



Rob Rennie, Chair  
Town of Los Gatos

Daniel Harney, Vice Chair  
City of Gilroy

Liz Gibbons  
City of Campbell

Rod Sinks  
City of Cupertino

Jeannie Bruins  
City of Los Altos

Courtenay C. Corrigan  
Town of Los Altos Hills

Burton Craig  
City of Monte Sereno

Steve Tate  
City of Morgan Hill

Margaret Abe-Koga  
City of Mountain View

Dave Cortese  
County of Santa Clara

Howard Miller  
City of Saratoga

Jim Griffith  
City of Sunnyvale

## Silicon Valley Clean Energy Authority Executive Committee Meeting

February 22, 2017  
2:00 pm

Silicon Valley Clean Energy Authority Office  
Conference Room  
333 W El Camino Real, Suite 290  
Sunnyvale, CA

### AGENDA

#### Call to Order

#### Roll Call

#### Public Comment on Matters Not Listed on the Agenda

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

#### Consent Calendar (Action)

- 1a) Approve Minutes of the January 25, 2017, Executive Committee Meeting

#### Regular Calendar

- 2) Executive Committee Chair and Vice Chair (Action)
- 3) Approve Ongoing Meeting Date and Time for Executive Committee Meeting (Action)
- 4) Fiscal Year 2016-17 Mid-Year Budget Review (Discussion)
- 5) Modification to Roll Out and Power Supply Mix Policies (Discussion)

#### Committee/Staff Remarks

#### Adjourn

[svcleanenergy.org](http://svcleanenergy.org)

333 W El Camino Real  
Suite 290  
Sunnyvale, CA 94087



**Silicon Valley Clean Energy Authority  
Executive Committee Meeting**

Wednesday, January 25, 2017  
12:00 pm

Silicon Valley Clean Energy Authority Office  
Conference Room  
333 W El Camino Real, Suite 290  
Sunnyvale, CA

Rob Rennie, Chair  
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**DRAFT MINUTES**

**Call to Order**

Chair Sinks called the meeting to order at 12:30 p.m.

**Roll Call**

**Present:**

Chair Rod Sinks, City of Cupertino  
Director Howard Miller, City of Saratoga  
Vice Chair Rob Rennie, Town of Los Gatos  
Director Daniel Harney, City of Gilroy

**Absent:**

Director Liz Gibbons, City of Campbell  
Director John McAlister, City of Mountain View

**Public Comment on Matters Not Listed on the Agenda**

Chair Sinks opened public comment.

James Tuleya, Sunnyvale resident, stated that he opted up to GreenPrime.

Bruce Karney, Mountain View resident, requested clarification on enrollment for solar customers; Pamela Leonard, Community Outreach Specialist, responded.

Director Miller inquired if staff connected with Barry Cinnamon, Cinnamon Solar, to review solar information for the SVCEA website; staff will follow up.

Chair Sinks closed public comment.

**Consent Calendar**

**1a) Approve Minutes of the December 7, 2016, Executive Committee Meeting**

MOTION: Director Miller moved and Vice Chair Rennie seconded the motion to approve the Minutes of the December 7, 2016 Executive Committee Meeting as submitted.

The motion passed unanimously with Directors Gibbons and McAlister absent.

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Rob Rennie, Chair  
Town of Los Gatos

### Regular Calendar

#### **2) Recommendations to Establish and Fund Rate Stabilization Reserves, Working Capital Reserves**

Daniel Harney, Vice Chair  
City of Gilroy

CEO Habashi presented the staff report and responded to Executive Committee questions. Don Eckert, Director of Administration and Finance, provided additional information.

Liz Gibbons  
City of Campbell

Staff and the Executive Committee discussed the power supply costs and Power Charge Indifference Adjustment (PCIA), and its impact on the scenarios presented.

Rod Sinks  
City of Cupertino

The Executive Committee suggested including detailed financial breakdowns when presenting recommendations to the Board.

Jeannie Bruins  
City of Los Altos

Chair Sinks opened public comment.

Bruce Karney spoke of PCIA workshops offered in California, the importance of CCA Board members getting involved at events, and provided his opinion of the scenarios presented.

Courtenay C. Corrigan  
Town of Los Altos Hills

CEO Habashi provided additional information on the *En Banc* hearing held by the California Public Utilities Commission on February 1 and upcoming PCIA workshops. CEO Habashi stated that he will provide a briefing of the *En Banc* hearing at the next Board meeting on February 8 and will send information prior to the event to the Board for those who may be interested in attending. CEO Habashi will provide key talking points for those interested.

