requirement Including Reserve	694	929	932	935	938	940	943	945	948	951

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SVCE Peak (MW)	604	808	810	813	815	818	820	822	824	827
Local Capacity Requirement (% of Peak)	-	36%	36%	36%	36%	36%	36%	36%	36%	36%
Greater Bay Area Share of Local Capacity Requirement (%)	-	34%	34%	34%	34%	34%	34%	34%	34%	34%
Other PG&E Areas Share of Local Capacity Requirement (%)	-	66%	66%	66%	66%	66%	66%	66%	66%	66%
SVCE Local Capacity Requirement Greater Bay (MW)	-	99	99	100	100	100	100	101	101	101
SVCE Local Capacity Requirement Other PG&E (MW)	-	192	192	193	194	194	195	195	196	196
SVCE Local Capacity Requirement, Total (MW)	-	291	292	293	294	294	295	296	297	298

## Chapter 6, Renewables Portfolio Standards Energy Requirements

	RPS Requirements (MWH) 2017 to 2026									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Retail Sales	2,108,550	3,939,047	4,174,691	4,195,564	4,216,542	4,237,625	4,258,813	4,280,107	4,301,507	4,323,015
Annual Procurement Target	569,308	1,142,324	1,294,154	1,384,536	1,463,140	1,542,495	1,622,608	1,703,483	1,785,126	1,867,542
% of Current Year Retail Sales*	27%	29%	31%	33%	35%	36%	38%	40%	42%	43%

### Financial Plan

With regard to SVCE's financial plan, which is addressed in Chapter 7, Financial Plan, SVCE has updated its expected operating results, which now include projected impacts related to service expansion within SVCE's new member Community. The following table reflects updated operating projections in consideration of these planned expansions.

## Chapter 7, CCA Program Implementation Feasibility Analysis

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

CATEGORY	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>I. REVENUES FROM OPERATIONS (\$)</b>											
ELECTRIC SALES REVENUE	161,440,552	283,614,159	297,539,431	306,481,828	315,693,510	325,182,589	334,957,421	345,026,613	355,399,032	366,083,812	3,091,418,947
LESS UNCOLLECTIBLE ACCOUNTS	(807,203)	(1,418,071)	(1,487,697)	(1,532,409)	(1,578,468)	(1,625,913)	(1,674,787)	(1,725,133)	(1,776,995)	(1,830,419)	(15,457,095)
<b>TOTAL REVENUES</b>	<b>160,633,350</b>	<b>282,196,088</b>	<b>296,051,733</b>	<b>304,949,419</b>	<b>314,115,043</b>	<b>323,556,676</b>	<b>333,282,634</b>	<b>343,301,479</b>	<b>353,622,037</b>	<b>364,253,393</b>	<b>3,075,961,853</b>
<b>II. COST OF OPERATIONS (\$)</b>											
<b>(A) OPERATIONS AND ADMINISTRATIVE (O&amp;A)</b>											
STAFFING & PROFESSIONAL SERVICES	3,230,338	4,869,531	5,015,617	5,166,085	5,321,068	5,480,700	5,645,121	5,814,475	5,988,909	6,168,576	52,700,420
MARKETING	1,773,911	1,863,583	1,943,100	2,004,647	2,068,135	2,133,686	2,201,306	2,271,082	2,343,081	2,417,377	21,019,930
DATA MANAGEMENT SERVICES	1,823,096	3,413,850	3,546,368	3,564,100	3,581,920	3,599,830	3,617,829	3,635,918	3,654,098	3,672,368	34,109,376
IOU FEES (INCLUDING BILLING)	749,507	1,432,176	1,527,170	1,580,850	1,636,417	1,693,937	1,753,479	1,815,114	1,878,915	1,944,959	16,012,527
OTHER ADMINISTRATIVE & GENERAL	666,594	928,288	956,136	984,820	1,014,365	1,044,796	1,076,140	1,108,424	1,141,677	1,175,927	10,097,165
ENERGY PROGRAMS	1,545,000	3,182,700	3,278,181	3,376,526	3,477,822	3,582,157	3,689,622	3,800,310	3,914,320	4,031,749	33,878,387
<b>SUBTOTAL O&amp;A</b>	<b>9,788,446</b>	<b>15,690,128</b>	<b>16,266,573</b>	<b>16,677,030</b>	<b>17,099,748</b>	<b>17,535,106</b>	<b>17,983,497</b>	<b>18,445,322</b>	<b>18,920,999</b>	<b>19,410,957</b>	<b>167,817,805</b>
<b>(B) COST OF ENERGY</b>	<b>113,926,269</b>	<b>202,142,329</b>	<b>217,779,449</b>	<b>228,760,130</b>	<b>241,261,489</b>	<b>251,793,693</b>	<b>260,888,800</b>	<b>270,342,520</b>	<b>280,168,959</b>	<b>290,382,772</b>	<b>2,357,446,410</b>
<b>(C) OPERATING RESERVE</b>	<b>8,072,028</b>	<b>14,180,708</b>	<b>14,876,972</b>	<b>15,324,091</b>	<b>15,784,676</b>	<b>13,007,304</b>	<b>13,398,297</b>	<b>13,801,065</b>	<b>14,215,961</b>	<b>14,643,352</b>	<b>137,304,453</b>
<b>TOTAL COST AND OPERATING RESERVE</b>	<b>131,786,743</b>	<b>232,013,165</b>	<b>248,922,993</b>	<b>260,761,250</b>	<b>274,145,912</b>	<b>282,336,103</b>	<b>292,270,594</b>	<b>302,588,907</b>	<b>313,305,919</b>	<b>324,437,082</b>	<b>2,662,568,667</b>
<b>CCA PROGRAM SURPLUS/(DEFICIT)</b>	<b>28,846,607</b>	<b>50,182,924</b>	<b>47,128,741</b>	<b>44,188,168</b>	<b>39,969,130</b>	<b>41,220,574</b>	<b>41,012,040</b>	<b>40,712,573</b>	<b>40,316,117</b>	<b>39,816,312</b>	<b>413,393,186</b>

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

CATEGORY	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>I. RESERVE ADDITIONS</b>											
(A) OPERATING RESERVE CONTRIBUTION	8,072,028	14,180,708	14,876,972	15,324,091	15,784,676	13,007,304	13,398,297	13,801,065	14,215,961	14,643,352	137,304,453
(B) CASH FROM FINANCING	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
<b>SUBTOTAL RESERVE ADDITIONS</b>	<b>13,072,028</b>	<b>14,180,708</b>	<b>14,876,972</b>	<b>15,324,091</b>	<b>15,784,676</b>	<b>13,007,304</b>	<b>13,398,297</b>	<b>13,801,065</b>	<b>14,215,961</b>	<b>14,643,352</b>	<b>142,304,453</b>
<b>II. RESERVE SUBTRACTIONS</b>											
(A) STARTUP FUNDING REPAYMENT	511,875	2,218,125	-	-	-	-	-	-	-	-	2,730,000
(B) WORKING CAPITAL REPAYMENT	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
(C) INTEREST PAYMENTS	137,500	-	-	-	-	-	-	-	-	-	137,500
<b>SUBTOTAL RESERVE SUBTRACTIONS</b>	<b>5,649,375</b>	<b>2,218,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,867,500</b>
<b>III. RATE STABILIZATION RESERVE BALANCE</b>	<b>7,422,653</b>	<b>19,385,236</b>	<b>34,262,207</b>	<b>49,586,299</b>	<b>65,370,974</b>	<b>78,378,278</b>	<b>91,776,574</b>	<b>105,577,639</b>	<b>119,793,600</b>	<b>134,436,953</b>	

## **Expansion Addendum Appendices**

Appendix A: Resolution No. 2017-13 (Adopting City of Milpitas' Request for Membership)

Appendix B: Silicon Valley Clean Energy Joint Powers Agreement

Appendix C: Silicon Valley Clean Energy Implementation Plan and Statement of Intent

**RESOLUTION NO. 2017-13**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY AUTHORIZING THE CITY OF MILPITAS TO BE A MEMBER OF THE AUTHORITY, DETERMINING THE INITIAL VOTING SHARES FOR THIS NEW MEMBER, AND REVISING EXHIBIT D TO THE JOINT POWERS AGREEMENT TO ADD THESE NEW VOTING SHARES**

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

WHEREAS, Section 3.1 of the Agreement provides that incorporated cities and counties, in addition to the initial participants, may by resolution of its governing body request membership in the Authority;

WHEREAS, Section 3.1 further provides that the Board of Directors may approve the request for membership upon a two-thirds affirmative vote of the entire Board subject to any conditions that the Board considers appropriate;

WHEREAS, the City of Milpitas has adopted a resolution requesting membership in the Authority, a Community Choice Aggregation ordinance required by Public Utilities Code Section 366.2(c)(12), and a resolution authorizing the execution of the Agreement upon approval of its request for membership by the Authority Board of Directors; and

WHEREAS, the Authority's staff has evaluated the request by the City of Milpitas to become a member of the Authority and recommends approval of this request as serving the interests of the Authority.

