



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

Wednesday, August 9, 2017
7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

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

Director Abe-Koga will attend by teleconference from Napili Point Unit #C18, C Building, 5295 Lower Honoapiilani Rd., Lahaina, HI 96761. Members of the public may provide testimony at the teleconference location.

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 June 14, 2017, Board of Directors Meeting
- 1b) Approve Minutes of the July 10, 2017, Board of Directors Special Meeting
- 1c) Approve Revision to Executive Committee Composition to Reduce the Number of Committee Members to Five
- 1d) Authorize CEO to Approve Confirmation Agreements with CalPeak Power, LLC and Wellhead Power Exchange, LLC to Acquire Resource Adequacy Capacity for 2018, and with Marin Clean Energy for Sale of Resource Adequacy Capacity for 2017
- 1e) Authorize CEO to Approve Master Agreement with TransAlta Energy Marketing (U.S.) Inc., to Acquire Type 2 Energy for CY 2018
- 1f) Approve 2017 Update to Annual Energy Use and Voting Shares as Required by SVCE Joint Powers Agreement
- 1g) Adopt Resolution Amending Conflict of Interest Code to Include Power Contracts & Compliance Specialist Position

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087

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Dave Cortese
County of Santa Clara

Howard Miller
City of Saratoga

Jim Griffith
City of Sunnyvale

- 1h) Authorize CEO to Approve Agreement with Strategic Energy Innovations for Climate Corps Bay Area Fellow Hosting Services to Facilitate Hiring of Two Fellows to Support Marketing Activities
- 1i) May and June 2017 Treasurer Report
- 1j) Adopt Resolution to Authorize the Addition of the Director of Administration and Finance to Conduct Transactions with River City Bank
- 1k) Confirm the Process for Collection and Remittance of Utility Users Tax
- 1l) Approve Finance Policies Regarding Chart of Accounts and Document Control

Regular Calendar

- 2) Executive Committee Report (Discussion)
- 3) CEO Report (Discussion)
- 4) FY 2017-18 Operating Budget (Discussion)
- 5) Request for Offers for Renewable Resources with Energy Storage (Discussion)
- 6) Approve Policy Direction to Provide for Disposition of Net Revenue (Action)
- 7) Approve Process to Adjust SVCE Rates for CY 2018 (Action)
- 8) Overview of Demand Side Programs to Reduce Green House Gas Emissions (Discussion)

Public Comment on Closed Session

The public may provide comments regarding the Closed Session item(s) just prior to the Board beginning the Closed Session. Closed Sessions are not open to the public.

Convene to Closed Session, Conference Room C (Cupertino City Hall)

Public Employee Appointment

Title: Chief Executive Officer

svcleanenergy.org

333 W El Camino Real
Suite 290
Sunnyvale, CA 94087

Report from Closed Session

Board Member Announcements and Direction on Future Agenda Items

Adjourn



Silicon Valley Clean Energy Authority

Board of Directors Meeting

Wednesday, June 14, 2017

7:00 pm

Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

DRAFT MINUTES

Call to Order

Chair Rennie called the meeting to order at 7:02 p.m.

Roll Call

Present:

Chair Rob Rennie, Town of Los Gatos
Director Courtenay C. Corrigan, Town of Los Altos Hills
Alternate Director Anthony Eulo, City of Morgan Hill
Director Jim Griffith, City of Sunnyvale
Director Margaret Abe-Koga, City of Mountain View (arrived at 7:11 p.m.)
Director Howard Miller, City of Saratoga
Director Rod Sinks, City of Cupertino
Director Liz Gibbons, City of Campbell
Director Dave Cortese, County of Santa Clara (arrived at 7:05 p.m.)
Director Jeannie Bruins, City of Los Altos
Director Burton Craig, City of Monte Sereno

Absent:

Vice Chair Daniel Harney, City of Gilroy

Public Comment on Matters Not Listed on the Agenda

Bruce Karney spoke regarding the Foothill-De Anza Community College District's consideration of entering into a contract for Bloom Energy boxes and requested SVCE Board members speak with board members from the Foothill-De Anza Community College District on becoming a customer of SVCE.

Director Sinks noted he reached out to Directors of the Foothill-De Anza Community College District and would like to hear from staff if they have spoken with management.

Consent Calendar

Alternate Director Eulo requested to pull Items 1d, 1f, and 1j for further discussion.

Chair Rennie opened public comment.
No speakers.
Chair Rennie closed public comment.

MOTION: Director Miller moved and Director Gibbons seconded the motion to approve the Consent Calendar with the exception of Items 1d, 1f, and 1j.

The motion carried unanimously with Director Abe-Koga and Vice Chair Harney absent.

- 1a) Approve Minutes of the May 10, 2017, Board of Directors Meeting**
- 1b) Approve Minutes of the May 12, 2017, Board of Directors Special Meeting**
- 1c) Regulatory/Legislative Update**
- 1e) Approve SVCE Information Technology Policies**
- 1g) Approve Vehicle Use Policy**
- 1h) Authorize CEO to Approve Confirmation Letter with Tenaska Power Services Company for PCC3 Deliveries**
- 1i) Authorize CEO to Approve Confirmation Agreements with EDF Trading North America, LLC for PCC2 Deliveries**
- 1k) Approve Amendment to Medical Leave Policy and Provide Short-Term Disability Insurance for SVCE Employees**
- 1l) Authorize CEO to Approve Agreement with Freelance Media Buying for Media Strategy, Media Planning and Media Buying Services**
- 1m) Approve First Amendment to Amended and Restated Employment Agreement for Chief Executive Officer**

1d) SVCE Legislative Platform

Regulatory/Legislative Analyst Hilary Staver provided information and responded to Board questions. Alt. Dir. Eulo requested staff include a blanket statement tying things to SVCE's Strategic Plan similar to, "Bills that support the objectives listed in the Strategic Plan will be supported, and those that stop the Strategic Plan from being implemented will be opposed."

MOTION: Alt. Dir. Eulo moved and Dir. Bruins seconded the motion to approve the SVCE Legislative Platform with the addition of a statement referring to SVCE's Strategic Plan.

FRIENDLY AMENDMENT: Director Griffith offered a friendly amendment to include, in the process of sending letters, a review and approval by the current Board Chair.
Alt. Dir. Eulo and Dir. Bruins accepted the friendly amendment.

The motion carried unanimously with Vice Chair Harney absent.

1f) Approve Travel and Meeting Expense Reimbursements for Employees Policy

MOTION: Alt. Dir. Eulo moved and Director Corrigan seconded the motion to approve General and Administrative Policy #1, providing guidelines for employee reimbursements for travel and meetings, with revisions to Section V, A. *Accommodations*, omitting the first paragraph in the section, and inserting the word "reasonable" in the last sentence to read, "In instances where lodging is required for a Meeting, every *reasonable* effort shall be made to choose the lowest cost lodging alternative."

The motion carried unanimously with Vice Chair Harney absent.

1j) Approve SVCE Self Service Feed-In Tariff (SSFIT) Electric Schedule

Manager of Account Services Don Bray provided information and responded to Board questions; CEO Tom Habashi provided additional information.

Chair Rennie opened public comment for items 1d, 1f, and 1j.
No speakers.
Chair Rennie closed public comment for items 1d, 1f, and 1j.

MOTION: Alt. Dir. Eulo moved and Director Miller seconded the motion to approve the SVCE Self Service Feed-In Tariff (SSFIT) Electric Schedule.

The motion carried unanimously with Vice Chair Harney absent.

Regular Calendar

2) Executive Committee Report

Chair Rennie stated the Executive Committee met on May 23 and discussed staff recommendations for a shift in SVCE's initial policies. Chair Rennie announced staff recommended canceling the Executive Committee meeting scheduled for June and the Board meeting scheduled for July due to lack of content and many member communities being on vacation.

MOTION: Director Cortese moved and Director Bruins seconded the motion to cancel the Executive Committee meeting scheduled for June 27 and the Board of Directors meeting scheduled for July 12.

Chair Rennie opened public comment.

James Tuleya, resident of Sunnyvale, noted that the initial discussion of programs was to be discussed in July and emphasized that programs are a very important next step for SVCE.

CEO Habashi stated that staff will be ready to present programs at the August Board meeting, as well as the budget for next fiscal year.

Chair Rennie closed public comment.

The motion passed unanimously with Vice Chair Harney absent.

3) CEO Report

CEO Tom Habashi presented the CEO report which included an update on SVCE new hires, an update on the Power Charge Indifference Adjustment (PCIA), and strategies to address the needs of Direct Access Customers. CEO Habashi provided an update on a meeting with staff of the Foothill-De Anza Community College District and an enrollment update. CEO Habashi responded to Board questions on the PCIA; Manager of Account Services Bray responded to Board questions on the Foothill-De Anza Community College District meeting.

Director Sinks requested staff inform SVCE Directors if they would like to speak with Foothill-De Anza Community College District Board members; Director Corrigan encouraged other SVCE Board members reach out to Foothill-De Anza Community College District Board members.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

4) Treasurer Report

Director of Administration and Finance Don Eckert presented the Treasurer report and responded to Board questions. CEO Habashi provided additional information.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

5) Approve Formation of an Audit and Finance Committee (Action)

CEO Habashi presented the staff report and Director of Administration and Finance Eckert provided additional information on the commitment of Audit and Finance Committee members and the plan for quarterly meetings.

The Board discussed the makeup of the Audit and Finance Committee; CEO Habashi responded to Board questions.

Director Miller, Director Gibbons, and Director Craig volunteered to serve on the Audit and Finance Committee.

Director Bruins expressed concern over a majority of Directors serving on multiple sub-committees; Director Miller offered to step down from his Executive Committee position.

MOTION: Chair Rennie moved and Dir. Abe-Koga seconded the motion to appoint Director Cortese, Director Gibbons, Director Miller, Director Corrigan and Director Craig as primary members on the Audit and Finance Committee, with the option to pick an alternate that can be a staff member of their respective communities.

Director Miller clarified with the maker of the motion that Audit and Finance Committee members will be reassessed in January 2018, making the committee a six-month assignment.

Director Cortese left the meeting at 8:02 p.m.

Director Gibbons clarified with the maker of the motion that the five appointed Audit and Finance Committee members would be members of the Board and should return to the Executive Committee with recommended alternates, who will not be a public citizen, but could be another council member/supervisor or Finance staff person.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

Chair Rennie noted scheduling of the first Audit and Finance Committee meeting could be done offline with staff.

The motion passed unanimously with Director Cortese and Vice Chair Harney absent.

6) Adopt Resolution Amending the Organization Chart to Delete One Community Outreach Specialist and Add One Account Services Representative (Action)

Director of Marketing and Public Affairs Alan Suleiman presented the staff report and responded to Board questions.

MOTION: Alternate Director Eulo moved and Director Bruins seconded the motion to adopt Resolution 2017-07, amending the adopted organization chart to delete one Community Outreach Specialist position and add one additional Account Services Representative.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

Director Craig requested staff send an organization chart including staff member names to the Board.

The motion carried unanimously with Director Cortese and Vice Chair Harney absent.

7) Approve Strategic Plan (Action)

CEO Habashi presented the Strategic Plan and responded to Board questions.

Chair Rennie opened public comment.

No speakers.

Chair Rennie closed public comment.

MOTION: Alternate Director Eulo moved and Director Bruins seconded the motion to approve the Strategic Plan.

The motion carried unanimously with Director Cortese and Vice Chair Harney absent.

8) Approve Update to Key Policies to Guide SVCE's Operations into the Future (Action)

CEO Habashi provided a PowerPoint presentation and responded to Board questions.

Chair Rennie opened public comment.

Bruce Karney requested the Board pause on decision making for the recommended rates, rebates and product mix. Karney spoke of his support for community programs in reference to goals outlined in the Strategic Plan and his opinion that the expected programs for SVCE communities are running behind. Karney noted that, speaking on behalf of Carbon Free Silicon Valley, he does not support the proposed customer generation rates.

James Tuleya spoke of his experience working on programs at PG&E and his assumption staff will put sufficient budget for programs in the budget. Tuleya noted it is not unreasonable to come back with proposals for programs in September, he is a big proponent of programs as long as they are sufficiently budgeted, and is in favor of the dividend rebate program for reasons given by staff and Directors.

Chair Rennie closed public comment.

The following suggestions and comments were given to staff:

1 – SVCE Reserve Policy

Board members requested the word “annual” be included in the recommendation: “SVCE’s reserves target will be set at a minimum/target/maximum of 25/50/75 percent of *annual* operating expenses. This fund will combine rate stabilization, capital and working capital reserves.”

2 – SVCE Customer Generation Rates

Board members requested the recommendation specify the GreenStart product: “Rates for 2017 and 2018 calendar years are set at 1% below PG&E in each of the two years *for the GreenStart product*; for 2019 and beyond, rates will be set at 2% below PG&E’s rates.” Board discussion included the percentage SVCE should be below PG&E and remaining cost competitive to give consumers an opportunity to make their own choices about the product options they have.

3 – SVCE Net Operating Revenue

Board discussion included quantifying cash flow scenarios, SVCE’s budget, funds for future programs, and holding revenues as opposed to issuing a rebate at the end of the year.

4 – SVCE Power Resource Preferences

Board discussion included the current power supply mix and options for the future mix.

5 – SVCE Product Offerings

Board discussion included previous marketing approaches to the community, the use of the word “renewable”, past and future SVCE messaging, PG&E’s product offerings, the option of offering additional

SVCE products, staying competitive with PG&E, exceeding RPS minimums, and staying with the two products that are currently offered.

Director Abe-Koga requested messaging from staff for community meetings; Director Miller requested a chart detailing how the RPS will change over time.

The Board requested financial information from staff to support the recommendations presented as well as a menu of various policy options, and were in consensus to wait on making a decision until a future meeting.

CEO Habashi summarized Board feedback to include a breakdown of the recommendations as individual agenda items with supporting financial documentation and different options, including not changing the current policies as one of those options, and bringing it back to the Board for approval. Board members clarified that some of the recommendations could be bundled into one staff report and should include the greenhouse gas emissions associated with the recommendation.

No action was taken on this item.

Board Member Announcements and Direction on Future Agenda Items

Director Miller announced an electric vehicle DC Fast Charging Station grand ribbon cutting at the Saratoga Library at 4:30p.m. on June 22 and noted there will be mock signs that state, "100% greenhouse gas free provided by Silicon Valley Clean Energy."

Director Sinks reported that a Cupertino community survey, with polling conducted between April 4-15, showed that 33.5% of Cupertino residents have at least seen, heard, or read about Silicon Valley Clean Energy. Director Sinks stated he met with the Natural Resource Defense Council (NRDC) last week and requested the SVCE Board consider supporting NRDC's initiative to expand California Independent System Operator (California ISO) to take management of the western grid at the August Board meeting. Director Sinks noted that in discussions with other board members from CCAs in the bay area, board members feel the need to be prepared to develop a clear strategy to make key legislative points; Director Sinks will report back on additional discussions at the August Board meeting.

Director Bruins voiced concern of having a majority of sub-committees serving in multiple capacities and requested an agenda item for the August Board meeting to replace Howard Miller on the Executive Committee.

Adjourn

Chair Rennie adjourned the meeting at 10:07 p.m.



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

Monday, July 10, 2017
10:00 am

Sunnyvale Community Center | Recreation Center
Neighborhood Room
550 E Remington Drive
Sunnyvale, CA

DRAFT MINUTES

Call to Order

Chair Rennie called the meeting to order at 10:05 a.m.