Burton Craig  
City of Monte Sereno

James Tuleya spoke in support of Board members attending events and his belief that CCA coordination is moving in the right direction.

Steve Tate  
City of Morgan Hill

Chair Sinks closed public comment.

Margaret Abe-Koga  
City of Mountain View

#### **3) Investment Policy Verbal Report**

Dave Cortese  
County of Santa Clara

CEO Habashi presented the item and responded to Executive Committee questions.

Howard Miller  
City of Saratoga

There were no public comments on this item.

Jim Griffith  
City of Sunnyvale

### Committee/Staff Remarks

Chair Sinks spoke regarding a request to CEO Habashi that there be a legislative advocacy group made up of CEOs and Board Members from various CCAs who would operate the political realm and build connections between other CCA Board Members. CEO Habashi stated that he is working with CalCCA to create a legislative committee made up of people from various CCAs.

### Adjournment

Chair Sinks adjourned the meeting at 1:35 p.m.

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**Staff Report – Item 2**

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To: Silicon Valley Clean Energy Authority Executive Committee

From: Tom Habashi, CEO

**Item 2: Executive Committee Chair and Vice Chair**

Date: 2/22/2017

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**RECOMMENDATION**

Establish a Chair and Vice Chair of the Executive Committee to preside over committee meetings.

**BACKGROUND & DISCUSSION**

As an appointed ongoing committee of the SVCEA Board of Directors, Executive Committee meetings are public meetings subject to the Brown Act. The last Chair and Vice Chair of the Executive Committee were appointed in July 2016. With new board member appointments made at the February 8 Board Meeting, staff recommends that the Committee appoint a chair and vice chair to preside over its meetings.



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**Staff Report – Item 3**

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To: Silicon Valley Clean Energy Authority Executive Committee

From: Tom Habashi, CEO

**Item 3: Approve Ongoing Meeting Date and Time for Executive Committee Meeting**

Date: 2/22/2017

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**RECOMMENDATION**

Approve an ongoing meeting date and time for Executive Committee meetings; staff would like to propose every fourth Tuesday of the month from 11:30 a.m. -1:30 p.m.

**BACKGROUND**

In June 2016, the SVCEA Board approved the formation of the Executive Committee with the role of advising the CEO and Board on matters pertaining to the operations of SVCEA. The approved role of the Executive Committee is advisory to the Board unless and until the Board directs or delegates specific decision making authority to the Committee, such as delegating final approval of a professional services agreement to the Committee.

At the July 2016 Executive Committee meeting, members were in consensus to hold meetings every fourth Wednesday of the month from 2-4 p.m. With a new member of the Executive Committee voted in at the February Board meeting, staff would like to revisit the scheduled time and dates to see if members would like to change this schedule.



## Staff Report – Item 4

To: Silicon Valley Clean Energy Authority Executive Committee

From: Tom Habashi, CEO

**Item 4: Fiscal Year 2016-17 Mid-Year Budget Review**

Date: 2/22/2017

### **BACKGROUND**

The FY 2016-17 budget adopted in November 2016 was prepared with the understanding that significant information was not known. With the release of Pacific Gas & Electric's rate changes in January, new staff on board and better information available as we approach our commissioning phase, staff has reforecast both revenues and expenses for the Executive Committee's review before presentation and vote at the March 8<sup>th</sup> Board of Director's meeting. Another reason for the mid-year budget review is the adopted budget was prepared with a cash basis perspective rather than the accrual basis method, which is the method that revenues and expenses will be recorded at SVCE.

### **ANALYSIS & DISCUSSION**

The proposed mid-year budget for FY 2016-17 presents SVCE in stable financial condition. The projected balance available for reserves is \$28.6 million or \$20.7 million better than the adopted budget (see Exhibit B).

#### Revenues

The proposed mid-year budget of \$94.2 million is an increase of \$56.5 million compared to the adopted budget (see Exhibit C). The proposed revenue budget includes the impact of PG&E's rate change at the beginning of the year and references the financial forecast model prepared by Pacific Energy Advisors. All of SVCE's operating revenues are from energy sales to our customers.

#### Expenses

The proposed mid-year budget of \$65.0 million is an increase of \$35.4 million compared to the adopted budget.