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

Section 1. The City of Milpitas is hereby authorized to become a party to the Agreement and a member of the Authority subject to the following conditions:

- (a) The Community Choice Aggregation ordinance adopted by the City of Milpitas becoming effective.
- (b) The execution of the Agreement by the duly authorized official of the City of Milpitas.

The City of Milpitas shall become a member of the Authority upon the satisfaction of the above two conditions.

Section 2. The initial voting shares for the City of Milpitas as determined pursuant to Section 4.9.3 of the Agreement shall be 15.3%. Exhibit D to the Agreement shall be revised to insert the above initial voting share for the City of Milpitas.

**ADOPTED AND APPROVED this 29th day of November, 2017.**



Chair

**ATTEST:**



Clerk

**Silicon Valley Clean Energy Authority**

**- Joint Powers Agreement –**

Effective March 31, 2016

Among The Following Parties:

City of Campbell

City of Cupertino

City of Gilroy

City of Los Altos

Town of Los Altos Hills

Town of Los Gatos

City of Milpitas

City of Monte Sereno

City of Morgan Hill

City of Mountain View

County of Santa Clara (Unincorporated Area)

City of Saratoga

City of Sunnyvale

# **SILICON VALLEY CLEAN ENERGY AUTHORITY**

## **JOINT POWERS AGREEMENT**

This Joint Powers Agreement (“Agreement”), effective as of March 31, 2016, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit B (“Parties”). The term “Parties” shall also include an incorporated municipality or county added to this Agreement in accordance with Section 3.1.

### **RECITALS**

1. The Parties are either incorporated municipalities or counties sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. The purposes for the Initial Participants (as such term is defined in Section 2.2 below) entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability, energy efficiencies and local economic benefits. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.
3. The Parties desire to establish a separate public agency, known as the Silicon Valley Clean Energy Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
4. The Initial Participants have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 (“CCA Program”). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

### ARTICLE 1 CONTRACT DOCUMENTS

**1.1 Definitions.** Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

**1.2 Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

- Exhibit A: Definitions
- Exhibit B: List of the Parties
- Exhibit C: Annual Energy Use
- Exhibit D: Voting Shares
- Exhibit E: Funding of Initial Costs

**1.3 Revision of Exhibits.** The Parties agree that Exhibits B, C and D to this Agreement describe certain administrative matters that may be revised upon the approval of the Board, without such revision constituting an amendment to this Agreement, as described in Section 8.4. The Authority shall provide written notice to the Parties of the revision of any such exhibit.

### ARTICLE 2 FORMATION OF SILICON VALLEY CLEAN ENERGY AUTHORITY

**2.1 Effective Date and Term.** This Agreement shall become effective and Silicon Valley Clean Energy Authority shall exist as a separate public agency on March 31, 2016 provided that this Agreement is executed on or prior to such date by at least three Initial Participants after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.4, subject to the rights of the Parties to withdraw from the Authority.

**2.2 Initial Participants.** Until March 31, 2016, all other Initial Participants may become a Party by executing this Agreement and delivering an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(12) to the Authority. Additional conditions, described in Section 3.1, may apply (i) to either an incorporated municipality or county desiring to become a Party that is not an Initial Participant

and (ii) to Initial Participants that have not executed and delivered this Agreement within the time period described above.

**2.3 Formation.** There is formed as of the Effective Date a public agency named the Silicon Valley Clean Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.3 may not be amended unless such amendment is approved by the governing boards of all Parties.

**2.4 Purpose.** The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party and any other powers granted to the Authority under state law to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate as a group in the CCA Program pursuant to Public Utilities Code Section 366.2(c)(12). The Parties intend that subsequent agreements shall define the terms and conditions associated with the actual implementation of the CCA Program.

**2.5 Powers.** The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:

- 2.5.1** make and enter into contracts;
- 2.5.2** employ agents and employees, including but not limited to an Executive Director;
- 2.5.3** acquire, contract, manage, maintain, and operate any buildings, works or improvements;
- 2.5.4** acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
- 2.5.5** lease any property;
- 2.5.6** sue and be sued in its own name;
- 2.5.7** incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Section 53850 et seq. and authority under the Act;

- 2.5.8 issue revenue bonds and other forms of indebtedness;
- 2.5.9 apply for, accept, and receive all licenses, permits, grants, loans or other assistance from any federal, state or local public agency;
- 2.5.10 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 2.5.11 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority (“Operating Rules and Regulations”); and
- 2.5.12 make and enter into service, energy and any other agreements necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.

**2.6 Limitation on Powers.** As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the City of Cupertino and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.

**2.7 Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings or structures located, constructed or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed.

### **ARTICLE 3** **AUTHORITY PARTICIPATION**

**3.1 Addition of Parties.** Subject to Section 2.2, relating to certain rights of Initial Participants, other incorporated municipalities and counties may become Parties upon (a) the adoption of a resolution by the governing body of such incorporated municipality or county requesting that the incorporated municipality or county, as the case may be, become a member of the Authority, (b) the adoption by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, of a resolution authorizing membership of the additional incorporated municipality or county, specifying the membership payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12) and execution of this Agreement and other necessary program agreements by the incorporated municipality or county, (d) payment of the membership fee, if any, and (e) satisfaction of any conditions established by the Board.

**3.2 Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition and/or withdrawal or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 3.1.

The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

#### **ARTICLE 4**

#### **GOVERNANCE AND INTERNAL ORGANIZATION**

**4.1 Board of Directors.** The governing body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2.

**4.2 Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

**4.2.1** The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party also shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the Director shall be a member of the governing body of the Party. The person appointed and designated as the alternate Director may be a member of the governing body of the Party, a staff member of the Party, or a member of the public.

**4.2.2** The Operating Rules and Regulations, to be developed and approved by the Board in accordance with Section 2.5.11, shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

**4.3 Terms of Office.** Each regular and alternate Director shall serve at the pleasure of the governing body of the Party that the Director represents, and may be removed as Director by such governing body at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director in accordance with the provisions of Section 4.2 within 90 days of the date that such position becomes vacant.

**4.4 Quorum.** A majority of the Directors of the entire Board shall constitute a quorum.

**4.5 Powers and Function of the Board.** The Board shall conduct or authorize to be conducted all business and activities of the Authority, consistent with this Agreement, the Authority Documents, the Operating Rules and Regulations, and applicable law.

**4.6 Executive Committee.** The Board may establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the executive committee such authority as the Board might otherwise exercise, subject to limitations placed on the

Board's authority to delegate certain essential functions, as described in the Operating Rules and Regulations. The Board may not delegate to the Executive Committee or any other committee its authority under Section 2.5.11 to adopt and amend the Operating Rules and Regulations.

**4.7 Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement.

**4.8 Director Compensation.** Compensation for work performed by Directors on behalf of the Authority shall be borne by the Party that appointed the Director. The Board, however, may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors.

**4.9 Board Voting**

**4.9.1 Percentage Vote.** Except when a supermajority vote is expressly required by this Agreement or the Operating Rules and Regulations, action of the Board on all matters shall require an affirmative vote of a majority of all Directors on the entire Board. A supermajority vote is required by this Agreement for the matters addressed by Sections 3.1, 6.4, 7.1.1, 7.1.2, 7.2, and 8.4. When a supermajority vote is required by this Agreement or the Operating Rules and Regulations, action of the Board shall require an affirmative vote of the specified supermajority of all Directors on the entire Board. All votes taken pursuant to this Section 4.9.1 shall be referred to as a percentage vote. No action can be taken by the Board without an affirmative percentage vote.

**4.9.2 Voting Shares Vote.** In addition to and immediately after an affirmative percentage vote, two or more Directors may request that a vote of the voting shares shall be held. In such event, the corresponding voting shares (as described in Section 4.9.2 and Exhibit D) of all Directors voting in the affirmative shall exceed 50%, or such other higher voting shares percentage expressly required by this Agreement or the Operating Rules and Regulations, of all Directors on the entire Board. All votes taken pursuant to this Section 4.9.2 shall be referred to as a voting shares vote. In the event that any one Director has a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter. When a voting shares vote is held, action by the Board requires both an affirmative percentage vote and an affirmative voting shares vote.