Roll Call

Present:

Chair Rob Rennie, Town of Los Gatos
Alternate Director Steve Schmidt, Town of Los Altos Hills
Director Courtenay C. Corrigan, Town of Los Altos Hills (arrived at 10:10 a.m.)
Alternate Director Anthony Eulo, City of Morgan Hill
Director Jim Griffith, City of Sunnyvale
Director Margaret Abe-Koga, City of Mountain View (arrived at 10:06 a.m.)
Director Howard Miller, City of Saratoga
Director Rod Sinks, City of Cupertino
Director Liz Gibbons, City of Campbell
Alternate Director Jean Mordo, City of Los Altos
Director Burton Craig, City of Monte Sereno

Absent:

Vice Chair Daniel Harney, City of Gilroy
Director Dave Cortese, County of Santa Clara

Regular Calendar

1) Discuss and Provide Direction on Process for Hiring New Chief Executive Officer (CEO)

Chair Rennie announced the item and purpose of the special meeting. CEO Tom Habashi provided introductory remarks and recommended suggestions for hiring a new Chief Executive Officer.

Director Corrigan arrived at 10:10 a.m.; Alternate Director Schmidt returned to the audience to serve as a member of the public.

CEO Habashi responded to Board questions regarding his recommendations.

Chair Rennie opened public comment.

Steve Schmidt thanked CEO Habashi for his contributions and inquired what skill sets would be most important for a CEO at the current stage of SVCE. CEO Habashi responded it should be someone who understands the industry, power procurement process, and someone who will be sensitive to the community's needs.

Chair Rennie closed public comment.

At approximately 10:30 a.m., Director Gibbons was disconnected from the meeting due to technical difficulties.

Chair Rennie restated the suggestions given by CEO Habashi which included three options: 1) hire a utility recruiter, 2) use SVCE's current recruiter who can help through the filter process, or 3) involve LEAN Energy to help with the recruitment process.

The Board discussed the options presented as well as using a hybrid approach of the recommendations. Board comments included hiring an executive recruiter for a national hiring effort, interim CEO candidates, the process for selecting a recruiter for hiring, formation of a subcommittee for the recruitment process, involving industry professionals like Shawn Marshall of LEAN Energy, timing for hiring, values for the hiring process which included a broad search, open process, professional and transparent, and general ideas regarding the hiring process.

CEO Habashi responded to Board questions and provided additional information.

General Counsel Greg Stepanicich noted the Board could hold a closed session during the August Board meeting to discuss candidates for the interim CEO to evaluate who would be the best person for the position. General Counsel Stepanicich confirmed with Chair Rennie that SVCE can seek proposals from select recruitment firms with a short period of time to respond and is not required to put out an RFP.

MOTION: Alternate Director Eulo moved and Director Sinks seconded the motion to 1) establish a sub-committee to initiate the recruitment process, 2) set a meeting date in two or three weeks for a special meeting of the Board to endorse the outreach materials, job descriptions, etc. needed for the recruitment, and 3) contract with Bryce Consulting to lead the recruitment.

FRIENDLY AMENDMENT: Director Corrigan offered a friendly amendment to add a fourth step to agendaize a closed session in August to determine an interim pick and/or process to move forward with an interim CEO.

Alternate Director Eulo and Director Sinks accepted the friendly amendment.

Chair Rennie requested clarification if Bryce Consulting would work alone or if LEAN Energy would assist; Alternate Director Eulo responded that the decision would be up to the subcommittee. General Counsel Stepanicich noted that the interim candidates could be evaluated in closed session, and the process for selecting the interim candidates could be established at the current meeting.

REVISED MOTION: Alternate Director Eulo requested a revision to his motion to include a fifth element to include that the Board endorse that the recruitment be broad, include national exposure, be timely and transparent.

Director Sinks and Director Corrigan accepted the revision to the motion.

Following discussion, Alternate Director Eulo adjusted part 2 of his motion to reflect a three-week check in without the mention of outreach materials, job descriptions, etc. needed for the recruitment.

Director Sinks and Director Corrigan accepted the adjustment to the motion.

Chair Rennie opened public comment.

Bruce Naegel spoke in support of getting an interim CEO in place and noted the importance of deciding what interim CEO characteristics the Board is looking for.

Chair Rennie closed public comment.

RESTATED MOTION: Alternate Director Eulo moved and Director Sinks seconded the motion to 1) appoint a sub-committee to initiate the recruitment process, 2) schedule an approximate three-week check-in of the

Board, 3) proceed to empower the sub-committee to contract with Bryce Consulting, 4) agendaize a closed session at the Board Meeting in August for discussion of interim CEO candidates, and 5) objectives of the recruitment process are to include an open process of national exposure, be timely and transparent.

The motion failed to pass with six affirmative votes and Directors Griffith, Abe-Koga, and Craig dissenting by roll call vote.

It was confirmed that Director Gibbons was not on the teleconference line.

MOTION: Director Craig moved and Alternate Director Eulo seconded the motion to hire Bryce Consulting. The motion passed with Directors Griffith and Abe-Koga dissenting, and Vice Chair Harney and Directors Gibbons and Cortese absent.

MOTION: Alternate Director Eulo moved and Director Abe-Koga seconded the motion to add a closed session to the August regular Board of Directors meeting to evaluate interim CEO candidates. The motion passed unanimously with Vice Chair Harney and Directors Gibbons and Cortese absent.

MOTION: Director Griffith moved and Director Abe-Koga seconded the motion to immediately choose a subcommittee to discuss with CEO Tom Habashi and the two internal interim CEO candidates, and come back to the closed session in August with a recommendation for an interim CEO. The motion passed with Alternate Director Eulo dissenting, and Vice Chair Harney and Directors Gibbons and Cortese absent.

The Board discussed who would make up the subcommittee.

MOTION: Alternate Director Eulo moved and Director Craig seconded the motion to appoint Directors Griffith, Abe-Koga, Sinks, and Chair Rennie to the subcommittee to evaluate interim CEO candidates. The motion passed unanimously with Vice Chair Harney and Directors Gibbons and Cortese absent.

Director Griffith clarified the subcommittee would meet with CEO Habashi and the two candidates individually to gauge interest, gather information, and set expectations. The subcommittee and CEO Habashi discussed a meeting date/time.

Director Abe-Koga left the meeting at 11:37 a.m.

MOTION: Director Miller moved and Alternate Director Eulo seconded the motion to appoint Directors Abe-Koga, Miller, Sinks, and Chair Rennie to the subcommittee for the recruitment process for CEO. The motion passed unanimously with Vice Chair Harney and Directors Abe-Koga, Gibbons, and Cortese absent.

MOTION: Director Sinks moved to have Shawn Marshall of LEAN Energy assist in recruitment. The motion died due to lack of a second.

Board members noted that the decision would be made by the subcommittee of who would be involved in the recruitment process.

The Board discussed noticing of CEO Habashi's departure in the form of a press release.

MOTION: Director Griffith moved and Director Corrigan seconded the motion to authorize the Chair to work with staff on a press release announcing CEO Habashi's departure from SVCE. General Counsel Stepanicich noted that direction could be given to staff without a formal vote on a motion.

Board members were in consensus that staff work on a press release with additional review at the discretion of the Chair.

Adjourn

Chair Rennie adjourned the meeting at 11:44 a.m.



Staff Report – Item 1c

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1c: Approve Revision to Executive Committee Composition to Reduce the Number of Committee Members to Five

Date: 8/9/2017

RECOMMENDATION

Approve revision to Executive Committee to be comprised of the Chair, Vice Chair, and three additional Board members for a total of five members.

BACKGROUND & DISCUSSION

The Executive Committee previously consisted of six members, but due to the overlap of some Board member committee assignments, staff feels it would be more practical to reduce the number to five. Director Miller, who also serves on the Risk Oversight Committee and Audit & Finance Committee, has offered resignation for his position on the Executive Committee.

Reducing the number of members in the Executive Committee will allow for less overlap of Directors serving on other SVCE committees.

ATTACHMENTS

1. Director Miller Email Re: Resignation from the SVCE Executive Committee

----- Original message -----

From: Howard Miller

Date: 6/16/17 11:15 AM (GMT-08:00)

To: Rob Rennie

Cc: Tom Habashi, James Lindsay

Subject: Resignation from the SVCE Executive Committee

Chair Rennie:

This eMail is to codify our discussion regarding my committee assignments within Silicon Valley Clean Energy. With my recent appointment to the newly formed Finance Committee and my ongoing assignment to the Risk Oversight Committee, I am resigning my position on the Executive Committee. While my enthusiasm for SVCE is unbounded, my time is not. 3 committee assignments is an excessive load for me at this time.

That said, as always, I will continue to do what it takes to help SVCE be successful and I look forward to my new assignment on the Finance Committee.

Regards,

Howard Miller



Staff Report – Item 1d

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1d: Authorize CEO to Approve Confirmation Agreements with CalPeak Power, LLC and Wellhead Power Exchange, LLC to Acquire Resource Adequacy Capacity for 2018, and with Marin Clean Energy for Sale of Resource Adequacy Capacity for 2017

Date: 8/9/2017

RECOMMENDATION

Authorize the Chief Executive Officer to execute agreements for the purchase and sale of Resource Adequacy Capacity as necessary to meet SVCE's regulatory obligations, with terms consistent with those contained in the attached agreements.

BACKGROUND & DISCUSSION

SVCE must ensure sufficient generation capacity is available to reliably meet the electric needs of its customers. Under the state's Resource Adequacy program, all load serving entities must commit to making electric generators available for dispatch by the California Independent System Operator (CAISO). Resource Adequacy Capacity is a separate product from energy, and no entitlements to energy or other attributes are conveyed through the purchase of Resource Adequacy Capacity. The Resource Adequacy Capacity obligation is equivalent to 115% of the load serving entity's projected peak demand for each month. A portion of the total Resource Adequacy obligation must be met with Resource Adequacy Capacity meeting certain locational and operational attributes in order to support local area reliability and ensure that sufficient amounts of flexible generating units are available for dispatch by the CAISO.

SVCE is obligated to make month-ahead and year-ahead filings to the California Public Utilities Commission (CPUC) demonstrating its compliance with the Resource Adequacy program. In January 2017, SVCE received its initial Resource Adequacy Compliance obligations for 2017 from the CPUC, and SVCE subsequently contracted for the requisite capacity. SVCE's obligations are subject to quarterly adjustment by the CPUC, and as a result of the most recent adjustment, SVCE has a small excess of Resource Adequacy Capacity for October 2017. SVCE has negotiated an agreement to sell the excess capacity to Marin Clean Energy.

In July 2017, SVCE received its initial year-ahead Resource Adequacy Compliance obligations for 2018 from the CPUC. SVCE staff and consultants have negotiated Resource Adequacy contracts with CalPeak Power, LLC and Wellhead Power Exchange, LLC to meet a portion of its 2018 obligations. Additional contracts with other sellers will be completed throughout the year as SVCE's final year-ahead requirements become known and prior to the October 31st deadline for year-ahead compliance.

CONCLUSION

Board authorization for the Chief Executive Officer to execute the attached agreements for the purchase and sale of Resource Adequacy Capacity will facilitate compliance with SVCE's Resource Adequacy obligations.

ATTACHMENTS

1. CalPeak Power, LLC Confirmation Letter

Agenda Item: 1d

Agenda Date: 8/9/2017

2. Wellhead Power Exchange, LLC Confirmation Letter
3. Marin Clean Energy Confirmation Letter (Sale)

**WESTERN SYSTEM POWER POOL AGREEMENT
CONFIRMATION LETTER - RESOURCE ADEQUACY
BETWEEN
CALPEAK POWER LLC
AND
SILICON VALLEY CLEAN ENERGY AUTHORITY**

This Confirmation Letter ("Confirmation") confirms the Transaction between CalPeak Power LLC, a Delaware company ("Seller") and Silicon Valley Clean Energy Authority, a California Joint Powers Authority ("Buyer"), and each individually a "Party" and together the "Parties", dated as of June 8, 2017 (the "Confirmation Effective Date") in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Confirmation.

This Transaction is governed by the Western System Power Pool Agreement dated June 20, 2017, as amended from time to time (the "WSPP Agreement"). The WSPP Agreement and this Confirmation shall be collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the WSPP Agreement or the Tariff (defined herein below).

ARTICLE 1. DEFINITIONS

- 1.1 "Alternate Capacity" means any replacement Product which Seller has elected to provide to Buyer from a Replacement Unit in accordance with the terms of Section 4.5.
- 1.2 "Applicable Laws" means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body of competent jurisdiction over one or both Parties or this Transaction, including without limitation, the Tariff.
- 1.3 "Availability Incentive Payments" has the meaning set forth in the Tariff.
- 1.4 "Availability Standards" shall mean the availability standards set forth in Section 40.9 of the Tariff.
- 1.5 "Buyer" has the meaning specified in the introductory paragraph hereof.
- 1.6 "CAISO" means the California Independent System Operator Corporation or its successor.
- 1.7 "Capacity Replacement Price" means (a) the price actually paid for any Replacement Capacity purchased by Buyer pursuant to Section 4.7 hereof, plus costs reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of any Replacement Capacity, the market price for such Designated RA Capacity not provided at the Delivery Point. The Buyer shall determine such market prices in a commercially reasonable manner.
- 1.8 "Confirmation" has the meaning specified in the introductory paragraph hereof.
- 1.9 "Confirmation Effective Date" has the meaning specified in the introductory paragraph hereof.
- 1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.2 hereof.
- 1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified for such Monthly Delivery Period in the "RA Capacity Price Table" set forth in Section 4.9.
- 1.12 "Contract Quantity" means, with respect to any particular Showing Month of the Delivery Period, the amount of Product (in MWs) set forth in table in Section 4.3 which Seller has agreed to provide to Buyer from the Unit for such Showing Month.
- 1.13 "CPUC Decisions" means, to the extent still applicable, CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050 and subsequent decisions related to resource adequacy, as may be amended from time to time by the CPUC.
- 1.14 "CPUC Filing Guide" means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE's to demonstrate compliance with the CPUC's resource adequacy program.

- 1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.
- 1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.
- 1.17 "Designated RA Capacity" shall be equal to, with respect to any particular Showing Month of the Delivery Period, the Contract Quantity of Product (including any Alternate Capacity) for such Showing Month, minus (i) any reductions to Contract Quantity made by Seller pursuant to Section 4.4 and for which Seller has not elected to provide Alternate Capacity; and (ii) any reductions resulting from an event other than a Non-Excusable Event.
- 1.18 "Flexible RA Attributes" means any and all flexible resource adequacy attributes, as may be identified at any time during the Delivery Period by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward Flexible RAR, exclusive of any RA Attributes and LAR Attributes.
- 1.19 "Flexible RAR" means the flexible resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.20 "Flexible RAR Showing" means the Flexible RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.21 "Governmental Body" means (i) any federal, state, local, municipal or other government; (ii) any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (iii) any court or governmental tribunal.
- 1.22 "LAR" means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the CPUC Decisions, or by another LRA of competent jurisdiction over the LSE. LAR may also be known as local resource adequacy, local RAR, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.23 "LAR Attributes" means, with respect to a Unit, any and all local resource adequacy attributes (or other locational attributes related to system reliability), as they are identified as of the Confirmation Effective Date by the CPUC, CAISO, LRA, or other Governmental Body of competent jurisdiction, associated with the physical location or point of electrical interconnection of such Unit within the CAISO Control Area, that can be counted toward LAR, exclusive of any RA Attributes and Flexible RA Attributes. For clarity, it should be understood that if the CAISO, LRA, or other Governmental Body, defines new or re-defines existing local areas, then such change will not result in a change in payments made pursuant to this Transaction.
- 1.24 "LAR Showings" means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.25 "Local RAR" means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.26 "LRA" means Local Regulatory Authority as defined in the Tariff.
- 1.27 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).
- 1.28 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.
- 1.29 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.
- 1.30 "Net Qualifying Capacity" has the meaning set forth in the Tariff.