- Power Supply costs are proposed to be increased by \$34.6 million correlated to the increase in energy sales. The majority of SVCE's power supply needs are under contract through the rest of the fiscal year.
- Professional Services are proposed to be increased by \$1.2 million with the majority of expenses related to data management and billing.
- Notifications expenses are proposed to decrease by \$0.5 million due to better than anticipated printing and mailing costs.
- Personnel costs are proposed to decrease by \$0.2 million based on timing of positions filled (see Exhibit D).

#### Energy Programs

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The proposed mid-year budget of \$0.4 million is to ramp up energy related programs such as the Electric Vehicle Promotion program and the Energy Storage Pilot program.

**Capital Programs**

The proposed mid-year budget does not anticipate capital spending this fiscal year as the priority is the commissioning of operations.

**PRIOR RELEVANT BOARD ACTIONS/POLICIES**

Adoption of FY 2016-17 Budget on November 9, 2016 (see Exhibit A).

**ATTACHMENTS**

1. Exhibit A – Adopted FY 2016-17 Budget
2. Exhibit B – Proposed FY 2016-17 Budget
3. Exhibit C – Proposed FY 2016-17 Revenue Budget
4. Exhibit D – Proposed FY 2016-17 Positions Summary

**Silicon Valley Clean Energy Authority  
Budget FY 2016-2017  
EXHIBIT A - ADOPTED BUDGET**

**REVENUE**

Power Supply Revenue	37,700,000
Initial Funding	1,506,000
<b>Total Revenue</b>	<b>\$ 39,206,000</b>

**EXPENDITURES**

**Power Supply Cost** **\$ 24,754,000**

**SVCE and Members Wages**

SVCE Salaries	1,662,000
SVCE Benefit	332,400
Members Transitional Staff	39,000
<b>SVCE Wages and Members Wages Subtotal</b>	<b>\$ 2,033,400</b>

**Consultant Support**

Data Management	700,000
Technical Consulting	185,000
Community Outreach	160,000
Admin. And Legal	205,000
<b>Consultant Support Subtotal</b>	<b>\$ 1,250,000</b>

**Program Roll-out**

Bond	100,000
Notifications	940,000
Marketing and Promotion	200,000
<b>Program Roll-out Subtotal</b>	<b>\$ 1,240,000</b>

**Office Lease and Capital Expense**

Office Lease	140,000
Furniture and Electronics	180,000
<b>Off. Lease and Capital Expense Subtotal</b>	<b>\$ 320,000</b>

**Travel** **\$ 27,000**

**Misc.**

To Reserves	2,262,000
Initial funding repayment	225,000
LOC initial cost	50,000
Interest expense on LOC	60,000



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<b>Misc. Subtotal</b>	<b>\$ 2,597,000</b>
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<b>Total Expenditures</b>	<b>\$ 32,221,400</b>
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<b>Net Revenue</b>	<b>\$ 6,984,600</b>
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**SILICON VALLEY CLEAN ENERGY AUTHORITY  
FY 2016-17 MID-YEAR BUDGET REVIEW  
EXHIBIT B - PROPOSED BUDGET**