**4.9.3 Voting Shares Formula.** When a voting shares vote is requested by two or more Directors, voting shares of the Directors shall be determined by the following formula:

(Annual Energy Use/Total Annual Energy) multiplied by 100, where (a) “Annual Energy Use” means (i) with respect to the first two years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by the Authority and (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy use are designated in Exhibit C and the initial voting shares are designated in Exhibit D. Both Exhibits C and D shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year subject to the approval of the Board.

**4.10 Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.).

**4.11 Selection of Board Officers.**

**4.11.1 Chair and Vice Chair.** The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

**4.11.2 Secretary.** The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

**4.11.3 Treasurer and Auditor.** The Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be a member of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Auditor of the

Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer and/or Auditor to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested, the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 6.

## **ARTICLE 5**

### **IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS**

#### **5.1 Preliminary Implementation of the CCA Program.**

- 5.1.1 Enabling Ordinance.** Prior to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.
- 5.1.2 Implementation Plan.** The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.9.
- 5.1.3 Termination of CCA Program.** Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

**5.2 Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to the Operating Rules and Regulations, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Article 7.

**ARTICLE 6**  
**FINANCIAL PROVISIONS**

**6.1 Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

**6.2 Depository.**

**6.2.1** All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

**6.2.2** All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

**6.2.3** All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

**6.3 Budget and Recovery Costs.**

**6.3.1 Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time through an Authority Document as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Rules and Regulations.

**6.3.2 Funding of Initial Costs.** The Initial Participants shall fund the Initial Costs of the Authority in establishing the Authority and implementing the CCA Program as described in Exhibit E to this Agreement. The Initial Participants shall remit to the Authority their respective shares of Phase 2 and 3 Initial Costs as described in Exhibit E within 30 days after the Effective Date. In the event that the CCA Program becomes operational, these Initial Costs paid by the Initial Participants shall be included in the customer charges for electric services as provided by Section 6.3.3 to the extent permitted by law, and the Initial Participants shall be reimbursed by the Authority within four years of the Effective Date. The Authority may establish a reasonable time period over which such costs are recovered. In

the event that the CCA Program does not become operational, the Initial Participants shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.

**6.3.3 CCA Program Costs.** The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric, conservation and energy efficiency services under the CCA Program shall be recovered through charges to CCA customers receiving such electric services or from revenues received from grants or other third-party sources.

**6.3.4 Additional Contributions and Advances.** Pursuant to Government Code Section 6504, the Parties may in their discretion make financial contributions, loans or advances to the Authority for the purposes of the Authority set forth in this Agreement. The repayment of such contributions, loans or advances will be on the written terms agreed to by the Party making the contribution, loan or advance and the Authority.

**6.4 Debt.** The Authority shall not incur any debts, including but not limited to loans and the issuance of bonds, unless approved by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9.

## **ARTICLE 7**

### **WITHDRAWAL AND TERMINATION**

#### **7.1 Withdrawal.**

**7.1.1 General Right to Withdraw.** A Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. By a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, the Board may shorten the 180 day period for a withdrawal under this Section 7.1.1 to become effective.

**7.1.2 Amendment.** Notwithstanding Section 7.1.1, a Party may withdraw its membership in the Authority following an amendment to this Agreement provided that the requirements of this Section 7.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective 180 days after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board. By a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, the Board may shorten the 180 day period for a withdrawal under this Section 7.1.2 to become effective.

**7.1.3 Liabilities; Further Assurances.** A Party that withdraws its membership in the Authority under either Section 7.1.1 or 7.1.2 may be subject to certain liabilities, as described in Section 7.3. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Operating Rules and Regulations shall prescribe the rights, if any, of a withdrawn Party to continue to participate in those Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party.

**7.2 Involuntary Termination of a Party.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or the Authority Documents upon a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, including the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain liabilities, as described in Section 7.3.

**7.3 Continuing Liability; Refund.** Subject to the provisions of Section 2.3, upon a withdrawal or involuntary termination of a Party pursuant to Sections 7.1 or 7.2, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in the Authority through the date of its withdrawal or involuntary termination. Notwithstanding Section 2.3, thereafter, the withdrawing or terminated Party shall be responsible for any damages, losses or costs incurred by the Authority resulting from the Party's withdrawal, including but not limited to losses from the resale of power contracted for by the Authority to serve the Party's load. In addition, such Party also shall be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party.

**7.4 The Right to Withdraw Prior to Program Launch.** After receiving bids from power suppliers for the CCA Program, the Authority must provide to the Parties a report from the electrical utility consultant retained by the Authority comparing the Authority's total estimated electrical rates, the estimated greenhouse gas emissions rate and the amount of

estimated renewable energy to be used with that of the incumbent utility. Within 15 days after receiving this report, any Party may immediately withdraw its membership in the Authority by providing written notice of withdrawal to the Authority if the report determines that any one of the following conditions exists: (1) the Authority is unable to provide total electrical rates, as part of its baseline offering to customers, that are equal to or lower than the incumbent utility, (2) the Authority is unable to provide electricity in a manner that has a lower greenhouse gas emissions rate than the incumbent utility, or (3) the Authority will use less renewable energy than the incumbent utility. Any Party who withdraws from the Authority pursuant to this Section 7.4 shall not be entitled to any refund of the Initial Costs it has paid to the Authority prior to the date of withdrawal unless the Authority is later terminated pursuant to Section 7.5. In such event, any Initial Costs not expended by the Authority shall be returned to all Parties, including any Party that has withdrawn pursuant to this section, in proportion to the contribution that each made. Notwithstanding anything to the contrary in this Agreement, any Party who withdraws pursuant to this section shall not be responsible for any liabilities or obligations of the Authority after the date of withdrawal, including without limitation any liability arising from power purchase agreements entered into by the Authority.

**7.5 Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 7.1.

**7.6 Disposition of Property upon Termination of Authority.** Upon termination of this Agreement as to all Parties, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any Authority Documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

## **ARTICLE 8**

### **MISCELLANEOUS PROVISIONS**

**8.1 Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation or arbitration in the manner agreed upon by the Party or Parties and the Authority. In the event that nonbinding mediation or arbitration is not initiated or does not result in the settlement of a dispute within 120 days after the demand for mediation or arbitration is made, any Party and the Authority may pursue any remedies provided by law.

**8.2 Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et

seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

**8.3 Indemnification of Parties.** The Authority shall acquire such insurance coverage as the Board deems necessary to protect the interests of the Authority, the Parties and the public but shall obtain no less than \$2 million dollars in coverage. Such insurance coverage shall name the Parties and their respective Board or Council members, officers, agents and employees as additional insureds. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

**8.4 Amendment of this Agreement.** This Agreement may be amended in writing by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9. The Authority shall provide written notice to the Parties at least 30 days in advance of any proposed amendment being considered by the Board. If the proposed amendment is adopted by the Board, the Authority shall provide prompt written notice to all Parties of the effective date of such amendment along with a copy of the amendment.

**8.5 Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 8.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.

**8.6 Severability.** If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

**8.7 Further Assurances.** Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

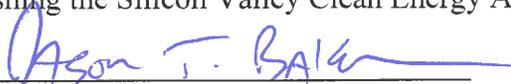
**8.8 Execution by Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

**8.9 Parties to be Served Notice.** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 72 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. In addition, a duplicate copy of all notices provided pursuant to this section shall be provided to the Director and Alternate Director for each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

Name: Jason T. Baker

Title: Mayor

Date: March 30, 2016

Party: City of Campbell

ATTEST:

By: 

Name: Wendy Wood

Title: City Clerk, City of Campbell

APPROVED AS TO FORM:

By: 

Name: William Seligmann

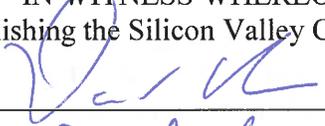
Title: City Attorney

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

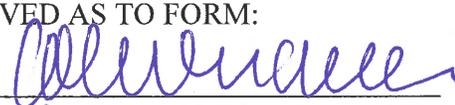
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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: David Brandt  
Title: City Manager  
Date: 3-29-18  
Party: Cooperstown

ATTEST:  
By:   
Name: Grace Schardt  
Title: City Clerk

APPROVED AS TO FORM:  
By:   
Name: Colleen Winchester  
Title: for City Attorney

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

Name: Gabriel A. Gonzalez

Title: City Administrator

Date: 3/25/2010

Party: City of Gilroy

ATTEST:

By: 

Name: Shawna Freels

Title: City Clerk

APPROVED AS TO FORM:

By: 