- 1.31 "Non-Excusable Event" means any event, other than a Planned Outage and those events described under the definition of "Unit Firm" in the WSPP Agreement that excuse Seller's performance, that causes Seller to fail to perform its obligations under this Confirmation, including, without limitation, any such event resulting from (a) the negligence of the owner, operator or Scheduling Coordinator of a Unit, or (b) Seller's failure to comply, or failure to cause the owner, operator or Scheduling Coordinator of the Units to comply, with the terms of the Tariff with respect to the Units providing RA Attributes, Flexible RA Attributes or LAR Attributes, as applicable.
- 1.32 "Notification Deadline" has the meaning specified in Section 4.5 hereof.
- 1.33 "Outage" means any CAISO approved disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff.
- 1.34 "Planned Outage" means, subject to and as further described in the CPUC Decisions, a CAISO-approved, planned or scheduled disconnection, separation or reduction in capacity of the Unit that is conducted for the purposes of carrying out routine repair or maintenance of such Unit, or for the purposes of new construction work for such Unit.
- 1.35 "Product" has the meaning specified in Article 3 hereof.
- 1.36 "RA Attributes" means, with respect to a Unit, any and all resource adequacy attributes, as they are identified as of the Confirmation Effective Date by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes and Flexible RA Attributes.
- 1.37 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR and, if applicable, LAR and Flexible RAR purposes for the Delivery Period, as determined by the CAISO or other Governmental Body authorized to make such determination under Applicable Laws. RA Capacity encompasses the RA Attributes, and if applicable, LAR Attributes and Flexible RA Attributes of the capacity provided by a Unit.
- 1.38 "RAR" means the resource adequacy requirements (other than Local RAR or Flexible RAR) established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.39 "RAR Showings" means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction.
- 1.40 "Replacement Capacity" has the meaning specified in Section 4.7 hereof.
- 1.41 "Replacement Unit" has the meaning specified in Section 4.5.
- 1.42 "Resource Category" shall be as described in the CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.
- 1.43 "Scheduling Coordinator" has the same meaning as in the Tariff.
- 1.44 "Seller" has the meaning specified in the introductory paragraph hereof.
- 1.45 "Showing Month" shall be the calendar month during the Delivery Period that is the subject of the RAR Showing, as set forth in the CPUC Decisions. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.
- 1.46 "Supply Plan" means the supply plan, or similar or successor filing, that a Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other applicable Governmental Body pursuant to Applicable Laws in order for the RA Attributes or LAR Attributes of such RA Capacity to count.
- 1.47 "Tariff" means the tariff and protocol provisions of the CAISO, as amended or supplemented from time to time. For purposes of Article 5, the Tariff refers to the tariff and protocol provisions of the CAISO as they exist on the Confirmation Effective Date.
- 1.48 "Transaction" for purposes of this Agreement means the Transaction that is evidenced by this Agreement.

- 1.49 "Unit" or "Units" shall mean the generation assets described in Article 2 hereof (including any Replacement Units), from which RA Capacity is provided by Seller to Buyer.
- 1.50 "Unit EFC" means the effective flexible capacity that is or will be set by the CAISO for the applicable Unit.
- 1.51 "Unit NQC" means the Net Qualifying Capacity set by the CAISO for the applicable Unit. The Parties agree that if the CAISO adjusts the Net Qualifying Capacity of a Unit after the Confirmation Effective Date, that for the period in which the adjustment is effective, the Unit NQC shall be deemed the lesser of (i) the Unit NQC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Net Qualifying Capacity.
- 1.52 "WSPP Agreement" has the meaning specified in the introductory paragraph hereof.

ARTICLE 2. UNIT INFORMATION

Name	[REDACTED]	[REDACTED]
Location	[REDACTED]	[REDACTED]
CAISO Resource ID	[REDACTED]	[REDACTED]
Unit SCID	[REDACTED]	[REDACTED]
Unit NQC	[REDACTED]	[REDACTED]
Unit EFC	[REDACTED]	[REDACTED]
Resource Type	[REDACTED]	[REDACTED]
Resource Category (1, 2, 3 or 4)	[REDACTED]	[REDACTED]
Flexible RAR Category (1, 2 or 3)	[REDACTED]	[REDACTED]
Path 26 (North or South)	[REDACTED]	[REDACTED]
Local Capacity Area (if any, as of Confirmation Effective Date)	[REDACTED]	[REDACTED]
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment	[REDACTED]	[REDACTED]
Run Hour Restrictions	[REDACTED]	[REDACTED]

ARTICLE 3. RESOURCE ADEQUACY CAPACITY PRODUCT

During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Agreement, RA Attributes and, if applicable, LAR Attributes and Flexible RA Attributes for a Contingent Firm RA Product, as specified in Sections 3.1 and 3.2 below (the "Product"). The Product does not confer to Buyer any right to the electrical output from the Units. Rather, the Product confers the right to include the Designated RA Capacity in RAR Showings, LAR Showings, Flexible RAR Showings, if applicable, and any other capacity or resource adequacy markets or proceedings as specified in this Confirmation. Specifically, no energy or ancillary services associated with any Unit is required to be made available to Buyer as part of this Transaction, and Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Confirmation. Seller retains the right to sell any RA Capacity from a Unit in excess of that Unit's Contract Quantity and any RA Attributes, LAR Attributes or Flexible RA Attributes not otherwise transferred, conveyed, or sold to Buyer under this Confirmation.

3.1 RA Attributes, LAR Attributes and Flexible RA Attributes

Seller shall provide Buyer with the Designated RA Capacity of RA Attributes and, if applicable, LAR Attributes and Flexible RA Attributes from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

3.2 Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units. If those Units are not available to provide the full amount of the Contract Quantity as a result of a Non-Excusable Event, then, subject to Section 4.4, Seller shall have the option to notify Buyer in writing by the Notification Deadline that either (a) Seller will not provide the full Contract Quantity during the period of such non-availability; or (b) Seller will supply Alternate Capacity to fulfill the remainder of the Contract Quantity during such period. If Seller fails to provide Buyer with the Contract Quantity as a result of a Non-Excusable Event and has failed to notify Buyer in writing by the Notification Deadline that it will not provide the full Contract Quantity during the period of such non availability as provided in Section 4.4, then Seller shall be liable for damages and/or required to indemnify Buyer for any resulting penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof. Notwithstanding anything herein to the contrary, if Seller provides less than the full amount of the Contract Quantity for any reason other than a Non-Excusable Event or in accordance with Section 4.4, Seller is not obligated to provide Buyer with Alternate Capacity or to indemnify Buyer for any resulting penalties or fines.

ARTICLE 4. DELIVERY AND PAYMENT

4.1 Delivery Period

The Delivery Period shall be: January 1, 2018, through December 31, 2018, inclusive.

4.2 Delivery Point.

The Delivery Point for each Unit shall be the CAISO Control Area, and if applicable, the LAR region in which the Unit is electrically interconnected.

4.3 Contract Quantity. The Contract Quantity for each Monthly Delivery Period shall be:

Contract Quantity (MWs)

Month/Year	MALAGA 1 PL1X2 Local and Flexible RAR Contract Quantity (MWs)	PNOCHE 1 UNITA1 Local and Flexible RAR Contract Quantity (MWs)	Total Local and Flexible RAR Contract Quantity (MWs)
January 2018	■	■	■
February 2018	■	■	■
March 2018	■	■	■
April 2018	■	■	■
May 2018	■	■	■
June 2018	■	■	■
July 2018	■	■	■
August 2018	■	■	■
September 2018	■	■	■
October 2018	■	■	■
November 2018	■	■	■
December 2018	■	■	■

4.4 Adjustments to Contract Quantity

(a)



(b)



(c)



4.5 Notification Deadline and Replacement Units

- (a) The "Notification Deadline" in respect of a Showing Month shall be ten (10) Business Days before the earlier of the relevant deadlines for (a) the corresponding RAR Showings, Flexible RAR Showings and/or LAR Showings for such Showing Month, and (b) the CAISO Supply Plan filings applicable to that Showing Month.

(b)



(c)

4.6 Delivery of Product

- (a) Seller shall provide Buyer with the Designated RA Capacity of Product for each Showing Month.
- (b) Seller shall submit, or cause the Unit's Scheduling Coordinator to submit, by the Notification Deadline (i) Supply Plans to the CAISO, LRA, or other applicable Governmental Body identifying and confirming the Designated RA Capacity to be provided to Buyer for the applicable Showing Month, unless Buyer specifically requests in writing that Seller not do so; and (ii) written confirmation to Buyer that Buyer will be credited with the Designated RA Capacity for such Showing Month per the Unit's Scheduling Coordinator Supply Plan.

4.7 Damages for Failure to Provide Designated RA Capacity

If Seller fails to provide Buyer with the Designated RA Capacity of Product for any Showing Month, and such failure is not excused under the terms of the Agreement, then the following shall apply:

(a)

(b)

(c)

4.8 Indemnities for Failure to Deliver Contract Quantity

Subject to any adjustments made pursuant to Section 4.4, Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, resulting from any of the following:

- (a) Seller's failure to provide any portion of the Designated RA Capacity due to a Non-Excusable Event;
- (b) Seller's failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Sections 3.2, 4.4 and 4.5; or
- (c) A Unit Scheduling Coordinator's failure to timely submit accurate Supply Plans that identify Buyer's right to the Designated RA Capacity purchased hereunder.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties and fines. If Seller fails to pay the foregoing penalties, fines or costs, or fails to reimburse Buyer for those penalties, fines or costs, then Buyer may offset those penalties, fines or costs against any future amounts it may owe to Seller under this Confirmation.

4.9 Monthly RA Capacity Payment

In accordance with the terms of this Confirmation and Section 9 of the WSPP Agreement, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit, in arrears, after the applicable Showing Month. Each Unit's Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000, rounded to the nearest penny (i.e., two decimal places); provided, however, that the Monthly RA Capacity Payment shall be prorated to reflect any portion of Designated RA Capacity that was not delivered pursuant to Section 4.4 at the time of the CAISO filing for the respective Showing Month.

RA CAPACITY PRICE TABLE

Contract Month/Year	Local and Flexible RAR Capacity Price (\$/kW-month)
January 2018	██████
February 2018	██████
March 2018	██████
April 2018	██████
May 2018	██████
June 2018	██████
July 2018	██████
August 2018	██████
September 2018	██████
October 2018	██████
November 2018	██████
December 2018	██████

4.10 Allocation of Other Payments and Costs

Seller shall be entitled to receive and retain all revenues that Buyer is not expressly entitled to receive pursuant to this Agreement, including all revenues that Seller may receive from the CAISO or any other third party with respect to any Unit for (a) start-up, shut-down, and minimum load costs, (b) revenue for ancillary services, (c) energy sales, (d) revenues for black start or reactive power services, or (e) the sale of the unit-contingent call rights on the generation capacity of the Unit to provide energy to a third party, so long as such rights do not confer on such third party the right to claim any portion of the RA Capacity sold hereunder in order to make an RAR Showing, LAR Showing, Flexible RAR Showing, as may be applicable, or any similar capacity or resource adequacy showing with the CAISO or CPUC. Buyer acknowledges and agrees that all Availability Incentive Payments are for the benefit of Seller and for Seller's account, and that Seller shall receive, retain, or be entitled to receive all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Availability Standards. Any Non-Availability Charges are the responsibility of Seller, and for Seller's account and Seller shall be responsible for all fees, charges, or penalties, if any, resulting from Seller failing to achieve Availability Standards. In accordance with Section 4.9 of this Confirmation and Section 9 of the WSPP Agreement, all such Buyer revenues received by Seller, or a Unit's Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and Seller shall indemnify Buyer for any such revenues that Seller does not remit to Buyer, and Seller shall pay such revenues received by it to Buyer if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer. If Seller or the Unit's Scheduling Coordinator, owner, or operator (as applicable) fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues against any future amounts it may owe to Seller under this Confirmation. If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit Designated RA Capacity provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive any and all related revenues.

ARTICLE 5. CAISO OFFER REQUIREMENTS

During the Delivery Period, except to the extent any Unit is in an Outage, or is affected by an event other than a Non-Excusable Event, that results in a partial or full outage of that Unit, Seller shall either schedule or cause the Unit's Scheduling Coordinator to schedule with, or make available to, the CAISO each Unit's Designated RA Capacity in compliance with the Tariff, and shall perform all, or cause the Unit's Scheduling Coordinator, owner, or operator, as applicable, to perform all obligations under the Tariff that are associated with the sale of Designated RA Capacity hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit's Scheduling Coordinator, owner, or operator to comply with such Tariff provisions, including any penalties or fines imposed on Seller or the Unit's Scheduling Coordinator, owner, or operator for such noncompliance.

ARTICLE 6. [RESERVED]

ARTICLE 7. OTHER BUYER AND SELLER COVENANTS

7.1 Further Assurances

Buyer and Seller shall, throughout the Delivery Period, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer's applicable RAR, LAR and Flexible RAR. Such commercially reasonable actions shall include, without limitation:

- (a) Cooperating with and providing, and in the case of Seller causing each Unit's Scheduling Coordinator, owner, or operator to cooperate with and provide requested supporting documentation to the CAISO, the CPUC, or any other Governmental Body responsible for administering the applicable RAR, LAR, and Flexible RAR under Applicable Laws, to certify or qualify the Contract Quantity as RA Capacity and Designated RA Capacity. Such actions shall include, without limitation, providing information requested by the CPUC, the CAISO, a LRA of competent jurisdiction, or other Governmental Body of competent jurisdiction to administer the

applicable RAR, LAR and Flexible RAR, to demonstrate that the Contract Quantity can be delivered to the CAISO Controlled Grid for the minimum hours required to qualify as RA Capacity, pursuant to the "deliverability" standards established by the CAISO or other Governmental Body of competent jurisdiction.

- (b) Negotiating in good faith to make necessary amendments, if any, to this Confirmation, which are subject to agreement of such Parties, in each Party's sole discretion, to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, so as to maintain the purpose and intent of the Transaction agreed to by the Parties on the Confirmation Effective Date. The above notwithstanding, the Parties are aware that the CPUC and CAISO are considering changes to RAR and/or LAR in CPUC Rulemaking 11-10-023 and potentially other proceedings.