Line	REVENUES	FY 2016-17	FY 2016-17 PROPOSED BUDGET					FY 2016-17	Variance	
		Adopted Budget	C.E.O.	Power Resources	Finance & Admin.	Marketing & Public Affairs	Legal & Regulatory	Proposed Budget	\$	%
1	Energy Sales	37,700,000		93,949,774				93,949,774		
2	Green Prime			220,070				220,070		
3	Total Operating Revenues	37,700,000		94,169,844				94,169,844		
4	Non-Operating Revenues Investment Income				16,000			16,000		
5	<b>TOTAL REVENUES</b>	<b><u>\$37,700,000</u></b>	<b><u>\$0</u></b>	<b><u>\$94,169,844</u></b>	<b><u>\$16,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$94,185,844</u></b>	<b><u>\$56,485,844</u></b>	<b><u>149.8%</u></b>
	<b>EXPENSES</b>									
6	Power Supply	24,754,000		59,318,950				59,318,950	(34,564,950)	
7	Personnel Costs	1,994,400	450,000	265,000	405,000	620,000	88,000	1,828,000	166,400	
8	Contract Work/Special Projects	-				73,500		73,500	(73,500)	
9	Professional Services	1,289,000	32,580	1,505,000	199,729	302,353	485,500	2,525,162	(1,236,162)	
10	Notifications	940,000				404,000		404,000	536,000	
11	Marketing & Promotions	200,000				200,000		200,000	-	
12	Leases	140,000			212,075	9,200		221,275	(81,275)	
13	Operating Permit	100,000	100,000					100,000	-	
14	Computer Hardware/Software	40,000			40,000			40,000	-	
15	Furniture	140,000			140,000			140,000	-	
16	General & Administrative	27,000	39,000		41,000	61,000	29,600	170,600	(143,600)	
17	<b>TOTAL EXPENSES</b>	<b><u>\$29,624,400</u></b>	<b><u>\$621,580</u></b>	<b><u>\$61,088,950</u></b>	<b><u>\$1,037,804</u></b>	<b><u>\$1,670,053</u></b>	<b><u>\$603,100</u></b>	<b><u>\$65,021,487</u></b>	<b><u>(\$35,397,087)</u></b>	<b><u>-119.5%</u></b>
18	<b>TOTAL EXPENSES W/O POWER SUPPLY</b>	<b><u>\$4,870,400</u></b>	<b><u>\$621,580</u></b>	<b><u>\$1,770,000</u></b>	<b><u>\$1,037,804</u></b>	<b><u>\$1,670,053</u></b>	<b><u>\$603,100</u></b>	<b><u>\$5,702,537</u></b>	<b><u>(\$832,137)</u></b>	<b><u>-17.1%</u></b>
	<b>ENERGY PROGRAMS</b>									
19	Electrify Vehicle Promo	0	-	-	-	200,000	-	200,000	(200,000)	
20	Storage Pilot	0	-	-	-	200,000	-	200,000	(200,000)	
21	<b>TOTAL ENERGY PROGRAMS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$400,000</u></b>	<b><u>\$0</u></b>	<b><u>\$400,000</u></b>	<b><u>(\$400,000)</u></b>	
22	<b>CAPITAL PROGRAMS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	
	<b>DEBT SERVICE</b>									
23	Finance Expenses	50,000	-	-	77,000	-	-	77,000	(27,000)	
24	Interest	60,000	-	-	57,000	-	-	57,000	3,000	
25	Principal	-	-	-	-	-	-	-	-	
26	<b>TOTAL DEBT SERVICE</b>	<b><u>\$110,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$134,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$134,000</u></b>	<b><u>(\$24,000)</u></b>	<b><u>-21.8%</u></b>
	<b>SVCEA BALANCE</b>									
27	Net Increase/(Decrease)	7,965,600						28,630,357	20,664,757	
28	Beginning Fund Balance 10/1	-						-	-	
29	<b>ENDING BALANCE AT SEPT 30</b>	<b><u>\$7,965,600</u></b>						<b><u>\$28,630,357</u></b>	<b><u>\$20,664,757</u></b>	<b><u>259.4%</u></b>

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
FY 2016-17 MID-YEAR BUDGET REVIEW  
EXHIBIT C - REVENUES**

Line	Operating	FY 2016-17		Variance	
		Adopted Budget	Proposed Budget	\$	%
	<b>Residential</b>				
1	E-1		12,847,631		
2	E-7		1,336,374		
3	<b>Total Residential</b>	<b>\$0</b>	<b>\$14,184,005</b>		
	<b>Commercial, Industrial &amp; General Service</b>				
4	A-1		12,851,569		
5	A-6		2,303,642		
6	A-10		23,210,095		
7	E-19-S		17,044,568		
8	E-19-P		342,362		
9	E-19-T		96,583		
10	E-20-S		3,565,570		
11	E-20-P		8,811,889		
12	E-20-T		11,299,585		
13	TC-1		54,047		
14	<b>Total Commercial, Industrial &amp; General Service</b>	<b>\$0</b>	<b>\$79,579,910</b>		
15	Agricultural		-		
16	Street Lighting		185,858		
17	Net Energy Metering		-		
18	Green Prime		220,070		
19	<b>Total Operating Revenues</b>	<b>\$0</b>	<b>\$94,169,844</b>		
	<b>Non-Operating Revenues</b>				
20	Investment Income	\$0	\$16,000		
21	<b>Total Revenues</b>	<b>\$37,700,000</b>	<b>\$94,185,844</b>	<b>\$56,485,844</b>	<b>149.8%</b>