Name: Jolie Houston

Title: Assistant City Attorney

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

Name: Jeannie Bruins

Title: Mayor

Date: March 22, 2016

Party: City of Los Altos

ATTEST:

By: 

Name: Jos MAGINOT

Title: CITY CLERK

APPROVED AS TO FORM:

By: 

Name: Jolie Houston

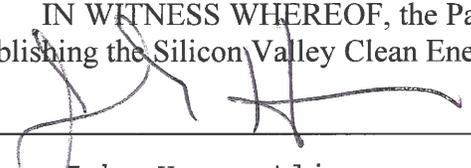
Title: City Attorney

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:  \_\_\_\_\_

Name: John Harpootlian

Title: Mayor

Date: March 31, 2016

Party: Town of Los Altos Hills

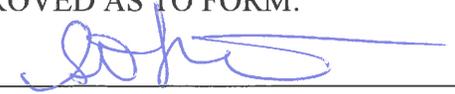
ATTEST:

By:  \_\_\_\_\_

Name: Deborah Padovan, City Clerk

Title: City Clerk

APPROVED AS TO FORM:

By:  \_\_\_\_\_

Name: STEVEN MATTIAS

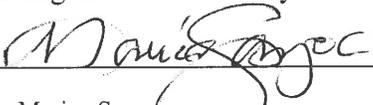
Title: CITY ATTORNEY

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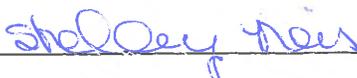
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**ARTICLE 9**  
**SIGNATURE**

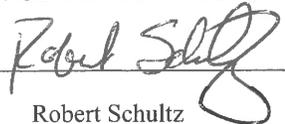
IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: Marico Sayoc  
Title: Vice Mayor  
Date: 3-24-16  
Party: Town of Los Gatos

ATTEST:

By:   
Name: Shelley Neis  
Title: Clerk Administrator

APPROVED AS TO FORM:

By:   
Name: Robert Schultz  
Title: Town Attorney

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

Name: Lionel M. Allan

Title: Mayor

Date: 3/31/2016

Party: City of MonteSereo

ATTEST:

By: 

Name: Andrea M. Chelemengos

Title: City Clerk

APPROVED AS TO FORM:

By: 

Name: Kirsten Powell

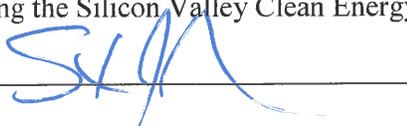
Title: City Attorney

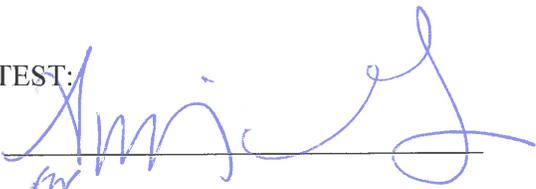
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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: Steve Rymer  
Title: City Manager  
Date: 3/29/16  
Party: City of Morgan Hill

ATTEST:  
By:   
Name: <sup>for</sup> Irma Torrez  
Title: City Clerk

APPROVED AS TO FORM:  
By:   
Name: Gary M. Barm  
Title: Interim City Attorney

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**ARTICLE 9  
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: [Signature]  
Name: Ken Rosenberg  
Title: Vice Mayor  
Date: March 30, 2016  
Party: City of Mountain

ATTEST:  
By: [Signature]  
Name: Korrie Brewer  
Title: City Clerk

APPROVED AS TO FORM:  
By: [Signature]  
Name: Jannie L. Quinn  
Title: City Attorney

FINANCIAL APPROVAL:  
[Signature]  
FINANCE AND ADMINISTRATIVE  
SERVICES DIRECTOR

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By: 

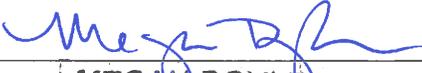
Name: DAVE CORTESE

Title: PRESIDENT, BOARD OF SUPERVISORS

Date: MAR 29 2016

Party: County of Santa Clara

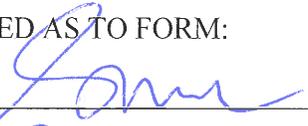
ATTEST:

By: 

Name: MEGAN DOYLE

Title: CLERK OF THE BOARD OF SUPERVISORS

APPROVED AS TO FORM:

By: 

Name: STEVE MITRA

Title: ASST. COUNTY COUNSEL

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: James Lindsay  
Title: City Manager  
Date: 3/30/16  
Party: City of Saratoga

ATTEST:

By:   
Name: Crystal Bothelio  
Title: City Clerk

APPROVED AS TO FORM:

By:   
Name: Richard Taylor  
Title: City Attorney

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: Glenn K Hendricks

Name: Glenn Hendricks

Title: Mayor

Date: MAR 29 2016

Party: City of Sunnyvale

ATTEST:

By: Kathleen Franco Simmons

Name: Kathleen Franco Simmons

Title: City Clerk

APPROVED AS TO FORM:

By: John A Nagel

Name: John A. Nagel

Title: City Attorney

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**SIGNATURE**

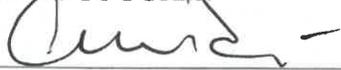
IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: RICHARD TRAN  
Title: MAYOR  
Date: 12/19/2017  
Party: City of Milpitas

ATTEST:

By:   
Name: Mary Lavelle  
Title: City Clerk

APPROVED AS TO FORM:

By:   
Name: CHRISTOPHER DIAZ  
Title: City Attorney

## **EXHIBIT A**

### **DEFINITIONS**

“AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.)

“Agreement” means this Joint Powers Agreement.

“Annual Energy Use” has the meaning given in Section 4.9.2.

“Authority” means the Silicon Valley Clean Energy Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors of the Authority.

“CCA” or “Community Choice Aggregation” means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

“CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.4 and 5.1.

“Days” shall mean calendar days unless otherwise specified by this Agreement.

“Director” means a member of the Board of Directors representing a Party.

“Effective Date” means the date on which this Agreement shall become effective and the Silicon Valley Clean Energy Authority shall exist as a separate public agency, as further described in Section 2.1.

“Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

“Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of an Executive Director and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority’s initial activities or in support of the negotiation, preparation and approval of power purchase agreements. The Board shall determine the termination date for Initial Costs.

“Initial Participants” means, for the purpose of this Agreement the County of Santa Clara, the Cities of Campbell, Cupertino, Gilroy, Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale, and the Towns of Los Altos Hills and Los Gatos.

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

“Parties” means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.2 or 3.1 such that it is considered a member of the Authority.

“Party” means, singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.2 or 3.1 such that it is considered a member of the Authority.

“Percentage vote” means a vote taken by the Board pursuant to Section 4.9.1 that is based on each Party having one equal vote.

“Total Annual Energy” has the meaning given in Section 4.9.2.

“Voting shares vote” means a vote taken by the Board pursuant to Section 4.9.2 that is based on the voting shares of each Party described in Section 4.9.3 and set forth in Exhibit D to this Agreement. A voting shares vote cannot take place on a matter unless the matter first receives an affirmative percentage vote in the manner required by Section 4.9.1 and two or more Directors immediately thereafter request such vote.

**EXHIBIT B**

**LIST OF THE PARTIES**

City of Campbell

City of Cupertino

City of Gilroy

City of Los Altos

Town of Los Altos Hills

Town of Los Gatos

City of Milpitas

City of Monte Sereno

City of Morgan Hill

City of Mountain View

County of Santa Clara (Unincorporated Area)

City of Saratoga

City of Sunnyvale

**EXHIBIT C**

**ANNUAL ENERGY USE**

This Exhibit C is effective as of November 29, 2017.

<b>Party</b>	<b>kWh (2016*)</b>
Campbell	206,632,307
Cupertino	234,914,343
Gilroy	284,334,863
Los Altos	132,365,808
Los Altos Hills	43,543,838
Los Gatos	207,102,990
Milpitas	675,209,553
Monte Sereno	16,339,961
Morgan Hill	211,478,618
Mountain View	597,856,147
Santa Clara County (Unincorporated)	380,323,888
Saratoga	122,099,904
Sunnyvale	1,297,588,283

\*Data provided by PG&E

**EXHIBIT D**

**VOTING SHARES**

This Exhibit D is effective as of November 29, 2017.