7.2 Seller Representations and Warranties

Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

- (a) Seller owns or has the exclusive right to the RA Capacity sold under this Confirmation from each Unit, and shall furnish Buyer, the CAISO, the CPUC, a LRA of competent jurisdiction, or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;
- (b) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy such third party's applicable RAR, LAR or Flexible RAR or analogous obligations in CAISO markets, other than pursuant to an RMR Agreement between the CAISO and either Seller or the Unit's owner or operator;
- (c) No portion of the Contract Quantity has been committed by Seller in order to satisfy RAR, LAR or Flexible RAR, or analogous obligations in any non-CAISO market;
- (d) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, or is under the control of CAISO;
- (e) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, in accordance with General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities;
- (f) The owner or operator of each Unit is obligated to comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (g) If Seller is the owner of any Unit, the aggregation of all amounts of applicable LAR Attributes, RA Attributes and Flexible RA Attributes that Seller has sold, assigned or transferred for any Unit does not exceed that Unit's RA Capacity;
- (h) With respect to the RA Capacity provided under this Confirmation, Seller shall, and each Unit's Scheduling Coordinator is obligated to, comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (i) Seller has notified the Scheduling Coordinator of each Unit that Seller has transferred the Designated RA Capacity to Buyer, and the Scheduling Coordinator is obligated to deliver the Supply Plans in accordance with the Tariff;
- (j) Seller has notified the Scheduling Coordinator of each Unit that Seller is obligated to cause each Unit's Scheduling Coordinator to provide to the Buyer, by the Notification Deadline, the Designated RA Capacity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and
- (k) Seller has notified each Unit's Scheduling Coordinator that Buyer is entitled to the revenues set forth in Section 4.10 of this Confirmation, and such Scheduling Coordinator is obligated to

promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

ARTICLE 8. CONFIDENTIALITY

In addition to the rights and obligations in the WSPP Agreement, the Parties agree that Buyer may disclose the Designated RA Capacity under this Transaction to any Governmental Body, the CPUC, the CAISO or any LRA of competent jurisdiction in order to support its applicable LAR, RAR or Flexible RAR Showings, if applicable, and Seller may disclose the transfer of the Designated RA Capacity under this Transaction to the Scheduling Coordinator of each Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans.

ARTICLE 9. BUYER'S RE-SALE OF PRODUCT

Buyer may re-sell all or a portion of the Product hereunder.

ARTICLE 10. MARKET BASED RATE AUTHORITY

Upon Buyer's written request, Seller shall, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, submit a letter of concurrence in support of any affirmative statement by Buyer that this contractual arrangement does not transfer "ownership or control of generation capacity" from Seller to Buyer as the term "ownership or control of generation capacity" is used in 18 CFR Section 35.42. Seller shall not, in filings, if any, made subject to Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.

ARTICLE 11. COLLATERAL REQUIREMENT



ARTICLE 12. NO RECOURSE TO MEMBERS OF BUYER

Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members. Buyer will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no rights and will not make any claims, take any actions or assert any remedies against any of Buyer's constituent members, or the officers, directors, advisors, contractors, consultants or employees of Buyer or Buyer's constituent members, in connection with this Confirmation.

ARTICLE 13. COUNTERPARTS

This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to counterparty were upon a single instrument. Delivery of an executed signature page of this Confirmation by facsimile or electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

ARTICLE 14. ENTIRE AGREEMENT; NO ORAL AGREEMENTS OR MODIFICATIONS

This Confirmation sets forth the terms of the Transaction into which the Parties have entered into and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Agreement, this Transaction may be confirmed only through a Documentary Writing executed by both Parties, and no amendment or modification to this Transaction shall be enforceable except through a Documentary Writing executed by both Parties.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE.

CalPeak Power LLC

By:  *WLF*

Name: William L. Felts

Title: Vice President

Silicon Valley Clean Energy Authority

By: _____

Name: _____

Title: _____

**WESTERN SYSTEM POWER POOL AGREEMENT
CONFIRMATION LETTER - RESOURCE ADEQUACY
BETWEEN
WELLHEAD POWER EXCHANGE, LLC
AND
SILICON VALLEY CLEAN ENERGY AUTHORITY**

This confirmation letter ("Confirmation") confirms the Transaction between Wellhead Power Exchange, LLC, a Delaware limited liability company ("Seller") and Silicon Valley Clean Energy Authority, a California joint powers authority ("Buyer"), and each individually a "Party" and together the "Parties", dated as of July 17, 2017 (the "Confirmation Effective Date") in which Seller agrees to provide to Buyer the Product, as such term is defined in Article 3 of this Confirmation.

This Transaction is governed by the Western System Power Pool Agreement dated June 20, 2017, as amended from time to time (the "WSPP Agreement"). The WSPP Agreement and this Confirmation shall be collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the WSPP Agreement or the Tariff (defined herein below).

ARTICLE 1. DEFINITIONS

- 1.1 "Alternate Capacity" means any replacement Product which Seller has elected to provide to Buyer from a Replacement Unit in accordance with the terms of Section 4.5.
- 1.2 "Applicable Laws" means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body of competent jurisdiction over one or both Parties or this Transaction, including without limitation, the Tariff.
- 1.3 "Availability Incentive Payments" has the meaning set forth in the Tariff.
- 1.4 "Availability Standards" shall mean the availability standards set forth in Section 40.9 of the Tariff.
- 1.5 "Buyer" has the meaning specified in the introductory paragraph hereof.
- 1.6 "CAISO" means the California Independent System Operator Corporation or its successor.
- 1.7 "Capacity Replacement Price" means (a) the price actually paid for any Replacement Capacity purchased by Buyer pursuant to Section 4.7 hereof, plus costs reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of any Replacement Capacity, the market price for such Designated RA Capacity not provided at the Delivery Point. The Buyer shall determine such market prices in a commercially reasonable manner.
- 1.8 "Confirmation" has the meaning specified in the introductory paragraph hereof.
- 1.9 "Confirmation Effective Date" has the meaning specified in the introductory paragraph hereof.
- 1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.2 hereof.
- 1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified for such Monthly Delivery Period in the "RA Capacity Price Table" set forth in Section 4.9.
- 1.12 "Contract Quantity" means, with respect to any particular Showing Month of the Delivery Period, the amount of Product (in MWs) set forth in table in Section 4.3 which Seller has agreed to provide to Buyer from the Unit for such Showing Month.
- 1.13 "CPUC Decisions" means, to the extent still applicable, CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050 and subsequent decisions related to resource adequacy, as may be amended from time to time by the CPUC.
- 1.14 "CPUC Filing Guide" means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE's to demonstrate compliance with the CPUC's resource adequacy program.



- 1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.
- 1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.
- 1.17 "Designated RA Capacity" shall be equal to, with respect to any particular Showing Month of the Delivery Period, the Contract Quantity of Product (including any Alternate Capacity) for such Showing Month, minus (i) any reductions to Contract Quantity made by Seller pursuant to Section 4.4 and for which Seller has not elected to provide Alternate Capacity; and (ii) any reductions resulting from an event other than a Non-Excusable Event.
- 1.18 "Flexible RA Attributes" means any and all flexible resource adequacy attributes, as may be identified at any time during the Delivery Period by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward Flexible RAR, exclusive of any RA Attributes and LAR Attributes.
- 1.19 "Flexible RAR" means the flexible resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.20 "Flexible RAR Showing" means the Flexible RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.21 "Governmental Body" means (i) any federal, state, local, municipal or other government; (ii) any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (iii) any court or governmental tribunal.
- 1.22 "LAR" means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the CPUC Decisions, or by another LRA of competent jurisdiction over the LSE. LAR may also be known as local resource adequacy, local RAR, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.23 "LAR Attributes" means, with respect to a Unit, any and all local resource adequacy attributes (or other locational attributes related to system reliability), as they are identified as of the Confirmation Effective Date by the CPUC, CAISO, LRA, or other Governmental Body of competent jurisdiction, associated with the physical location or point of electrical interconnection of such Unit within the CAISO Control Area, that can be counted toward LAR, exclusive of any RA Attributes and Flexible RA Attributes. For clarity, it should be understood that if the CAISO, LRA, or other Governmental Body, defines new or re-defines existing local areas, then such change will not result in a change in payments made pursuant to this Transaction.
- 1.24 "LAR Showings" means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.25 "Local RAR" means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.26 "LRA" means Local Regulatory Authority as defined in the Tariff.
- 1.27 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).
- 1.28 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.
- 1.29 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.
- 1.30 "Net Qualifying Capacity" has the meaning set forth in the Tariff.
- 1.31 "Non-Excusable Event" means any event, other than a Planned Outage and those events described under the definition of "Unit Firm" in the WSPP Agreement which excuse Seller's performance, that causes Seller to fail to perform its obligations under this Confirmation, including, without limitation, any such event



resulting from (a) the negligence of the owner, operator or Scheduling Coordinator of a Unit, or (b) Seller's failure to comply, or failure to cause the owner, operator or Scheduling Coordinator of the Units to comply, with the terms of the Tariff with respect to the Units providing RA Attributes, Flexible RA Attributes or LAR Attributes, as applicable.

- 1.32 "Notification Deadline" has the meaning specified in Section 4.5 hereof.
- 1.33 "Outage" means any CAISO approved disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff.
- 1.34 "Planned Outage" means, subject to and as further described in the CPUC Decisions, a CAISO-approved, planned or scheduled disconnection, separation or reduction in capacity of the Unit that is conducted for the purposes of carrying out routine repair or maintenance of such Unit, or for the purposes of new construction work for such Unit.
- 1.35 "Product" has the meaning specified in Article 3 hereof.
- 1.36 "RA Attributes" means, with respect to a Unit, any and all resource adequacy attributes, as they are identified as of the Confirmation Effective Date by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes and Flexible RA Attributes.
- 1.37 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR and, if applicable, LAR and Flexible RAR purposes for the Delivery Period, as determined by the CAISO or other Governmental Body authorized to make such determination under Applicable Laws. RA Capacity encompasses the RA Attributes, and if applicable, LAR Attributes and Flexible RA Attributes of the capacity provided by a Unit.
- 1.38 "RAR" means the resource adequacy requirements (other than Local RAR or Flexible RAR) established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.39 "RAR Showings" means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction.
- 1.40 "Replacement Capacity" has the meaning specified in Section 4.7 hereof.
- 1.41 "Replacement Unit" has the meaning specified in Section 4.5.
- 1.42 "Resource Category" shall be as described in the CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.
- 1.43 "Scheduling Coordinator" has the same meaning as in the Tariff.
- 1.44 "Seller" has the meaning specified in the introductory paragraph hereof.
- 1.45 "Showing Month" shall be the calendar month during the Delivery Period that is the subject of the RAR Showing, as set forth in the CPUC Decisions. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.
- 1.46 "Supply Plan" means the supply plan, or similar or successor filing, that a Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other applicable Governmental Body pursuant to Applicable Laws in order for the RA Attributes or LAR Attributes of such RA Capacity to count.
- 1.47 "Tariff" means the tariff and protocol provisions of the CAISO, as amended or supplemented from time to time. For purposes of Article 5, the Tariff refers to the tariff and protocol provisions of the CAISO as they exist on the Confirmation Effective Date.
- 1.48 "Transaction" for purposes of this Agreement means the Transaction that is evidenced by this Agreement.
- 1.49 "Unit" or "Units" shall mean the generation assets described in Article 2 hereof (including any Replacement Units), from which RA Capacity is provided by Seller to Buyer.
- 1.50 "Unit EFC" means the effective flexible capacity that is or will be set by the CAISO for the applicable Unit.

- 1.51 "Unit NQC" means the Net Qualifying Capacity set by the CAISO for the applicable Unit. The Parties agree that if the CAISO adjusts the Net Qualifying Capacity of a Unit after the Confirmation Effective Date, that for the period in which the adjustment is effective, the Unit NQC shall be deemed the lesser of (i) the Unit NQC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Net Qualifying Capacity.
- 1.52 "WSPP Agreement" has the meaning specified in the introductory paragraph hereof.

ARTICLE 2. UNIT INFORMATION

Name	[REDACTED]
Location	[REDACTED]
CAISO Resource ID	[REDACTED]
Unit SCID	[REDACTED]
Unit NQC	[REDACTED]
Unit EFC	[REDACTED]
Resource Type	[REDACTED]
Resource Category (1, 2, 3 or 4)	[REDACTED]
Flexible RAR Category (1, 2 or 3)	[REDACTED]
Path 26 (North or South)	[REDACTED]
Local Capacity Area (if any, as of Confirmation Effective Date)	[REDACTED]
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment	[REDACTED]
Run Hour Restrictions	[REDACTED]

ARTICLE 3. RESOURCE ADEQUACY CAPACITY PRODUCT

3.1 Resource Adequacy Capacity Product

During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Agreement, the Designated RA Capacity in accordance with the product types selected in Section 3.2 (the "Product") and the Contract Quantity set forth in Section 4.3. The Product does not confer to Buyer any right to the electrical output from the Units. Rather, the Product confers the right to include the Designated RA Capacity in RAR Showings, LAR Showings, Flexible RAR Showings, if applicable, and any other capacity or resource adequacy markets or proceedings as specified in this Confirmation. Specifically, no energy or ancillary services associated with any Unit is required to be made available to Buyer as part of this Transaction, and Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Confirmation. Seller retains the right to sell any RA Capacity from a Unit in excess of that Unit's Contract Quantity and any RA Attributes, LAR Attributes or Flexible RA Attributes not otherwise transferred, conveyed, or sold to Buyer under this Confirmation.

3.2 Product Type

Flexible RA Product

The Designated RA Capacity is a Flexible RA Product. For avoidance of doubt, the Flexible RA Product to be delivered by Seller to Buyer hereunder, shall include the following Product attributes:

- FCR Attributes with LAR Attributes

FCR Attributes with RAR Attributes

Generic RA Product

The Designated RA Capacity is a Generic RA Product. For avoidance of doubt, the Generic RA Product to be delivered by Seller to Buyer hereunder, shall include the following Product attributes:

RAR Attributes

LAR Attributes

3.3 Delivery Obligation

Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units. If those Units are not available to provide the full amount of the Contract Quantity as a result of any Planned Outage of the Unit(s) and/or reduction in the Unit EFC or Unit NQC of such Unit, then, subject to Section 4.4, Seller shall have the option to notify Buyer in writing by the Notification Deadline that either (a) Seller will not provide the full Contract Quantity during the period of such non-availability; or (b) Seller will supply Alternate Capacity to fulfill the remainder of the Contract Quantity during such period. If Seller fails to provide Buyer with the Contract Quantity as a result of a Non-Excusable Event and has failed to notify Buyer in writing by the Notification Deadline that it will not provide the full Contract Quantity during the period of such non availability as provided in Section 4.4, then Seller shall be liable for damages and/or required to indemnify Buyer for any resulting penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof. Notwithstanding anything herein to the contrary, if Seller provides less than the full amount of the Contract Quantity (i) for any reason other than a Non-Excusable Event or (ii) in accordance with Section 4.4, Seller is not obligated to provide Buyer with Alternate Capacity or to indemnify Buyer for any resulting penalties or fines.

ARTICLE 4. DELIVERY AND PAYMENT

4.1 Delivery Period

The Delivery Period shall be: January 1, 2018, through December 31, 2018, inclusive.

4.2 Delivery Point

The Delivery Point for each Unit shall be the CAISO Control Area, and if applicable, the LAR region in which the Unit is electrically interconnected.