**SILICON VALLEY CLEAN ENERGY AUTHORITY  
FY 2016-17 MID-YEAR BUDGET REVIEW  
EXHIBIT D - POSITIONS**

Line	<u>Position</u>	<u>FY 2016-17 Adopted Budget</u>	<u>Mid-Year Adjustments</u>	<u>FY 2016-17 Proposed Budget</u>
1	Chief Executive Officer	1		1
2	Board Clerk/Executive Assistant	1		1
3	Director of Administration & Finance	1		1
4	Finance Manager	1	(1)	0
5	Administrative Analyst	2		2
6	Administrative Assistant	1		1
7	Director of Marketing & Public Affairs	1		1
8	Community Outreach Manager	1		1
9	Account Services Manager	1		1
10	Account Representative I/II	2		2
11	Community Outreach Specialist	2		2
12	Director of Power Resources	1		1
13	Power Contracts and Compliance Specialist	1		1
14	Power Resource Planning & Programs Analyst	2		2
15	General Counsel & Director of Government Affairs	1	(1)	0
16	Regulatory/Legislative Analyst	1		1
	<b>Total</b>	<u>20</u>	<u>-2</u>	<u>18</u>



## Staff Report – Item 5

To: Silicon Valley Clean Energy Authority Executive Committee

From: Tom Habashi, CEO

**Item 5: Modification to Roll Out and Power Supply Mix Policies**

Date: 2/22/2017

### **BACKGROUND**

In June of 2016, the Silicon Valley Clean Energy (SVCE) Board of Directors approved staff recommendations to roll out the SVCE program in three phases – April, July and October 2017. In July 2016, the board committed to providing a 100% carbon free power supply made up of 50% large hydro, 25% renewable type 1 and 25% renewable type 2.

### **DISCUSSION**

#### **Program Roll Out**

There are two key factors that prompted staff to recommend the program rollout in phases rather than all at once. First, rolling out the program slowly allows for a reasonable span of time between phases, which in turn negates the need to borrow a considerable sum to hedge against negative cash flow in the early months of program roll out. Secondly, enrolling a large number of customers at once can be taxing to the customer service staff that must be available to address customer issues that are likely to arise during the start of the program. In addition, chances for mistakes and miscommunication between SVCE’s data management vendor, Calpine, and Pacific Gas and Electric (PG&E) might be greater if the number of customers being enrolled is increased.

As required by law, SVCE began sending notifications to customers scheduled to be enrolled in the first phase of the program and plan to send the second notification beginning February 2017. Following the February 8, 2017 board meeting and recognizing that many customers are beginning to wonder why they were relegated to the second or the third phase of the program, staff decided to examine the pros and cons of combining the second and third phases into one enrollment phase in July 2017.

The most obvious advantage is that staff will have ample time to close any open position related to renewable and carbon-free resources that may result from a smaller than anticipated number of opt out customers. If we continue on the current rollout path, we will have only the month of December to close the CY 2017 open position, likely resulting in higher prices. Another advantage is to reduce marketing and outreach expenses due to shortening the enrollment period by three months. More importantly, nearly 45 percent of the residents in the SVCE service territory would no longer have to wait to participate in the program.

As PG&E and Calpine are both responsible for data management, billing and customer service during the transition, staff contacted both parties to advise them of potentially combining the two phases and asked of potential consequences to ensure that accelerating the rollout would be effectively handled. Both parties agreed that they can handle the additional load. It is expected that in April 2017, roughly 300,000 customers will be shifted from PG&E’s service territory to SVCE and Peninsula Clean Energy, therefore, it seems

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reasonable to assume that Calpine and PG&E would be able to handle the 180,000 customers that will shift to SVCE in July, provided that we combine to the two rollout phases.

**Power Supply Mix**

In August 2016, staff issued a request for proposals seeking power supply to meet 100% of SVCE's 2017 and 2018 electricity demand, 80% of 2019, 65% of 2020 and 50% of 2021. While there was an ample supply for large hydro and type 1 renewable, type 2 renewable was in short supply and the price of the available supply was much higher than anticipated. Once again in early February 2017, staff attempted to cover the short position of the type 2 renewable and continues to find that resource in short supply. Staff is making one final attempt, reaching out to new suppliers and marketers and hopes to reach positive results by the end of February.

Provided that the results remain the same, we believe that acquiring a combination of type 1 and type 3 renewable supply to cover the short position in 2017 is warranted. This will maintain SVCE's established policy of committing to 50% eligible renewable and 100% carbon free and will allow staff time to thoroughly examine the market situation to understand the reasons behind the shortage of type 2 renewable.

**CONCLUSION**

SVCE should examine altering two of the policies that were established in mid-2016 to allow for speeding the enrollment process and ensure that supply resources are fully hedged for CY 2017.