<b>Party</b>	<b>kWh (2016*)</b>	<b>Voting Share Section 4.9.2</b>
Campbell	206,632,307	4.7%
Cupertino	234,914,343	5.3%
Gilroy	284,334,863	6.4%
Los Altos	132,365,808	3.0%
Los Altos Hills	43,543,838	1.0%
Los Gatos	207,102,990	4.7%
Milpitas	675,209,553	15.3%
Monte Sereno	16,339,961	0.4%
Morgan Hill	211,478,618	4.8%
Mountain View	597,856,147	13.6%
Santa Clara County (Unincorporated)	380,323,888	8.6%
Saratoga	122,099,904	2.8%
Sunnyvale	1,297,588,283	29.4%
<b>Total</b>	<b>4,409,790,503</b>	<b>100.0%</b>

\*Data provided by PG&E

**EXHIBIT E**

**FUNDING OF INITIAL COSTS**

<b>Party</b>	<b>Phase 1(*)</b>	<b>Phase 2 and 3 (**)</b>
Campbell	--	\$100,000
Cupertino	\$170,000	\$350,000
Gilroy	--	\$100,000
Los Altos	--	\$100,000
Los Altos Hills	--	\$25,000
Los Gatos	--	\$100,000
Monte Sereno	--	\$25,000
Morgan Hill	--	\$100,000
Mountain View	\$170,000	\$350,000
Santa Clara County (Unincorporated)	\$170,000	\$350,000
Saratoga	--	\$100,000
Sunnyvale	\$170,000	\$350,000
<b>Total</b>	<b>\$680,000</b>	<b>\$2,050,000</b>

- (\*) Certain Parties have contributed funding prior to the Effective Date of this Agreement, as shown above under Phase 1, to conduct initial legal, technical, and administrative activities in support of the establishment of the Authority. Such activities are part of the Initial Costs described in Section 6.3 of this Agreement.
- (\*\*) Additional costs associated with program launch will be financed and thus are not covered by the Initial Cost Contributions shown here.

# **SILICON VALLEY CLEAN ENERGY**

## **COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT**

**July 2016**

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**CHAPTER 1 – Introduction**

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

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

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

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

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

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

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

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

#### ***Organization of this Implementation Plan***

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

- Universal access;
- Reliability;

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<sup>1</sup> Copies of individual ordinances adopted by SVCEA's Members are included within Appendix A.

## **SVCE Implementation Plan, July 2016**

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

The remainder of this Implementation Plan is organized as follows:

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

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

**AB 117 Cross References**

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

## CHAPTER 2 – Aggregation Process

### *Introduction*

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

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

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

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

### *Process of Aggregation*

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

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

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

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

### *Consequences of Aggregation*

#### **Rate Impacts**

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

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

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

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

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

### Renewable Energy Impacts

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

### Energy Efficiency Impacts

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

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

## CHAPTER 3 – Organizational Structure

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

### *Organizational Overview*

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

### *Governance*

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

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

*Management*

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

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

*Administration*

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

*Finance*

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

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

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

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

*Marketing & Public Affairs*

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

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

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

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

*Power Resources & Energy Programs*

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

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

### Electric Supply Operations

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

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

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

### Local Energy Programs

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

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

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

***Governmental Affairs & General Counsel***

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

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

## CHAPTER 4 – Startup Plan & Funding

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

### *Startup Activities*

The initial program startup activities include the following:

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

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

### *Staffing and Contract Services*

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

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

### ***Capital Requirements***

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

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

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

### ***Financing Plan***

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

## CHAPTER 5 – Program Phase-In

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

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

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

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

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

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

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

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

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

## CHAPTER 6 - Load Forecast & Resource Plan

### *Introduction*

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

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

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

The plan described in this section would accomplish the following:

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

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

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

#### *Resource Plan Overview*

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

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

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

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

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

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

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

### ***Supply Requirements***

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

**Customer Participation Rates**

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

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

**Customer Forecast**

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

<b>Silicon Valley Clean Energy Enrolled Retail Service Accounts Phase-In Period (End of Month)</b>			
	<b>Apr-17</b>	<b>Jul-17</b>	<b>Oct-17</b>
<b>SVCE Customers</b>			
Residential	37,627	103,475	188,136
Small Commercial	16,497	16,497	16,497
Medium Commercial	2,180	2,180	2,180
Large Commercial	141	1,007	1,007
Industrial	<15	37	37
Street Lighting & Traffic	743	743	1,376
Agricultural & Pumping	-	-	814
<b>Total</b>	<b>57,192</b>	<b>123,939</b>	<b>210,048</b>

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

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

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

### Sales Forecast

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

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

### Capacity Requirements

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

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

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

The estimated forward resource adequacy requirements for 2017 through 2019 are shown in the following tables<sup>3</sup>:

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

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

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

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

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

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

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

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

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

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

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

## *Renewables Portfolio Standards Energy Requirements*

### **Basic RPS Requirements**

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

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

### **SVCEA's Renewables Portfolio Standards Requirement**

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

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

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

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

### ***Purchased Power***

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

### ***Renewable Resources***

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

### ***Energy Efficiency***

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

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

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

### ***Demand Response***

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

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

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

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<sup>4</sup> National Action Plan for Energy Efficiency, July 2006, Section 6: Energy Efficiency Program Best Practices (pages 5-6)

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

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

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

### ***Distributed Generation***

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

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

## CHAPTER 7 – Financial Plan

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

### *Description of Cash Flow Analysis*

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

### *Cost of CCA Program Operations*

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

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

### *Revenues from CCA Program Operations*

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

### *Cash Flow Analysis Results*

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

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

### *CCA Program Implementation Pro Forma*

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

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

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

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

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

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

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

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

### *SVCE Financings*

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

### *CCA Program Start-up and Working Capital*

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

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

***Renewable Resource Project Financing***

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

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

## CHAPTER 8 – Rate Setting, Program Terms and Conditions

### *Introduction*

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

### *Rate Policies*

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

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

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

Each of these objectives is described below.

### *Rate Competitiveness*

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

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

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

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

### ***Rate Stability***

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

### ***Equity among Customer Classes***

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

### ***Customer Understanding***

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

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

### ***Revenue Sufficiency***

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

### ***Rate Design***

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

### ***Custom Pricing Options***

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

### ***Net Energy Metering***

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

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

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

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

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

## CHAPTER 9 – Customer Rights and Responsibilities

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

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

### *Customer Notices*

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

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

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

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

**Termination Fee**

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

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

**SVCE Program: Illustrative Schedule of Fees for Service Termination\***

Customer Class	Fee
Residential	\$5
Non-Residential	\$25

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

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

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

**Customer Confidentiality**

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

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

### ***Responsibility for Payment***

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

### ***Customer Deposits***

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

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<sup>7</sup> A customer whose service is discontinued by SVCEA is returned to PG&E generation service.

## CHAPTER 10 - Procurement Process

### *Introduction*

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

### *Procurement Methods*

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

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

### *Key Contracts*

#### **Electric Supply Contract**

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

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

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

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

### **Data Management Contract**

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

The data manager is responsible for the following services:

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

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract gives SVCEA greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue. The data management contract will also require that services be provided consistent with SVCEA's customer confidentiality policies as described earlier in this Chapter, and the contractor will be required to provide, prior to contract award, adequate assurances to SVCEA that appropriate data security measures are employed.

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<sup>8</sup> The contractor providing data management may also be the same entity as the contractor supplying electricity for the program.

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

***Electric Supply Procurement Process***

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

## CHAPTER 11 – Contingency Plan for Program Termination

### *Introduction*

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

### *Termination by SVCE*

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

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

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

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

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

***Termination by Members***

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

CHAPTER 12 – Appendices

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

*Appendix B: Silicon Valley Clean Energy Authority Joint Powers Agreement*

**RESOLUTION NO. 2016-5**

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

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

Section 1. Recitals.

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

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

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

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

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

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



Chair

**ATTEST:**

  
Secretary

**Silicon Valley Clean Energy Authority**

**- Joint Powers Agreement –**

Effective March 31, 2016

Among The Following Parties:

City of Campbell

City of Cupertino

City of Gilroy

City of Los Altos

Town of Los Altos Hills

Town of Los Gatos

City of Monte Sereno

City of Morgan Hill

City of Mountain View

County of Santa Clara (Unincorporated Area)

City of Saratoga

City of Sunnyvale

## **SILICON VALLEY CLEAN ENERGY AUTHORITY**

### **JOINT POWERS AGREEMENT**

This Joint Powers Agreement (“Agreement”), effective as of March 31, 2016, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit B (“Parties”). The term “Parties” shall also include an incorporated municipality or county added to this Agreement in accordance with Section 3.1.