4.3 Contract Quantity The Contract Quantity for each Monthly Delivery Period shall be:


Contract Quantity (MWs)

Month/Year	Total RAR Contract Quantity (MWs)
January 2018	■
February 2018	■
March 2018	■
April 2018	■
May 2018	■
June 2018	■
July 2018	■
August 2018	■
September 2018	■
October 2018	■
November 2018	■
December 2018	■

4.4 Adjustments to Contract Quantity

- (a) 
- (b) 
- (c) 

4.5 Notification Deadline and Replacement Units

- (a) The "Notification Deadline" in respect of a Showing Month shall be fifteen (15) Business Days before the earlier of the relevant deadlines for (a) the corresponding RAR Showings, Flexible RAR Showings and/or LAR Showings for such Showing Month, and (b) the CAISO Supply Plan filings applicable to that Showing Month.
- (b) 



[REDACTED]

(c)

[REDACTED]

4.6 Delivery of Product

- (a) Seller shall provide Buyer with the Designated RA Capacity of Product for each Showing Month.
- (b) Seller shall submit, or cause the Unit's Scheduling Coordinator to submit, by the Notification Deadline (i) Supply Plans to the CAISO, LRA, or other applicable Governmental Body identifying and confirming the Designated RA Capacity to be provided to Buyer for the applicable Showing Month, unless Buyer specifically requests in writing that Seller not do so; and (ii) written confirmation to Buyer that Buyer will be credited with the Designated RA Capacity for such Showing Month per the Unit's Scheduling Coordinator Supply Plan.

4.7 Damages for Failure to Provide Designated RA Capacity

If Seller fails to provide Buyer with the Designated RA Capacity of Product for any Showing Month, and such failure is not excused under the terms of the Agreement, then the following shall apply:

(a)

[REDACTED]

(b)

[REDACTED]

(c)

[REDACTED]

4.8 Indemnities for Failure to Deliver Contract Quantity

Subject to any adjustments made pursuant to Section 4.4, Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, resulting from any of the following:



- (a) Seller's failure to provide any portion of the Designated RA Capacity due to a Non-Excusable Event;
- (b) Seller's failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Sections 3.2, 4.4 and 4.5; or
- (c) A Unit Scheduling Coordinator's failure to timely submit accurate Supply Plans that identify Buyer's right to the Designated RA Capacity purchased hereunder.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties and fines. If Seller fails to pay the foregoing penalties, fines or costs, or fails to reimburse Buyer for those penalties, fines or costs, then Buyer may offset those penalties, fines or costs against any future amounts it may owe to Seller under this Confirmation.

4.9 Monthly RA Capacity Payment

In accordance with the terms of this Confirmation and Section 9 of the WSPP Agreement, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit, in arrears, after the applicable Showing Month. Each Unit's Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000, rounded to the nearest penny (i.e., two decimal places); provided, however, that the Monthly RA Capacity Payment shall be prorated to reflect any portion of Designated RA Capacity that was not delivered pursuant to Section 4.4 at the time of the CAISO filing for the respective Showing Month.

RA CAPACITY PRICE TABLE

Contract Month/Year	RAR Capacity Price (\$/kW-month)
January 2018	████
February 2018	████
March 2018	████
April 2018	████
May 2018	████
June 2018	████
July 2018	████
August 2018	████
September 2018	████
October 2018	████
November 2018	████
December 2018	████

4.10 Allocation of Other Payments and Costs

Seller shall be entitled to receive and retain all revenues that Buyer is not expressly entitled to receive pursuant to this Agreement, including all revenues that Seller may receive from the CAISO or any other third party with respect to any Unit for (a) start-up, shut-down, and minimum load costs, (b) revenue for ancillary services, (c) energy sales, (d) revenues for black start or reactive power services, or (e) the sale of the unit-contingent call rights on the generation capacity of the Unit to provide energy to a third party, so long as such rights do not confer on such third party the right to claim any portion of the RA Capacity sold hereunder in order to make an RAR Showing, LAR Showing, Flexible RAR Showing, as may be applicable, or any similar capacity or resource adequacy showing with the CAISO or CPUC. Buyer acknowledges and agrees that all Availability Incentive Payments are for the benefit

of Seller and for Seller's account, and that Seller shall receive, retain, or be entitled to receive all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Availability Standards. Any Non-Availability Charges are the responsibility of Seller, and for Seller's account and Seller shall be responsible for all fees, charges, or penalties, if any, resulting from Seller failing to achieve Availability Standards. In accordance with Section 4.9 of this Confirmation and Section 9 of the WSPP Agreement, all such Buyer revenues received by Seller, or a Unit's Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and all such Seller revenues received by Buyer shall be remitted to Seller. Seller shall indemnify Buyer for any Buyer revenues that Seller does not remit to Buyer, and Seller shall pay such revenues received by it to Buyer if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer. Buyer shall likewise indemnify Seller for any Seller revenues that Buyer receives and does not remit to Seller. If Seller or the Unit's Scheduling Coordinator, owner, or operator (as applicable) fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues against any future amounts it may owe to Seller under this Confirmation. If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit Designated RA Capacity provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive any and all related revenues.

ARTICLE 5. CAISO OFFER REQUIREMENTS

During the Delivery Period, except to the extent any Unit is in an Outage, or is affected by an event other than a Non-Excusable Event, that results in a partial or full outage of that Unit, Seller shall either schedule or cause the Unit's Scheduling Coordinator to schedule with, or make available to, the CAISO each Unit's Designated RA Capacity in compliance with the Tariff, and shall perform all, or cause the Unit's Scheduling Coordinator, owner, or operator, as applicable, to perform all obligations under the Tariff that are associated with the sale of Designated RA Capacity hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit's Scheduling Coordinator, owner, or operator to comply with such Tariff provisions, including any penalties or fines imposed on Seller or the Unit's Scheduling Coordinator, owner, or operator for such noncompliance. Seller shall likewise have no liability for the failure of Buyer to comply with any Tariff provisions, including any penalties or fines imposed on Buyer.

ARTICLE 6. GOVERNING LAW

Section 24 is deleted in its entirety and this Confirmation, including the provisions and requirements of the Tariff and the definition of the Product and its components, and any portion of the Master Agreement applicable to this Confirmation shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of laws rules thereof.

ARTICLE 7. OTHER BUYER AND SELLER COVENANTS

7.1 Further Assurances

Buyer and Seller shall, throughout the Delivery Period, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer's applicable RAR, LAR and Flexible RAR. Such commercially reasonable actions shall include, without limitation:

- (a) Cooperating with and providing, and in the case of Seller causing each Unit's Scheduling Coordinator, owner, or operator to cooperate with and provide requested supporting documentation to the CAISO, the CPUC, or any other Governmental Body responsible for administering the applicable RAR, LAR, and Flexible RAR under Applicable Laws, to certify or qualify the Contract Quantity as RA Capacity and Designated RA Capacity. Such actions shall include, without limitation, providing information requested by the CPUC, the CAISO, a LRA of competent jurisdiction, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, to demonstrate that the Contract Quantity can be delivered to the CAISO Controlled Grid for the minimum hours required to qualify as RA Capacity, pursuant to the "deliverability" standards established by the CAISO or other Governmental Body of competent jurisdiction.



- (b) Negotiating in good faith to make necessary amendments, if any, to this Confirmation, which are subject to agreement of such Parties, in each Party's sole discretion, to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, so as to maintain the purpose and intent of the Transaction agreed to by the Parties on the Confirmation Effective Date. The above notwithstanding, the Parties are aware that the CPUC and CAISO are considering changes to RAR and/or LAR in CPUC Rulemaking 11-10-023 and potentially other proceedings.

7.2 Seller Representations and Warranties

Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

- (a) Seller owns or has the exclusive right to the RA Capacity sold under this Confirmation from each Unit, and shall furnish Buyer, the CAISO, the CPUC, a LRA of competent jurisdiction, or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;
- (b) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy such third party's applicable RAR, LAR or Flexible RAR or analogous obligations in CAISO markets, other than pursuant to an RMR Agreement between the CAISO and either Seller or the Unit's owner or operator;
- (c) No portion of the Contract Quantity has been committed by Seller in order to satisfy RAR, LAR or Flexible RAR, or analogous obligations in any non-CAISO market;
- (d) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, or is under the control of CAISO;
- (e) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, in accordance with General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities;
- (f) The owner or operator of each Unit is obligated to comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (g) If Seller is the owner of any Unit, the aggregation of all amounts of applicable LAR Attributes, RA Attributes and Flexible RA Attributes that Seller has sold, assigned or transferred for any Unit does not exceed that Unit's RA Capacity;
- (h) With respect to the RA Capacity provided under this Confirmation, Seller shall, and each Unit's Scheduling Coordinator is obligated to, comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (i) Seller has notified the Scheduling Coordinator of each Unit that Seller has transferred the Designated RA Capacity to Buyer, and the Scheduling Coordinator is obligated to deliver the Supply Plans in accordance with the Tariff;
- (j) Seller has notified the Scheduling Coordinator of each Unit that Seller is obligated to cause each Unit's Scheduling Coordinator to provide to the Buyer, by the Notification Deadline, the Designated RA Capacity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and
- (k) Seller has notified each Unit's Scheduling Coordinator that Buyer is entitled to the revenues set forth in Section 4.10 of this Confirmation, and such Scheduling Coordinator is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

ARTICLE 8. CONFIDENTIALITY

In addition to the rights and obligations in the WSPP Agreement, the Parties agree that Buyer may disclose the Designated RA Capacity under this Transaction to any Governmental Body, the CPUC, the CAISO or any LRA of competent jurisdiction in order to support its applicable LAR, RAR or Flexible RAR Showings, if applicable, and Seller may disclose the transfer of the Designated RA Capacity under this Transaction to the Scheduling Coordinator of each Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans.

ARTICLE 9. BUYER'S RE-SALE OF PRODUCT

Buyer may re-sell all or a portion of the Product hereunder, but no such sale shall be considered an assignment of Buyer's rights hereunder or create any contractual privity between Seller and any such purchaser.

ARTICLE 10. MARKET BASED RATE AUTHORITY

Upon Buyer's written request, Seller shall, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, submit a letter of concurrence in support of an affirmative statement by Buyer that this contractual arrangement does not transfer "ownership or control of generation capacity" from Seller to Buyer as the term "ownership or control of generation capacity" is used in 18 CFR Section 35.42. Seller shall not, in filings, if any, made subject to Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.

ARTICLE 11. COLLATERAL REQUIREMENT

[REDACTED]

ARTICLE 12. NO RECOURSE TO MEMBERS OF BUYER

Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members. Buyer will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no rights and will not make any claims, take any actions or assert any remedies against any of Buyer's constituent members, or the officers, directors, advisors, contractors, consultants or employees of Buyer or Buyer's constituent members, in connection with this Confirmation.

ARTICLE 13. COUNTERPARTS


This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to counterparty were upon a single instrument. Delivery of an executed signature page of this Confirmation by facsimile or electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

ARTICLE 14. ENTIRE AGREEMENT; NO ORAL AGREEMENTS OR MODIFICATIONS

This Confirmation sets forth the terms of the Transaction into which the Parties have entered into and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Agreement, this Transaction may be confirmed only through a Documentary Writing executed by both Parties, and no amendment or modification to this Transaction shall be enforceable except through a Documentary Writing executed by both Parties.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE.

Wellhead Power Exchange, LLC

By: 
Name: John Fisher
Title: CEO

Silicon Valley Clean Energy Authority

By: _____
Name: Tom Habashi
Title: Chief Executive Officer



**MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER
BETWEEN
SILICON VALLEY CLEAN ENERGY AUTHORITY
AND
MARIN CLEAN ENERGY**

This confirmation letter ("Confirmation") confirms the Transaction between **Silicon Valley Clean Energy Authority** ("Seller") and **Marin Clean Energy** ("Buyer"), each individually a "Party" and together the "Parties", dated as of July 11, 2017 (the "Confirmation Effective Date") in which Seller agrees to provide to Buyer the Product, as such term is defined in Article 3 of this Confirmation. This Transaction shall be subject to the terms and conditions of the WSPP Agreement, to which both Seller and Buyer are members, in effect as of the Confirmation Effective Date and as amended from time to time (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement or the Tariff (defined herein below).

**ARTICLE 1
DEFINITIONS**

- 1.1 "Alternate Capacity" means any replacement Product which Seller has elected to provide to Buyer in accordance with the terms of Section 4.5.
- 1.2 "Applicable Laws" means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body having jurisdiction over one or both Parties or this Transaction, including without limitation, the Tariff.
- 1.3 "Availability Incentive Payments" shall mean Availability Incentive Payments as defined in FERC filing ER09-1064 or such other similar term as modified and approved by FERC thereafter to be incorporated in the Tariff or otherwise applicable to CAISO.
- 1.4 "Buyer" has the meaning specified in the introductory paragraph hereof.
- 1.5 "CAISO" means the California Independent System Operator Corporation or its successor.
- 1.6 "Capacity Replacement Price" means (a) the price actually paid for any Replacement Capacity purchased by Buyer pursuant to Section 4.7 hereof, plus costs reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of any Replacement Capacity, the market price for such Designated RA Capacity not provided at the Delivery Point. The Buyer shall determine such market prices in a commercially reasonable manner.
- 1.7 "Confirmation" has the meaning specified in the introductory paragraph hereof.
- 1.8 "Confirmation Effective Date" has the meaning specified in the introductory paragraph hereof.
- 1.9 "Contingent Firm RA Product" has the meaning specified in Section 3.3 hereof.
- 1.10 "Contract Price" means, for any Monthly Delivery Period, the price for such Monthly Delivery Period as specified in the RA Capacity Price Table set forth in Section 4.9.
- 1.11 "Contract Quantity" means, with respect to any particular Showing Month of the Delivery Period, the amount of Product (in MWs) set forth in table in Section 4.3 which Seller has agreed

to provide to Buyer from the Unit for such Showing Month.

1.12 "CPUC Decisions" means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050 and subsequent decisions related to resource adequacy, as may be amended from time to time by the CPUC.

1.13 "CPUC Filing Guide" means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE's to demonstrate compliance with the CPUC's resource adequacy program.

1.14 "Delivery Period" has the meaning specified in Section 4.1 hereof.

1.15 "Delivery Point" has the meaning specified in Section 4.2 hereof.

1.16 "Designated RA Capacity" shall be equal to, for each day during any particular Showing Month of the Delivery Period, the Contract Quantity of Product for such Showing Month including the amount of Contract Quantity that Seller has elected to provide Alternate Capacity with respect to, minus any reductions to Contract Quantity specified in Section 4.4 with respect to which Seller has not elected to provide Alternate Capacity.

1.17 "Effective Flexible Capacity" means, for so long as such term is not defined in the Tariff, the flexible capacity of a resource that can be counted towards an LSE's FCR obligation and, if after the Confirmation Effective Date, such term is defined in the Tariff, from and after the date on which such term is defined in the Tariff, "Effective Flexible Capacity" has the meaning specified for such term in the Tariff.

1.18 "Flexible Capacity Requirements" or "FCR" means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by an LRA or other Governmental Body having jurisdiction.

1.19 "Flexible RA Product" means Designated RA Capacity consisting of FCR Attributes, and, if applicable, LAR Attributes and/or RAR Attributes.

1.20 "FCR Attributes" means, with respect to a Unit, any and all flexible resource adequacy attributes that can be counted toward an LSE's FCR, as they are identified from time to time by the CPUC Decisions, the Tariff, an LRA, or other Governmental Body having jurisdiction, exclusive of any LAR Attributes and any RAR Attributes.

1.21 "FCR Showings" means the FCR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions and the Tariff, or to an LRA having jurisdiction over the LSE.

1.22 "Generic RA Product" means Designated RA Capacity consisting of RAR Attributes and, if applicable, LAR Attributes, but not FCR Attributes.

1.23 "Governmental Body" means (i) any federal, state, local, municipal or other government; (ii) any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (iii) any court or governmental tribunal.

1.24 "LAR" means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the CPUC Decisions, or by another LRA having jurisdiction over the LSE, as implemented in the Tariff. LAR may also

be known as local resource adequacy, local RAR, or local capacity requirement ("LCR") in other regulatory proceedings or legislative actions.

1.25 "LAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes (or other locational attributes related to system reliability), as they are identified from time to time by the CPUC Decisions, CAISO, LRA, or other Governmental Body having jurisdiction, associated with the physical location or point of electrical interconnection of the Unit within the CAISO Control Area, that can be counted toward LAR, but exclusive of any RAR Attributes which are not associated with where in the CAISO Control Area the Unit is physically located or electrically interconnected. For clarity, it should be understood that if the CAISO, LRA, or other Governmental Body, defines new or re-defines existing local areas, then such change will not result in a change in payments made pursuant to this Transaction.

1.26 "LAR Showings" means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions and the Tariff, or to an LRA having jurisdiction over the LSE.

1.27 "LRA" has the meaning set forth in the Tariff for the term "Local Regulatory Authority".

1.28 "LSE" has the meaning specified in the Tariff for the term "Load Serving Entity".

1.29 "Master Agreement" has the meaning specified in the introductory paragraph hereof.

1.30 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.

1.31 "Net Qualifying Capacity" has the meaning set forth in the Tariff.

1.32 "Non-Availability Charges" are as defined in the Tariff.

1.33 "Notification Deadline" means, for each Showing Month, the date that is fifteen (15) days before the earlier of the relevant deadlines for (a) the corresponding RAR Showings, FCR Showings and/or LAR Showings for such Showing Month, and (b) the Supply Plan filings applicable to that Showing Month.

1.34 "Outage" means any CAISO approved disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff. For the avoidance of doubt, Outage shall be deemed to include Planned Outage (defined below).

1.35 "Planned Outage" means, subject to and as further described in the Tariff, a CAISO-approved planned or scheduled disconnection, separation or reduction in capacity of the Unit that is conducted for the purposes of carrying out routine repair or maintenance of such Unit.

1.36 "Product" has the meaning specified in Article 3 hereof.

1.37 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR, and if applicable, LAR, and FCR purposes for the Delivery Period, as determined by the CAISO, or other Governmental Body authorized to make such determination under Applicable Laws. RA Capacity encompasses the applicable RAR Attributes, and if applicable, LAR Attributes and FCR Attributes of the capacity provided by a Unit.

1.38 "RA Capacity Payment" has the meaning specified in Section 4.9 hereof.

1.39 "RAR" means the resource adequacy requirements, exclusive of LAR established for LSEs by the CPUC pursuant to the CPUC Decisions, or by an LRA or other Governmental Body having jurisdiction.

1.40 "RAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes, as identified and existing as of the Confirmation Effective Date by the Tariff, CPUC Decisions, LRA, or any Governmental Body having jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes and FCR Attributes.

1.41 "RAR Showings" means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the Tariff or CPUC Decisions, or to an LRA having jurisdiction.

1.42 "Replacement Capacity" has the meaning specified in Section 4.7(a) hereof.

1.43 "Replacement Unit" means any generating unit meeting the requirements specified in Section 4.5.

1.44 "Resource Category" shall be as described in the CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.

1.45 "Scheduling Coordinator" has the same meaning as in the Tariff.

1.46 "Seller" has the meaning specified in the introductory paragraph hereof.

1.47 "Showing Month" shall be the calendar month during the Delivery Period that is the subject of the RAR Showing, LAR Showing, and/or FCR Showing, as applicable, as set forth in the CPUC Decisions or Tariff. For illustrative purposes only, the monthly RAR Showing made in June is for the Showing Month of August.

1.48 "Supply Plan" has the meaning specified in the Tariff.

1.49 "Tariff" means the tariff and protocol provisions of the CAISO, as amended or supplemented from time to time. For purposes of Article 5, the Tariff refers to the tariff and protocol provisions of the CAISO as they exist on the Confirmation Effective Date.

1.50 "Transaction" has the meaning specified in the introductory paragraph hereof.

1.51 "Unit" or "Units" shall mean the generation assets described in Article 2 hereof (including any Replacement Units), from which RA Capacity is provided by Seller to Buyer.

1.52 "Unit NQC" means the Net Qualifying Capacity set by the CAISO for the applicable Unit. If the CAISO adjusts the Net Qualifying Capacity of a Unit after the Confirmation Effective Date, then for the period in which the adjustment is effective, the Unit NQC shall be deemed the lesser of (i) the Unit NQC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Net Qualifying Capacity.

1.53 "Unit EFC" means the Effective Flexible Capacity set by the CAISO for the applicable Unit. If the CAISO adjusts the Unit EFC after the Confirmation Effective Date, then for the period in which the adjustment is effective, the Unit EFC shall be deemed the lesser of (i) the Unit EFC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Effective Flexible Capacity.

**ARTICLE 2
UNIT INFORMATION**

Name: [REDACTED]

Location: [REDACTED]

CAISO Resource ID: [REDACTED]

Resource Type: [REDACTED]

Resource Category (1, 2, 3 or 4): [REDACTED]

Path 26 (North, South or None): [REDACTED]

Local Capacity Area (if any, as of Confirmation Effective Date): [REDACTED]

Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment:
[REDACTED]

Run Hour Restrictions: [REDACTED]

Product Type (Flexible/Generic): [REDACTED]

If Generic: Unit NQC (as of the Confirmation Effective Date): [REDACTED]

If Flexible: Unit EFC (as of the Confirmation Effective Date): [REDACTED]

Flexible Capacity Category (1, 2 or 3): [REDACTED]

**ARTICLE 3
RESOURCE ADEQUACY CAPACITY PRODUCT**

3.1 During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Confirmation, the Designated RA Capacity in accordance with the product types selected in Section 3.2 (the "Product") and the Contract Quantity set forth in Section 4.3. The Product does not confer to Buyer any right to the electrical output from the Units, other than the right to include the Designated RA Capacity associated with the Contract Quantity in RAR Showings, LAR Showings, and/or FCR Showings, as applicable, and any other capacity or resource adequacy markets or proceedings as specified in this Confirmation. Specifically, no energy or ancillary services associated with any Unit is required to be made available to Buyer as part of this Transaction, and Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Confirmation. Seller retains the right to sell pursuant to the Tariff any RA Capacity from a Unit that is in excess of that Unit's Contract Quantity and any RAR Attributes, LAR Attributes, or FCR Attributes not otherwise transferred, conveyed, or sold to Buyer under this Confirmation.

3.2 Product Type

Flexible RA Product

The Designated RA Capacity is a Flexible RA Product. For avoidance of doubt, the Flexible RA Product to be delivered by Seller to Buyer hereunder, shall include the following Product attributes:

FCR Attributes with LAR Attributes

FCR Attributes with RAR Attributes

Generic RA Product

The Designated RA Capacity is a Generic RA Product. For avoidance of doubt, the Generic RA Product to be delivered by Seller to Buyer hereunder, shall include the following Product attributes:

RAR Attributes

LAR Attributes

3.3 Delivery Obligation

Contingent Firm RA Product

Seller shall provide Buyer with RA Capacity from the Units in the amount of the applicable Contract Quantity unless the Units are not available to provide the full amount of the Contract Quantity on account of an Outage or a reduction in the Unit NQC or Unit EFC, in which case Seller may either reduce the Contract Quantity or provide Buyer with Designated RA Capacity from one or more Replacement Units, as more particularly described in Section 4.5 hereof.

ARTICLE 4 DELIVERY AND PAYMENT

4.1 Delivery Period

The Delivery Period is: October 1, 2017 through October 31, 2017, inclusive.

4.2 Delivery Point

The Delivery Point for each Unit shall be the CAISO Control Area, and if applicable, the LAR region in which the Unit is electrically interconnected.

4.3 Contract Quantity

The Contract Quantity of each Unit for each Monthly Delivery Period shall be:

Contract Quantity (MWs)		
Month	RAR Contract Quantity (MWs)	Local RAR Contract Quantity (MWs)
October 2017	■	■

4.4 Adjustments to Contract Quantity

(a)



[Redacted]

(a)

[Redacted]

(b)

[Redacted]

4.5 Alternate Capacity and Replacement Units

(a)

[Redacted]

(b)

[Redacted]

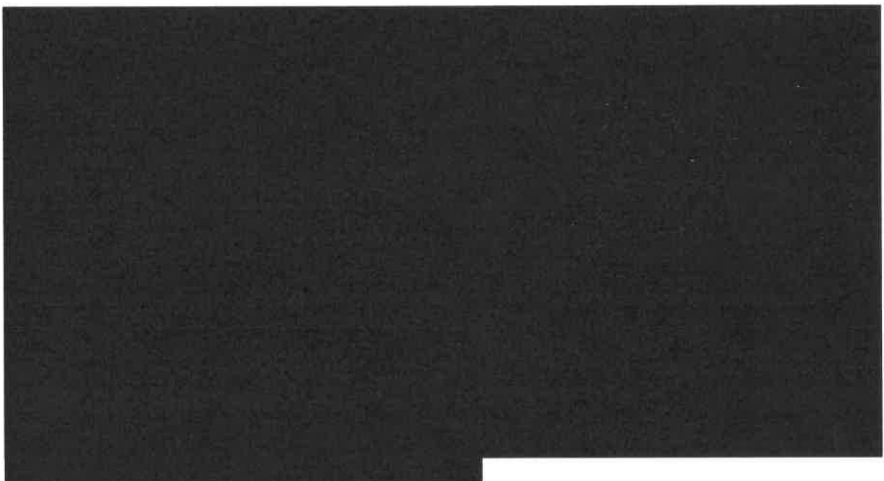
4.6 Delivery of Product


Seller shall provide Buyer with the Designated RA Capacity of Product for each Showing Month consistent with the following:

- (a) Seller shall, on a timely basis, submit, or cause the Unit's Scheduling Coordinator to submit, Supply Plans to identify and confirm the Designated RA Capacity provided to Buyer for each Showing Month so that the total amount of Designated RA Capacity identified and confirmed for such Showing Month equals the Designated RA Capacity, unless specifically requested not to do so by the Buyer.
- (b) Seller shall or shall cause the Unit's Scheduling Coordinator to submit written notification to Buyer, no later than the Notification Deadline, that Buyer will be credited with the Designated RA Capacity for such Showing Month in the Unit's Scheduling Coordinator Supply Plan so that the Designated RA Capacity credited equals the Designated RA Capacity for such Showing Month.

4.7 Damages for Failure to Provide Designated RA Capacity

If Seller fails to provide Buyer with the Designated RA Capacity of Product for any Showing Month and such failure is not excused by the terms of this Confirmation, then the following shall apply:

- (a) 

- (b) 

4.8 Indemnities for Failure to Deliver Contract Quantity

Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, without duplication of amounts included in Section 4.7(b), resulting from any of the following:

- (a) Seller's failure to provide any portion of the Designated RA Capacity if such failure is not excused under the terms of the Product or by Buyer's failure to perform;
- (b) Seller's failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Section 4.5;
- (c) A Unit Scheduling Coordinator's failure to submit timely Supply Plans that identify Buyer's right to the Designated RA Capacity purchased hereunder; or
- (d) A Unit Scheduling Coordinator's failure to submit accurate Supply Plans that identify Buyer's right to the Designated RA Capacity purchased hereunder. With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these costs, penalties and fines. If Seller fails to pay the foregoing penalties, fines or costs, or fails to reimburse Buyer for those penalties, fines or costs, then Buyer may offset those penalties, fines or costs against any future amounts it may owe to Seller under this Confirmation.

4.9 RA Capacity Payment

Buyer shall make a RA Capacity Payment to Seller for each Unit, in arrears, after the applicable Showing Month. Each Unit's RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for the Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000 rounded to the nearest penny (i.e., two decimal places); provided, however, that the Monthly RA Capacity Payment shall be prorated to reflect any portion of Designated RA Capacity that was not delivered pursuant to Sections 4.4 and 4.5 at the time of the CAISO filing for the respective Showing Month.

RA CAPACITY PRICE TABLE

Contract Year/Month	RA Capacity Flat Price (\$/kW-month)
October 2017	██████████

4.10 Allocation of Other Payments and Costs

Seller shall be entitled to receive and retain all revenues that Buyer is not expressly entitled to receive pursuant to this Agreement, including all revenues that Seller may receive from the CAISO or any other third party with respect to any Unit for (a) start-up, shut-down, and minimum load costs, (b) revenue for ancillary services, (c) energy sales, (d) revenues for black start or reactive power services, or (e) the sale of the unit-contingent call rights on the generation capacity of the Unit to provide energy to a third party, so long as such rights do not confer on such third party the right to claim any portion of the RA Capacity sold hereunder in order to make an RAR Showing, LAR Showing, FCR Showing, or any similar capacity or resource adequacy showing with the CAISO or CPUC. Buyer acknowledges and agrees that all Availability Incentive Payments are for the benefit of Seller and for Seller's account, and that Seller shall receive, retain, or be entitled to receive all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Availability Standards. The Parties acknowledge and agree that any Non-Availability Charges are the responsibility of Seller, and for Seller's account and Seller shall be responsible for all fees, charges, or penalties, if any, resulting from Seller failing to achieve Availability Standards. If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit Designated RA Capacity provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive any and all related revenues.

**ARTICLE 5
CAISO OFFER REQUIREMENTS**

During the Delivery Period, except to the extent any Unit is in an Outage, or is affected by an event of Force Majeure that results in a partial or full Outage of that Unit, Seller is responsible for either scheduling or causing the Unit's Scheduling Coordinator to schedule with, or make available to, the CAISO each Unit's Designated RA Capacity in compliance with the Tariff, and performing, or causing the Unit's Scheduling Coordinator, owner, or operator, as applicable, to perform, all obligations under the Tariff that are associated with the sale of Designated RA Capacity hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit's Scheduling Coordinator, owner, or operator to comply with such Tariff provisions, including any penalties or fines imposed on Seller or the Unit's Scheduling Coordinator, owner, or operator for such noncompliance.

**ARTICLE 6
CHANGE IN LAW**

If any statutes, rules, regulations, permits or authorizations are enacted, amended, granted or revoked which have the effect of changing the transfer and sale procedure for Product set forth in this Confirmation so that the implementation of this Confirmation becomes impossible or impracticable, or if a new product that is a derivative of the Product(s) contracted for herein is created, the Parties hereto agree to negotiate in good faith to amend this Confirmation, to conform with such new statutes, regulations, or rules in order to maintain the original intent of the Parties under this Confirmation or to provide Buyer with Product pursuant to another program if possible; provided, however, that neither Party shall be obligated to enter into any such amendment except in its sole discretion.