#### **RECITALS**

1. The Parties are either incorporated municipalities or counties sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. The purposes for the Initial Participants (as such term is defined in Section 2.2 below) entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability, energy efficiencies and local economic benefits. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.
3. The Parties desire to establish a separate public agency, known as the Silicon Valley Clean Energy Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
4. The Initial Participants have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 (“CCA Program”). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

### ARTICLE 1 CONTRACT DOCUMENTS

**1.1 Definitions.** Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

**1.2 Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

- Exhibit A: Definitions
- Exhibit B: List of the Parties
- Exhibit C: Annual Energy Use
- Exhibit D: Voting Shares
- Exhibit E: Funding of Initial Costs

**1.3 Revision of Exhibits.** The Parties agree that Exhibits B, C and D to this Agreement describe certain administrative matters that may be revised upon the approval of the Board, without such revision constituting an amendment to this Agreement, as described in Section 8.4. The Authority shall provide written notice to the Parties of the revision of any such exhibit.

### ARTICLE 2 FORMATION OF SILICON VALLEY CLEAN ENERGY AUTHORITY

**2.1 Effective Date and Term.** This Agreement shall become effective and Silicon Valley Clean Energy Authority shall exist as a separate public agency on March 31, 2016 provided that this Agreement is executed on or prior to such date by at least three Initial Participants after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.4, subject to the rights of the Parties to withdraw from the Authority.

**2.2 Initial Participants.** Until March 31, 2016, all other Initial Participants may become a Party by executing this Agreement and delivering an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(12) to the Authority. Additional conditions, described in Section 3.1, may apply (i) to either an incorporated municipality or county desiring to become a Party that is not an Initial Participant

and (ii) to Initial Participants that have not executed and delivered this Agreement within the time period described above.

**2.3 Formation.** There is formed as of the Effective Date a public agency named the Silicon Valley Clean Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.3 may not be amended unless such amendment is approved by the governing boards of all Parties.

**2.4 Purpose.** The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party and any other powers granted to the Authority under state law to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate as a group in the CCA Program pursuant to Public Utilities Code Section 366.2(c)(12). The Parties intend that subsequent agreements shall define the terms and conditions associated with the actual implementation of the CCA Program.

**2.5 Powers.** The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:

- 2.5.1** make and enter into contracts;
- 2.5.2** employ agents and employees, including but not limited to an Executive Director;
- 2.5.3** acquire, contract, manage, maintain, and operate any buildings, works or improvements;
- 2.5.4** acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
- 2.5.5** lease any property;
- 2.5.6** sue and be sued in its own name;
- 2.5.7** incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Section 53850 et seq. and authority under the Act;

- 2.5.8 issue revenue bonds and other forms of indebtedness;
- 2.5.9 apply for, accept, and receive all licenses, permits, grants, loans or other assistance from any federal, state or local public agency;
- 2.5.10 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 2.5.11 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority (“Operating Rules and Regulations”); and
- 2.5.12 make and enter into service, energy and any other agreements necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.

**2.6 Limitation on Powers.** As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the City of Cupertino and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.

**2.7 Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings or structures located, constructed or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed.

### **ARTICLE 3** **AUTHORITY PARTICIPATION**

**3.1 Addition of Parties.** Subject to Section 2.2, relating to certain rights of Initial Participants, other incorporated municipalities and counties may become Parties upon (a) the adoption of a resolution by the governing body of such incorporated municipality or county requesting that the incorporated municipality or county, as the case may be, become a member of the Authority, (b) the adoption by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, of a resolution authorizing membership of the additional incorporated municipality or county, specifying the membership payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12) and execution of this Agreement and other necessary program agreements by the incorporated municipality or county, (d) payment of the membership fee, if any, and (e) satisfaction of any conditions established by the Board.

**3.2 Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition and/or withdrawal or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 3.1.

The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

#### **ARTICLE 4**

#### **GOVERNANCE AND INTERNAL ORGANIZATION**

**4.1 Board of Directors.** The governing body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2.

**4.2 Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

**4.2.1** The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party also shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the Director shall be a member of the governing body of the Party. The person appointed and designated as the alternate Director may be a member of the governing body of the Party, a staff member of the Party, or a member of the public.

**4.2.2** The Operating Rules and Regulations, to be developed and approved by the Board in accordance with Section 2.5.11, shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

**4.3 Terms of Office.** Each regular and alternate Director shall serve at the pleasure of the governing body of the Party that the Director represents, and may be removed as Director by such governing body at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director in accordance with the provisions of Section 4.2 within 90 days of the date that such position becomes vacant.

**4.4 Quorum.** A majority of the Directors of the entire Board shall constitute a quorum.

**4.5 Powers and Function of the Board.** The Board shall conduct or authorize to be conducted all business and activities of the Authority, consistent with this Agreement, the Authority Documents, the Operating Rules and Regulations, and applicable law.

**4.6 Executive Committee.** The Board may establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the executive committee such authority as the Board might otherwise exercise, subject to limitations placed on the

Board's authority to delegate certain essential functions, as described in the Operating Rules and Regulations. The Board may not delegate to the Executive Committee or any other committee its authority under Section 2.5.11 to adopt and amend the Operating Rules and Regulations.

**4.7 Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement.

**4.8 Director Compensation.** Compensation for work performed by Directors on behalf of the Authority shall be borne by the Party that appointed the Director. The Board, however, may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors.

**4.9 Board Voting.**

**4.9.1 Percentage Vote.** Except when a supermajority vote is expressly required by this Agreement or the Operating Rules and Regulations, action of the Board on all matters shall require an affirmative vote of a majority of all Directors on the entire Board. A supermajority vote is required by this Agreement for the matters addressed by Sections 3.1, 6.4, 7.1.1, 7.1.2, 7.2, and 8.4. When a supermajority vote is required by this Agreement or the Operating Rules and Regulations, action of the Board shall require an affirmative vote of the specified supermajority of all Directors on the entire Board. All votes taken pursuant to this Section 4.9.1 shall be referred to as a percentage vote. No action can be taken by the Board without an affirmative percentage vote.

**4.9.2 Voting Shares Vote.** In addition to and immediately after an affirmative percentage vote, two or more Directors may request that a vote of the voting shares shall be held. In such event, the corresponding voting shares (as described in Section 4.9.2 and Exhibit D) of all Directors voting in the affirmative shall exceed 50%, or such other higher voting shares percentage expressly required by this Agreement or the Operating Rules and Regulations, of all Directors on the entire Board. All votes taken pursuant to this Section 4.9.2 shall be referred to as a voting shares vote. In the event that any one Director has a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter. When a voting shares vote is held, action by the Board requires both an affirmative percentage vote and an affirmative voting shares vote.

**4.9.3 Voting Shares Formula.** When a voting shares vote is requested by two or more Directors, voting shares of the Directors shall be determined by the following formula:

(Annual Energy Use/Total Annual Energy) multiplied by 100, where (a) “Annual Energy Use” means (i) with respect to the first two years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the second anniversary of the Effective Date, the annual electricity usage, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by the Authority and (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy use are designated in Exhibit C and the initial voting shares are designated in Exhibit D. Both Exhibits C and D shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year subject to the approval of the Board.

**4.10 Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.).

**4.11 Selection of Board Officers.**

**4.11.1 Chair and Vice Chair.** The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

**4.11.2 Secretary.** The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

**4.11.3 Treasurer and Auditor.** The Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be a member of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Auditor of the

Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer and/or Auditor to file with the Authority an official bond in an amount to be fixed by the Board, and if so requested, the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 6.

## **ARTICLE 5**

### **IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS**

#### **5.1 Preliminary Implementation of the CCA Program.**

- 5.1.1 Enabling Ordinance.** Prior to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.
- 5.1.2 Implementation Plan.** The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.9.
- 5.1.3 Termination of CCA Program.** Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

**5.2 Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to the Operating Rules and Regulations, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Article 7.

**ARTICLE 6**  
**FINANCIAL PROVISIONS**

**6.1 Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

**6.2 Depository.**

**6.2.1** All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

**6.2.2** All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

**6.2.3** All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

**6.3 Budget and Recovery Costs.**

**6.3.1 Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time through an Authority Document as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Rules and Regulations.

**6.3.2 Funding of Initial Costs.** The Initial Participants shall fund the Initial Costs of the Authority in establishing the Authority and implementing the CCA Program as described in Exhibit E to this Agreement. The Initial Participants shall remit to the Authority their respective shares of Phase 2 and 3 Initial Costs as described in Exhibit E within 30 days after the Effective Date. In the event that the CCA Program becomes operational, these Initial Costs paid by the Initial Participants shall be included in the customer charges for electric services as provided by Section 6.3.3 to the extent permitted by law, and the Initial Participants shall be reimbursed by the Authority within four years of the Effective Date. The Authority may establish a reasonable time period over which such costs are recovered. In

the event that the CCA Program does not become operational, the Initial Participants shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.