ARTICLE 7 OTHER BUYER AND SELLER COVENANTS

7.1 Further Assurances

Buyer and Seller shall, throughout the Delivery Period, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer's RAR, LAR, and/or FCR, as applicable, including, without limitation;

- (a) Cooperating with and providing, and in the case of Seller causing each Unit's Scheduling Coordinator, owner, or operator to cooperate with and provide requested supporting documentation to the CAISO, the CPUC, or any other Governmental Body responsible for administering RAR, LAR, and/or FCR under Applicable Laws, to certify or qualify the Contract Quantity as RA Capacity and Designated RA Capacity. Such actions shall include, without limitation, providing information requested by the CAISO, CPUC, or by an LRA having jurisdiction, to demonstrate for each month of the Delivery Period the ability to deliver the Contract Quantity from each Unit to the CAISO Controlled Grid for the minimum hours required to qualify as RA Capacity, and providing information requested by the CPUC, CAISO or other Governmental Body having jurisdiction to administer RAR, LAR, or FCR to demonstrate that the Contract Quantity can be delivered to the CAISO Controlled Grid, pursuant to "deliverability" standards established by the CAISO, or other Governmental Body having jurisdiction to administer RAR, LAR and/or FCR; and
- (b) Negotiating in good faith to make necessary amendments, if any, to this Confirmation, which are subject to agreement of such Parties, in each Party's sole discretion, to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body having jurisdiction to administer RAR, or FCR so as to maintain the benefits of the bargain struck by the Parties on the Confirmation Effective Date.

7.2 Seller Representations and Warranties

Seller represents and warrants to Buyer that, throughout the Delivery Period:

- (a) Seller owns or has the exclusive right to the RA Capacity sold under this Confirmation from each Unit, and shall furnish Buyer, CAISO, CPUC or other jurisdictional LRA, or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;
- (b) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy RAR, LAR, FCR or analogous obligations in CAISO

markets, other than pursuant to an RMR Agreement between the CAISO and either Seller or the Unit's owner or operator;

- (c) No portion of the Contract Quantity has been committed by Seller in order to satisfy RAR, LAR, FCR, or analogous obligations in any non-CAISO market;
- (d) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, or is under the control of CAISO;
- (e) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities;
- (f) The owner or operator of each Unit is obligated to comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR, and FCR;
- (g) If Seller is the owner of any Unit, the cumulative amounts of LAR Attributes, RAR Attributes, and FCR Attributes that Seller has sold, assigned or transferred for any Unit does not exceed that Unit's RA Capacity;
- (h) With respect to the RA Capacity provided under this Confirmation, Seller shall, and each Unit's Scheduling Coordinator is obligated to, comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR, and FCR;
- (i) Seller has notified the Scheduling Coordinator of each Unit that Seller has transferred the Designated RA Capacity to Buyer, and the Scheduling Coordinator is obligated to deliver the Supply Plans in accordance with the Tariff;
- (j) Seller has notified the Scheduling Coordinator of each Unit that Seller is obligated to cause each Unit's Scheduling Coordinator to provide to Buyer notice, no later than the Notification Deadline, of the Designated RA Capacity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and
- (k) Seller has notified each Unit's Scheduling Coordinator that Buyer is entitled to the revenues set forth in Section 4.10 of this Confirmation, and such Scheduling Coordinator is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

ARTICLE 8 CONFIDENTIALITY

Notwithstanding any agreement or obligation of confidentiality or non-disclosure between Buyer and Seller, the Parties agree that Buyer may disclose the Designated RA Capacity under this Transaction to any Governmental Body, the CPUC, the CAISO or any LRA having jurisdiction in order to support its LAR Showings, RAR Showings and/or FCR Showings, as applicable, and Seller may disclose the transfer of the Designated RA Capacity under this Transaction to the Scheduling Coordinator of each Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans.

**ARTICLE 9
BUYER'S RE-SALE OF PRODUCT**

Buyer may re-sell all or a portion of the Product hereunder.

**ARTICLE 10
MARKET-BASED RATE AUTHORITY**

Seller shall, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, upon request of Buyer submit a letter of concurrence in support of any affirmative statement by Buyer that this contractual arrangement does not transfer "ownership or control of generation capacity" from Seller to Buyer as the term "ownership or control of generation capacity" is used in 18 CFR Section 35.42. Seller shall not, in filings, if any, made subject to Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.

**ARTICLE 11
COLLATERAL REQUIREMENTS**



**ARTICLE 12
NO RECOURSE TO MEMBERS, PARTICIPANTS OR RETAIL CUSTOMERS OF EITHER
PARTY**

Each Party hereby acknowledges and agrees that the other Party is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (California Government Code Sections 6500 et seq.) and is a public entity separate and distinct from its members. Each Party shall solely be responsible for all of such Party's debts, obligations and liabilities accruing and arising out of this Agreement, and each Party agrees that it shall have no rights and shall not make any claim, take any actions or assert any remedies against any of the other Party's members, any cities or counties participating in Buyer's community choice aggregation program, or any of Buyer's retail customers in connection with the Transaction to which this Confirmation applies.

**ARTICLE 13
GOVERNING LAW**

Section 24 is deleted in its entirety and this Confirmation and any portion of the Master Agreement applicable to this Confirmation shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of laws rules thereof.

**ARTICLE 14
COUNTERPARTS**

This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to counterparty were upon a single instrument. Delivery of an executed signature page of this Confirmation by facsimile or electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

ARTICLE 15

ENTIRE AGREEMENT

This Confirmation sets forth the terms of the transaction into which the Parties have entered into and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Master Agreement, this transaction may be confirmed only through a Documentary Writing executed by both parties, and no amendment or modification to this transaction shall be enforceable except through a Documentary Writing executed by both Parties.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE.

Silicon Valley Clean Energy Authority

By: _____

Name: Tom Habashi

Title: Chief Executive Officer

Marin Clean Energy

By: 

Name: Dawn Weisz

Title: Chief Executive Officer



Staff Report – Item 1e

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1e: Authorize CEO to Approve Master Agreement with TransAlta Energy Marketing (U.S.) Inc., to Acquire Type 2 Energy for CY 2018

Date: 8/9/2017

RECOMMENDATION

Authorize the Chief Executive Officer to execute an agreement for purchase of PCC2 renewable energy with TransAlta Energy Marketing (U.S.) Inc. ("TransAlta"), with terms consistent with those contained in the attached EEI Cover Sheet, Collateral Annex, and Confirmation.

BACKGROUND

SVCE has been seeking offers for renewable energy to fill open positions in accordance with its approved risk management policies. SVCE utilizes a low carbon mix of power sources comprised of hydro-electric power and qualifying renewable energy sources meeting the various Product Content Categories set forth under the California Renewable Portfolio Standards program. SVCE policy targets use of Product Content Category 2 ("PCC2") renewable energy to meet 12.5% to 25% of its overall energy supply.

ANALYSIS & DISCUSSION

SVCE has negotiated an agreement with TransAlta, following a competitive solicitation of offers for PCC1, PCC2 and PCC3 renewable energy conducted during April 2017. The volumes purchased through this contract will make up approximately 1% of total SVCE energy supply during 2018.

The agreement uses the Edison Electric Institute Master Power Purchase and Sale Agreement ("EEI Master Agreement") template, with certain negotiated modifications consistent with those in previously authorized EEI Master Agreements in place with other counterparties. Staff is seeking approval of the Master Agreement and Collateral Annex, setting forth the general terms and conditions for transactions between SVCE and TransAlta, and the Confirmation, which specifies the immediate transaction details for purchase of PCC2 renewable energy.

CONCLUSION

The proposed agreement with TransAlta will fill a portion of SVCE's open renewable energy position during 2018 at competitive prices and within previously authorized volume limits on PCC2 renewable energy. Further, having a master agreement in place for future transactions provides additional supply options for SVCE, helping to ensure continued access to competitively sourced power supply.

ATTACHMENTS

1. TransAlta Energy Marketing (U.S.) Inc., EEI Master Agreement
2. Collateral Annex
3. Confirmation Agreement

MASTER POWER PURCHASE AND SALE AGREEMENT

COVER SHEET

This Master Power Purchase and Sale Agreement (Version 2.1, modified 4/25/00) ("Master Agreement") is made as of the following date: July 24, 2017 ("Effective Date"). The Master Agreement, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this Master Agreement are the following:

Name: **TransAlta Energy Marketing (US) Inc.**
("TEMUS" or "Party A")

Name: **Silicon Valley Clean Energy Authority, a California joint powers authority** ("Silicon Valley Clean Energy" or "Party B")

All Notices:

Street: 110 – 12th Avenue SW
City: Calgary Zip: T2R 0G7
Attn: Contract Administration
Phone: _____
Facsimile: _____
E-mail: ContractAdmin@transalta.com
Duns: _____
Federal Tax ID Number: _____

All Notices:

Street: 333 W. El Camino Real, Suite 290
City: Sunnyvale, CA Zip: 94087
Attn: Tom Habashi
Phone: (408) 721-5301
Facsimile: _____
E-mail: tomh@svcleanenergy.org
Duns: _____
Federal Tax ID Number: _____

Invoices:

Attn: Counterparty Settlements
Phone: _____
Facsimile: _____
Email: transalta_settlements@transalta.com

Invoices:

Attn: Silicon Valley Clean Energy Authority Finance
Phone: (408) 721-5301
Facsimile: _____

Scheduling:

Attn: Scheduler
Phone: 403-267-6902 / 403-267-6931
Facsimile: 403-267-6906
Email: _____

Scheduling:

Phone: (916) 221-4327
Address: 604 Sutter Street, Suite 250,
Folsom, CA 95630
Email: eric@zgloab.biz

Payments:

Attn: Counterparty Settlements
Phone: _____
Facsimile: _____
E-mail: transalta_settlements@transalta.com

Payments:

Attn: Silicon Valley Clean Energy Authority Finance
Phone: (408) 721-5301
Facsimile: _____
E-mail: _____

Wire Transfer:

BNK: _____
ABA: _____
ACCT: _____

Wire Transfer:

BNK: _____
ABA: _____
ACCT: _____

Beneficiary's Bank:

Credit and Collections:
Attn: Credit Risk Department
Facsimile: 403-267-7575
Email: TACredit@transalta.com

Credit and Collections:
Attn: Silicon Valley Clean Energy Authority Finance
Phone: (408) 721-5301
Facsimile: _____

With additional Notices of an Event of Default or Potential Event of Default to:
Attn: Legal Counsel, Trading
Phone: _____
Facsimile: ContractAdmin@transalta.com

With additional Notices of an Event of Default or Potential Event of Default to:
Attn: _____
Phone: _____
Facsimile: _____

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff:
Tariff FERC Rate Schedule No. 1 Dated: 12/31/2013 Docket Number ER10-2806-001

Party B Tariff: Tariff _____ Dated _____ Docket Number _____

Article Two

Transaction Terms and Conditions Optional provision in Section 2.4. If not checked, inapplicable.

Article Four

Remedies for Failure to Deliver or Receive Accelerated Payment of Damages. If not checked, inapplicable.

Article Five

Events of Default; Remedies Cross Default for Party A:
 Party A: _____ Cross Default Amount \$ _____
 Other Entity: _____ Cross Default Amount \$ _____
 Cross Default for Party B:
 Party B: _____ Cross Default Amount \$ _____
 Other Entity: _____ Cross Default Amount \$ _____

5.6 Closeout Setoff

- Option A (Applicable if no other selection is made.)
- Option B - Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows:
- Option C (No Setoff)

Article 8

Credit and Collateral Requirements 8.1 Party A Credit Protection:
(a) Financial Information:

- Option A
 Option B Specify: _____
 Option C Specify: (A) (1) The annual report containing audited consolidated financial statements for such fiscal year of Silicon Valley Clean Energy as soon as practicable after demand, but in no event later than 180 days after the end of each annual period and such request will be deemed to have been filled if such financial statements are available at www.svcleanenergy.com, and (2) quarterly unaudited financial statements for Silicon Valley Clean Energy as soon as practicable upon demand, but in no event later than 90 days after the applicable quarter, and (3) prompt written notice of any failure to comply with the covenants in Section 9 of the Credit Agreement dated November 15, 2016 between Party B and River City Bank. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements. The statements shall consist of, at a minimum, statement of revenues, expenses and changes in fund net assets, statement of net assets, statement of cash flows on a consolidating basis (as applicable), including the associated notes. Audited statements shall be audited by an independent certified public accountant. The first quarterly audited statement will be provided within 90 days after the fiscal quarter during which Party A begins deliveries under a Transaction. Party B's fiscal year ends June 30.

(b) Credit Assurances:

- Not Applicable
 Applicable

(c) Collateral Threshold:

- Not Applicable
 Applicable

If applicable, complete the following: If applicable, the provisions of Section 8.1 (c) of the Agreement shall be replaced by the provisions of the Collateral Annex attached hereto.

Party B Independent Amount: SEE PARAGRAPH 10 TO COLLATERAL ANNEX

Party B Rounding Amount: SEE PARAGRAPH 10 TO COLLATERAL ANNEX

(d) Downgrade Event:

- Not Applicable
 Applicable

If applicable, complete the following:

- It shall be a Downgrade Event for Party B if the Credit Rating of [Party B or Party B's Guarantor] falls below BBB- from S&P or below Baa3 from Moody's, or if [Party B or Party B's Guarantor] is not rated by either S&P or Moody's.

- Other:
Specify:

(e) Guarantor for Party B: [REDACTED]

Guarantee Amount: Not Applicable

8.2 Party B Credit Protection:

(a) Financial Information:

- Option A
- Option B Specify: TransAlta Corporation, provided however, that such financial statements are not required to be delivered if they are available on "SEDAR", "EDGAR" or on the party's home page.
- Option C Specify: [REDACTED]

(b) Credit Assurances:

- Not Applicable
- Applicable

(c) Collateral Threshold:

- Not Applicable
- Applicable

If applicable, complete the following: If applicable, the provisions of Section 8.2 (c) of the Agreement shall be replaced by the provisions of the Collateral Annex attached hereto

Party A Independent Amount: SEE PARAGRAPH 10 TO COLLATERAL ANNEX

Party A Rounding Amount: SEE PARAGRAPH 10 TO COLLATERAL ANNEX

(d) Downgrade Event:

- Not Applicable
- Applicable

If applicable, complete the following:

- It shall be a Downgrade Event for Party A if the Credit Rating of Party A's Guarantor falls below BBB- from S&P or below Baa3 from Moody's, or if Party A's Guarantor is not rated by any Ratings Agency.

|| Other:
Specify: _____

(e) Guarantor for Party A: TransAlta Corporation

Guarantee Amount: \$ [REDACTED]

Article 10

Confidentiality Confidentiality Applicable If not checked, inapplicable.

Schedule M

- Party A is a Governmental Entity or Public Power System
- Party B is a Governmental Entity or Public Power System
- Add Section 3.6. If not checked, inapplicable
- Add Section 8.6. If not checked, inapplicable

Other Changes

Cover Sheet: Schedule M

The Cover Sheet is revised by deleting the reference "Section 8.6" and replacing it with "Section 8.4".

Article One: General Definitions

Section 1.1 is revised by adding the following sentence to the end of the definition:

"Notwithstanding the foregoing, (i) the public entities that are designated as "Parties" under the Joint Powers Agreement (referred to herein as "members" of Party B) shall not constitute or otherwise be deemed an "Affiliate" of Party B for the purposes of this Master Agreement or any Confirmation."

Section 1.4 is amended by deleting the first sentence and replacing it to read as follows: "Business Day" means any day except a Saturday, Sunday, the Friday immediately following the Thanksgiving holiday, Easter Monday, a Canadian bank or Federal Reserve holiday or any statutory holiday in Alberta".

Section 1.12 is revised to read as follows:

"1.12 "Credit Rating" means, with respect to any entity, the rating then assigned by Moody's, S&P or any other rating agency agreed by the Parties as set forth in the Cover Sheet, to such entity's senior unsecured long-term debt obligations (not supported by insurance provider enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by Moody's or as an issuer or corporate credit rating by S&P or another rating by any other rating agency agreed by the Parties as set forth in the Cover Sheet. In the event that the Party or its Guarantor has multiple ratings, the lower rating shall prevail."