**6.3.3 CCA Program Costs.** The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric, conservation and energy efficiency services under the CCA Program shall be recovered through charges to CCA customers receiving such electric services or from revenues received from grants or other third-party sources.

**6.3.4 Additional Contributions and Advances.** Pursuant to Government Code Section 6504, the Parties may in their discretion make financial contributions, loans or advances to the Authority for the purposes of the Authority set forth in this Agreement. The repayment of such contributions, loans or advances will be on the written terms agreed to by the Party making the contribution, loan or advance and the Authority.

**6.4 Debt.** The Authority shall not incur any debts, including but not limited to loans and the issuance of bonds, unless approved by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9.

## **ARTICLE 7**

### **WITHDRAWAL AND TERMINATION**

#### **7.1 Withdrawal.**

**7.1.1 General Right to Withdraw.** A Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. By a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, the Board may shorten the 180 day period for a withdrawal under this Section 7.1.1 to become effective.

**7.1.2 Amendment.** Notwithstanding Section 7.1.1, a Party may withdraw its membership in the Authority following an amendment to this Agreement provided that the requirements of this Section 7.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective 180 days after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board. By a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, the Board may shorten the 180 day period for a withdrawal under this Section 7.1.2 to become effective.

**7.1.3 Liabilities; Further Assurances.** A Party that withdraws its membership in the Authority under either Section 7.1.1 or 7.1.2 may be subject to certain liabilities, as described in Section 7.3. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Operating Rules and Regulations shall prescribe the rights, if any, of a withdrawn Party to continue to participate in those Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party.

**7.2 Involuntary Termination of a Party.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or the Authority Documents upon a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9, including the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain liabilities, as described in Section 7.3.

**7.3 Continuing Liability; Refund.** Subject to the provisions of Section 2.3, upon a withdrawal or involuntary termination of a Party pursuant to Sections 7.1 or 7.2, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in the Authority through the date of its withdrawal or involuntary termination. Notwithstanding Section 2.3, thereafter, the withdrawing or terminated Party shall be responsible for any damages, losses or costs incurred by the Authority resulting from the Party's withdrawal, including but not limited to losses from the resale of power contracted for by the Authority to serve the Party's load. In addition, such Party also shall be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party.

**7.4 The Right to Withdraw Prior to Program Launch.** After receiving bids from power suppliers for the CCA Program, the Authority must provide to the Parties a report from the electrical utility consultant retained by the Authority comparing the Authority's total estimated electrical rates, the estimated greenhouse gas emissions rate and the amount of

estimated renewable energy to be used with that of the incumbent utility. Within 15 days after receiving this report, any Party may immediately withdraw its membership in the Authority by providing written notice of withdrawal to the Authority if the report determines that any one of the following conditions exists: (1) the Authority is unable to provide total electrical rates, as part of its baseline offering to customers, that are equal to or lower than the incumbent utility, (2) the Authority is unable to provide electricity in a manner that has a lower greenhouse gas emissions rate than the incumbent utility, or (3) the Authority will use less renewable energy than the incumbent utility. Any Party who withdraws from the Authority pursuant to this Section 7.4 shall not be entitled to any refund of the Initial Costs it has paid to the Authority prior to the date of withdrawal unless the Authority is later terminated pursuant to Section 7.5. In such event, any Initial Costs not expended by the Authority shall be returned to all Parties, including any Party that has withdrawn pursuant to this section, in proportion to the contribution that each made. Notwithstanding anything to the contrary in this Agreement, any Party who withdraws pursuant to this section shall not be responsible for any liabilities or obligations of the Authority after the date of withdrawal, including without limitation any liability arising from power purchase agreements entered into by the Authority.

**7.5 Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 7.1.

**7.6 Disposition of Property upon Termination of Authority.** Upon termination of this Agreement as to all Parties, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any Authority Documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

## **ARTICLE 8**

### **MISCELLANEOUS PROVISIONS**

**8.1 Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation or arbitration in the manner agreed upon by the Party or Parties and the Authority. In the event that nonbinding mediation or arbitration is not initiated or does not result in the settlement of a dispute within 120 days after the demand for mediation or arbitration is made, any Party and the Authority may pursue any remedies provided by law.

**8.2 Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et

seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

**8.3 Indemnification of Parties.** The Authority shall acquire such insurance coverage as the Board deems necessary to protect the interests of the Authority, the Parties and the public but shall obtain no less than \$2 million dollars in coverage. Such insurance coverage shall name the Parties and their respective Board or Council members, officers, agents and employees as additional insureds. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

**8.4 Amendment of this Agreement.** This Agreement may be amended in writing by a two-thirds affirmative vote of the entire Board satisfying the requirements described in Section 4.9. The Authority shall provide written notice to the Parties at least 30 days in advance of any proposed amendment being considered by the Board. If the proposed amendment is adopted by the Board, the Authority shall provide prompt written notice to all Parties of the effective date of such amendment along with a copy of the amendment.

**8.5 Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 8.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.

**8.6 Severability.** If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

**8.7 Further Assurances.** Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

**8.8 Execution by Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

**8.9 Parties to be Served Notice.** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 72 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. In addition, a duplicate copy of all notices provided pursuant to this section shall be provided to the Director and Alternate Director for each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: Jason T. Baker

Name: Jason T. Baker

Title: Mayor

Date: March 30, 2016

Party: City of Campbell

ATTEST:

By: Wendy Wood

Name: Wendy Wood

Title: City Clerk, City of Campbell

APPROVED AS TO FORM:

By: William Seligmann

Name: William Seligmann

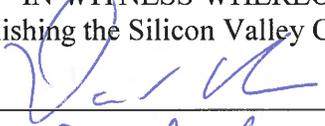
Title: City Attorney

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

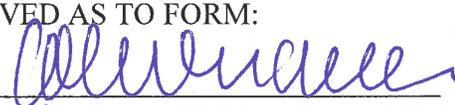
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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: David Brandt  
Title: City Manager  
Date: 3-29-18  
Party: Cooperstown

ATTEST:  
By:   
Name: Grace Schardt  
Title: City Clerk

APPROVED AS TO FORM:  
By:   
Name: Colleen Winchester  
Title: for City Attorney

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

Name: Gabriel A. Gonzalez

Title: City Administrator

Date: 3/25/2010

Party: City of Gilroy

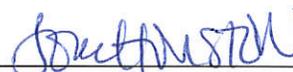
ATTEST:

By: 

Name: Shawna Freels

Title: City Clerk

APPROVED AS TO FORM:

By: 

Name: Jolie Houston

Title: Assistant City Attorney

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

**8.9 Parties to be Served Notice.** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 72 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. In addition, a duplicate copy of all notices provided pursuant to this section shall be provided to the Director and Alternate Director for each Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

Name: Jeannie Bruins

Title: Mayor

Date: March 22, 2016

Party: City of Los Altos

ATTEST:

By: 

Name: Jodie MAGINOT

Title: CITY CLERK

APPROVED AS TO FORM:

By: 

Name: Jolie Houston

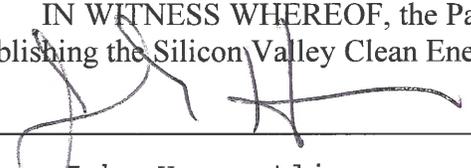
Title: City Attorney

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:  \_\_\_\_\_

Name: John Harpootlian

Title: Mayor

Date: March 31, 2016

Party: Town of Los Altos Hills

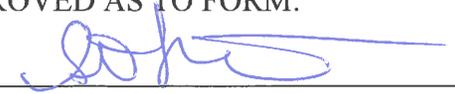
ATTEST:

By:  \_\_\_\_\_

Name: Deborah Padovan, City Clerk

Title: City Clerk

APPROVED AS TO FORM:

By:  \_\_\_\_\_

Name: STEVEN MATTIAS

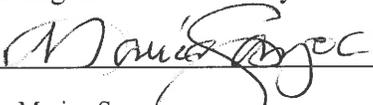
Title: CITY ATTORNEY

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**ARTICLE 9**  
**SIGNATURE**

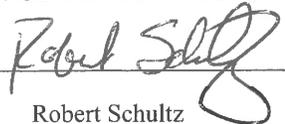
IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: Marico Sayoc  
Title: Vice Mayor  
Date: 3-24-16  
Party: Town of Los Gatos

ATTEST:

By:   
Name: Shelley Neis  
Title: Clerk Administrator

APPROVED AS TO FORM:

By:   
Name: Robert Schultz  
Title: Town Attorney

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

Name: Lionel M. Allan

Title: Mayor

Date: 3/31/2016

Party: City of MonteSereo

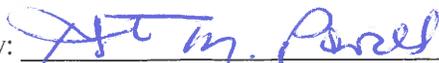
ATTEST:

By: 

Name: Andrea M. Chelemengos

Title: City Clerk

APPROVED AS TO FORM:

By: 

Name: Kirsten Powell

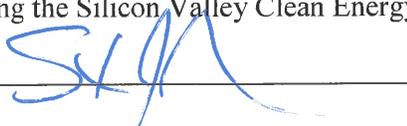
Title: City Attorney

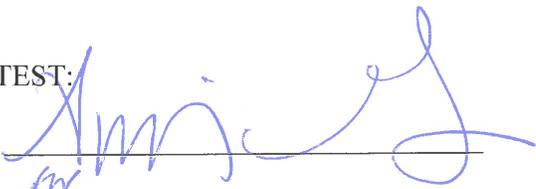
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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: Steve Rymer  
Title: City Manager  
Date: 3/29/16  
Party: City of Morgan Hill

ATTEST:  
By:   
Name: <sup>for</sup> Irma Torrez  
Title: City Clerk

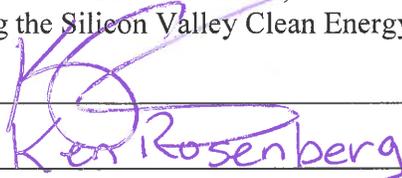
APPROVED AS TO FORM:  
By:   
Name: Gary M. Barm  
Title: Interim City Attorney

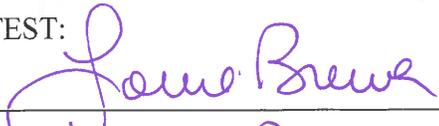
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**ARTICLE 9  
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: Ken Rosenberg  
Title: Vice Mayor  
Date: March 30, 2016  
Party: City of Mountain

ATTEST:  
By:   
Name: Laurie Brewer  
Title: City Clerk

APPROVED AS TO FORM:  
By:   
Name: Jannie L. Quinn  
Title: City Attorney

FINANCIAL APPROVAL:  
  
FINANCE AND ADMINISTRATIVE  
SERVICES DIRECTOR

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: 

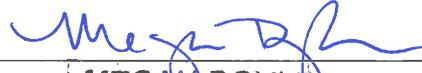
Name: DAVE CORTESE

Title: PRESIDENT, BOARD OF SUPERVISORS

Date: MAR 29 2016

Party: County of Santa Clara

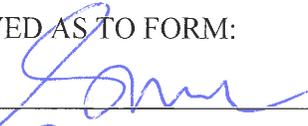
ATTEST:

By: 

Name: MEGAN DOYLE

Title: CLERK OF THE BOARD OF SUPERVISORS

APPROVED AS TO FORM:

By: 

Name: STEVE MITRA

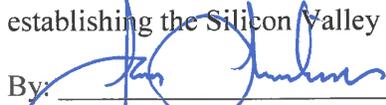
Title: ASST. COUNTY COUNSEL

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By:   
Name: James Lindsay  
Title: City Manager  
Date: 3/30/16  
Party: City of Saratoga

ATTEST:  
By:   
Name: Crystal Bothello  
Title: City Clerk

APPROVED AS TO FORM:  
By:   
Name: Richard Taylor  
Title: City Attorney

counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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**ARTICLE 9**  
**SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Silicon Valley Clean Energy Authority.

By: Glenn K Hendricks

Name: Glenn Hendricks

Title: Mayor

Date: MAR 29 2016

Party: City of Sunnyvale

ATTEST:

By: Kathleen Franco Simmons

Name: Kathleen Franco Simmons

Title: City Clerk

APPROVED AS TO FORM:

By: John A Nagel

Name: John A. Nagel

Title: City Attorney

## **EXHIBIT A**

### **DEFINITIONS**

“AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.)

“Agreement” means this Joint Powers Agreement.

“Annual Energy Use” has the meaning given in Section 4.9.2.

“Authority” means the Silicon Valley Clean Energy Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors of the Authority.

“CCA” or “Community Choice Aggregation” means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

“CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.4 and 5.1.

“Days” shall mean calendar days unless otherwise specified by this Agreement.

“Director” means a member of the Board of Directors representing a Party.

“Effective Date” means the date on which this Agreement shall become effective and the Silicon Valley Clean Energy Authority shall exist as a separate public agency, as further described in Section 2.1.

“Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

“Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of an Executive Director and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority’s initial activities or in support of the negotiation, preparation and approval of power purchase agreements. The Board shall determine the termination date for Initial Costs.

“Initial Participants” means, for the purpose of this Agreement the County of Santa Clara, the Cities of Campbell, Cupertino, Gilroy, Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale, and the Towns of Los Altos Hills and Los Gatos.

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

“Parties” means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.2 or 3.1 such that it is considered a member of the Authority.

“Party” means, singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.2 or 3.1 such that it is considered a member of the Authority.

“Percentage vote” means a vote taken by the Board pursuant to Section 4.9.1 that is based on each Party having one equal vote.

“Total Annual Energy” has the meaning given in Section 4.9.2.

“Voting shares vote” means a vote taken by the Board pursuant to Section 4.9.2 that is based on the voting shares of each Party described in Section 4.9.3 and set forth in Exhibit D to this Agreement. A voting shares vote cannot take place on a matter unless the matter first receives an affirmative percentage vote in the manner required by Section 4.9.1 and two or more Directors immediately thereafter request such vote.

**EXHIBIT B**

**LIST OF THE PARTIES**

City of Campbell

City of Cupertino

City of Gilroy

City of Los Altos

Town of Los Altos Hills

Town of Los Gatos

City of Monte Sereno

City of Morgan Hill

City of Mountain View

County of Santa Clara (Unincorporated Area)

City of Saratoga

City of Sunnyvale

**EXHIBIT C**  
**ANNUAL ENERGY USE**

This Exhibit C is effective as of March 31, 2016.

<b>Party</b>	<b>kWh (2014*)</b>
Campbell	208,827,224
Cupertino	243,359,722
Gilroy	296,992,863
Los Altos	142,219,276
Los Altos Hills	42,576,999
Los Gatos	196,007,285
Monte Sereno	7,939,338
Morgan Hill	232,520,509
Mountain View	664,209,464
Santa Clara County (Unincorporated)	397,902,304
Saratoga	131,604,010
Sunnyvale	1,407,826,241

\*Data provided by PG&E

## EXHIBIT D

### VOTING SHARES

This Exhibit D is effective as of March 31, 2016.

<b>Party</b>	<b>kWh (2014*)</b>	<b>Voting Share Section 4.9.2</b>
Campbell	208,827,224	5.3%
Cupertino	243,359,722	6.1%
Gilroy	296,992,863	7.5%
Los Altos	142,219,276	3.6%
Los Altos Hills	42,576,999	1.1%
Los Gatos	196,007,285	4.9%
Monte Sereno	7,939,338	0.2%
Morgan Hill	232,520,509	5.9%
Mountain View	664,209,464	16.7%
Santa Clara County (Unincorporated)	397,902,304	10.0%
Saratoga	131,604,010	3.3%
Sunnyvale	1,407,826,241	35.4%
<b>Total</b>	<b>3,971,985,235</b>	<b>100.0%</b>

\*Data provided by PG&E

**EXHIBIT E**

**FUNDING OF INITIAL COSTS**

<b>Party</b>	<b>Phase 1(*)</b>	<b>Phase 2 and 3 (**)</b>
Campbell	--	\$100,000
Cupertino	\$170,000	\$350,000
Gilroy	--	\$100,000
Los Altos	--	\$100,000
Los Altos Hills	--	\$25,000
Los Gatos	--	\$100,000
Monte Sereno	--	\$25,000
Morgan Hill	--	\$100,000
Mountain View	\$170,000	\$350,000
Santa Clara County (Unincorporated)	\$170,000	\$350,000
Saratoga	--	\$100,000
Sunnyvale	\$170,000	\$350,000
<b>Total</b>	<b>\$680,000</b>	<b>\$2,050,000</b>

- (\*) Certain Parties have contributed funding prior to the Effective Date of this Agreement, as shown above under Phase 1, to conduct initial legal, technical, and administrative activities in support of the establishment of the Authority. Such activities are part of the Initial Costs described in Section 6.3 of this Agreement.
- (\*\*) Additional costs associated with program launch will be financed and thus are not covered by the Initial Cost Contributions shown here.