The following defined term is added as Section 1.26A:

"1.26A "Joint Powers Agreement" means the Joint Powers Agreement, effective as of March 31, 2016, as amended, providing for the formation of Party B, as such agreement may be further amended or amended and restated."

Section 1.27 is revised by (A) deleting the word "transferable" in the first line and replacing it with "non-transferable", (B) adding the phrase ", a Canadian commercial bank" in the second line immediately after the words "U.S. commercial bank", (C) deleting the words "credit rating" in third line and replacing it with "long term debt rating or deposit rating", and (D) adding the phrase "and at least \$10 billion in total assets" in the third line immediately after the word "Moody's".

The following defined term is added as Section 1.49A:

"1.49A "Ratings Agency" means S&P, Moody's or any other rating agency agreed by the Parties as set forth in the Cover Sheet."

Section 1.50 is revised to read as follows:

"1.50 "Recording" has the meaning set forth in Section 2.5."

Section 1.51 is amended to (i) add the phrase "for delivery" immediately before the phrase "at the Delivery Point" in the second line and (ii) delete the phrase "at Buyer's option" from the fifth line and replace it with the following: "absent a purchase".

Section 1.52 is deleted in its entirety as replaced with the following:

“1.52 “S&P” means S&P Global Market Intelligence, a division of S&P Global Inc., or its successor.”

Section 1.53 is amended to (i) delete the phrase "at the Delivery Point" from the second line, (ii) delete the phrase "at Seller's option" from the fifth line and replace it with the following: "absent a sale", and (iii) insert after the phrase "commercially reasonable manner" in the sixth line, the following phrase "; provided, however if the Seller is unable after using commercially reasonable efforts to resell all or a portion of the Product not received by Buyer, the Sales Price with respect to such Product shall be deemed equal to zero (0)".

Article Two: Transaction Terms and Conditions

Section 2.1 is revised by deleting the first sentence in its entirety and replace with the following: "A Transaction, or an amendment, modification or supplement thereto, shall be entered into only upon a writing signed by both Parties; provided, however, that once a Party provides a signed Confirmation to the other Party, such Confirmation must be signed within three (3) Business Days to be effective and if both Parties have not signed the Confirmation within such period the Confirmation will not be effective as to either Party."

Section 2.2 is amended by deleting "(including any Confirmations accepted in accordance with Section 2.3)" from the second sentence and is further revised by adding the following to the end of the section:

“Party A and Party B agree that from and after the Effective Date, all new transactions with respect to the purchase and sale of any Product shall be made or deemed to be made pursuant to this Master Agreement (unless otherwise specifically agreed in writing).”

Section 2.3 is deleted in its entirety and replaced with the following:

“2.3 “No Oral Agreements or Modifications. Notwithstanding anything to the contrary in this Master Agreement, the Master Agreement and any and all Transactions may not be orally amended or modified.”

Section 2.4 is amended by deleting the words “either orally or” in the seventh line thereof.

Article Five: Events of Default; Remedies

Section 5.1(h)(v) is revised by adding the phrase “made in connection with this Agreement” after “any guaranty”.

Section 5.2 is amended to delete the following phrase from the last two lines: “under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable”.

The following shall be added to the end of Section 5.2: “under applicable law on the Early Termination Date, then each such Transaction (individually, an “Excluded Transaction” and collectively, the “Excluded Transactions”) shall be terminated as soon thereafter as reasonably practicable, and upon termination shall be deemed to be a Terminated Transaction and the Termination Payment payable in connection with all such Transactions shall be calculated in accordance with Section 5.3 below. The Gains and Losses for each Terminated Transaction shall be determined by calculating the amount that would be incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect of that Terminated Transaction. The Non-Defaulting Party (or its agent) may determine its Gains and Losses by reference to information either available to it internally or supplied by one or more third parties including, without

limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. If the Non-Defaulting Party's Gains exceed its Costs and Losses, then the Settlement Amount will be zero dollars (\$0.00) and no Settlement Amount will be due to the Defaulting Party from the Non-Defaulting Party."

Section 5.2 is revised by reversing the placement of "(i)" and "to".

Clause (b) of Section 5.3 is revised so that the phrase "plus, at the option of the Non-Defaulting Party, any cash then available to the Defaulting Party pursuant to Article Eight," is inserted after the first occurrence of the words "Non-Defaulting Party".

(a) The following shall be added to the end of Section 5.4:

"Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 5 until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion (which may include an opinion of its counsel) that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party or any of its Affiliates under this Agreement or otherwise which are due and payable as of the Early Termination Date (including for these purposes amounts payable pursuant to Excluded Transactions) have been fully and finally performed."

Article Six: Payment and Netting

Section 6.3 is amended by changing "twelve (12) months" to "twenty-four (24) months" in lines 3, 16 and 18.

Article Eight: Credit and Collateral Requirements

Section 8.1(a) is revised so that the figures "120" and "60" in each of Options (A) and (B) are replaced with the figures "140" and "90" respectively.

Section 8.2(a) is revised so that the figures "120" and "60" in each of Options (A) and (B) are replaced with the figures "140" and "90" respectively.

Section 8.2(c) is revised by adding the following paragraph after the first paragraph:

"Party A may at any time and from time to time (including at the time of a request by Party B for Performance Assurance) give notice to Party B of its intent to increase the amount of the guarantee provided by Party A's Guarantor. No such increase shall become effective until Party A shall have provided Party B with a new guaranty or an amended guaranty (in form and substance acceptable to Party B)."

Article Ten: Miscellaneous

Section 10.2(iii) is revised by inserting the text "(including, with respect to Party B, the Joint Powers Agreement)" immediately after the words "governing documents".

Section 10.11 is revised to read as follows:

“10.11 Confidentiality. If the Parties have elected on the Cover Sheet to make this Section 10.11 applicable to this Master Agreement, neither Party shall disclose (i) the terms or conditions of a Transaction or any other information exchanged relating to a Transaction or potential Transaction, or (ii) the completed Cover Sheet to this Master Agreement, to a third party (other than the Party’s employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential) except (a) in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, or (b) to the extent necessary to provide commercial terms of a Transaction, except the details pertaining to Seller or Buyer or either Party’s name, to a third party for the sole purpose of calculating a published index; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation. This Section 10.11 is in addition to, and not in substitution for, any other written assurances of non-disclosure between and executed by the Parties.”

The following is added as Section 10.12:

“10.12 Arbitration.

- (a) Any claim, counterclaim, demand, cause of action, dispute or controversy arising out of or relating to this Agreement, or in respect of any legal relationship associated therewith or derived there from or relating to the subject matter of this Agreement, whether contractual in nature or not, shall be referred to and finally resolved by arbitration administered pursuant to the International Arbitration Rules of the American Arbitration Association (or such other rules of arbitration as the Parties may agree). The number of arbitrators shall be three, and each Party shall choose one arbitrator and the two arbitrators shall choose the third arbitrator, who shall serve as chair. The place of arbitration shall be San Francisco, California. The language of the arbitration shall be English. It is agreed that the arbitrators shall have no jurisdiction or authority to award treble, exemplary or punitive damages of any type under any circumstances whether or not such damages may be available under any applicable law, and each of the Parties hereby waives its rights, if any, to recover any such damages. To the fullest extent permitted by law, the Parties shall maintain in confidence the fact that an arbitration has been commenced, all documents and information exchanged during the course of the arbitration proceeding, and the arbitrators’ award, provided that each of the Parties shall be entitled to disclose such matters to its own officers, directors and employees, its professional advisors and other representatives as necessary for the purposes of conducting the arbitration, and may make such disclosures in the course of legal proceedings as may be required to pursue any legal right arising out of or in connection with the arbitration.
- (b) If any applicable law or statute authorizes any form of court proceeding in any of the courts of the United States that in any way arises out of or is related to an arbitration conducted pursuant to this Agreement (“Related Proceedings”), then, to the extent that any such matter is in whole or in part eligible for resolution by a United States District Court, whether or not the dispute may in whole or in part also be eligible for resolution in a state court, each party irrevocably:

- (i) submits to the exclusive jurisdiction of the United States District

Court located in the City of San Francisco, California for the purposes of such Related Proceedings; and

- (ii) waives any objection which it may have at any time to the laying of venue of any Related Proceedings brought in any such court, waives any claim that such Related Proceedings have been brought in an inconvenient forum, and further waives the right to object, with respect to such Related Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either Party from bringing a proceeding in any jurisdiction to enforce an arbitration award or any judgment enforcing an arbitration award, nor will the bringing of such proceedings in any one or more jurisdictions preclude the bringing of enforcement proceedings in any other jurisdiction. In connection with any court proceedings, each Party waives its respective right to any jury trial.”

The following is added as Section 10.13:

“10.13 Waiver. FERC Standard of Review.

(A) Absent the agreement of all parties to the proposed change, the standard of review for changes to any provision of this Agreement (including all Power Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the parties herein, whether proposed by a party, a non-party or FERC acting *sua sponte*, shall solely be the “public interest” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and clarified by Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish 554 U.S. 527 (2008) and NRG Power Marketing LLC v. Maine Public Utility Commission, 558 U.S. 165 (2010) (the “Mobile-Sierra” doctrine).

(B) The parties, for themselves and their successors and assigns, (y) agree that “public interest” standard of review shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the parties in connection with this Agreement and (z) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the “just and reasonable” standard of review, provided that this standard of review and the other provisions of this Section 10.13 shall only apply to proceedings before the FERC or appeals thereof.

(C) In addition, and notwithstanding the foregoing clauses (A) and (B), to the fullest extent permitted by applicable law, each party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under Sections 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any provision of this Agreement (including any applicable Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the parties, it being the express intent of the parties that, to the fullest extent permitted by applicable law, neither party shall unilaterally seek to obtain from FERC any relief changing the rate(s)

and/or other material economic terms and conditions of their agreement(s), as set forth in this Agreement and in any Transactions or Confirmations, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this Section 10.13 shall not apply, provided that, consistent with this Section 10.13 neither party shall seek any such changes except under the “public interest” standard of review and otherwise as set forth in clauses (A) and (B) above.”

The following is added as Section 10.14:

“10.14 Index Transactions. If the Contract Price for a Transaction is determined by reference to a Price Source, then:

(a) Market Disruption. If a Market Disruption Event occurs on any one or more days during a Determination Period (each day, a “Disrupted Day”), then:

(i) The fallback Floating Price, if any, specified by the Parties in the relevant Confirmation shall be the Floating Price for each Disrupted Day.

(ii) If the Parties have not specified a fallback Floating Price, then the Parties will endeavor, in good faith and using commercially reasonable efforts, to agree on a substitute Floating Price, taking into consideration, without limitation, guidance, protocols or other recommendations or conventions issued or employed by trade organizations or industry groups in response to the Market Disruption Event and other prices published by the Price Source or alternative price sources with respect to the Delivery Point or comparable Delivery Points that may permit the Parties to derive the Floating Price based on historical differentials.

(iii) If the Price Source retrospectively issues a Floating Price in respect of a Disrupted Day (a “Delayed Floating Price”) before the parties agree on a substitute Floating Price for such day, then the Delayed Floating Price shall be the Floating Price for such Disrupted Day. If a Delayed Price is issued by the Price Source in respect of a Disrupted Day after the Parties agree on a substitute Floating Price for such day, the substitute Floating Price agreed upon by the Parties will remain the Floating Price without adjustment unless the Parties expressly agree otherwise.

(iv) If the Parties cannot agree on a substitute Floating Price and the Price Source does not retrospectively publish or announce a Floating Price, in each case, on or before the fifth Business Day following the first Trading Day on which the Market Disruption Event first occurred or existed, then the Floating Price for each Disrupted Day shall be determined by taking the arithmetic mean of quotations requested from four leading dealers in the relevant market that are unaffiliated with either Party and mutually agreed upon by the Parties (“Specified Dealers”), without regard to the quotations with the highest and lowest values, subject to the

following qualifications:

- A. If exactly three quotations are obtained, the Floating Price for each such Disrupted Day will be the quotation that remains after disregarding the quotations having the highest and lowest values.
 - B. If fewer than three quotations are obtained, the Floating Price for each such Disrupted Day will be the average of the quotations obtained.
 - C. If the Parties cannot agree upon four Specified Dealers, then each of the Parties will, acting in good faith and in a commercially reasonable manner, select up to two Specified Dealers separately, and those selected dealers shall be the Specified Dealers.
- (v) Unless otherwise agreed, if at any time the Parties agree on a substitute Floating Price for any Disrupted Day, then such substitute Floating Price shall be the Floating Price for such Disrupted Day, notwithstanding the subsequent publication or announcement of a Delayed Floating Price by the relevant Price Source or any quotations obtained from Specified Dealers.

(b) Definitions. For the purposes of this Section 10.14, the following terms shall have the following meanings:

- (i) "Determination Period" means each calendar month a part or all of which is within the Delivery Period of a Transaction.
- (ii) "Exchange" means, in respect of a Transaction, the exchange or principal trading market specified as applicable to the relevant Transaction.
- (iii) "Floating Price" means a Contract Price specified in a Transaction that is based upon a Price Source.
- (iv) "Market Disruption Event" means, with respect to any Price Source, any of the following events:
 - A. the failure of the Price Source to announce, publish or make available the specified Floating Price or information necessary for determining the Floating Price for a particular day;
 - B. the failure of trading to commence on a particular day or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange, RTO or in the market specified for determining a Floating Price;
 - C. the temporary or permanent discontinuance or unavailability of the Price Source;
 - D. the temporary or permanent closing of any Exchange or RTO specified for determining a Floating Price; or

- E. a material change in the formula for or the method of determining the Floating Price by the Price Source or a material change in the composition of the Product.
- (v) "Price Source" means, in respect of a Transaction, a publication or such other origin of reference, including an Exchange or RTO, containing or reporting or making generally available to market participants (including by electronic means) a price, or prices or information from which a price is determined, as specified in the relevant Transaction.
- (vi) "RTO" means any regional transmission operator or independent system operator.
- (vii) "RTO Transaction" means a Transaction in which the Price Source is an RTO.
- (viii) "Trading Day" means a day in respect of which the relevant Price Source ordinarily would announce, publish or make available the Floating Price.
- (c) Corrections to Published Prices. If the Floating Price published, announced or made available on a given day and used or to be used to determine a relevant price is subsequently corrected by the relevant Price Source (i) within 30 days of the original publication, announcement or availability, or (ii) in the case of RTO Transactions only, within such longer time period as is consistent with the RTO's procedures and guidelines, then either Party may notify the other Party of that correction and the amount (if any) that is payable as a result of that correction. If, not later than thirty (30) days after publication or announcement of that correction, a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than three (3) Business Days after such notice is effective, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction. Notwithstanding the foregoing, corrections shall not be made to any Floating Prices agreed upon by the Parties or determined based on quotations from Specified Dealers pursuant to paragraph (a) above unless the Parties expressly agree otherwise.
- (d) Rounding. When calculating a Floating Price, all numbers shall be rounded to four (4) decimal places. If the fifth (5th) decimal number is five (5) or greater, then the fourth (4th) decimal number shall be increased by one (1), and if the fifth (5th) decimal number is less than five (5), then the fourth (4th) decimal number shall remain unchanged."

The following is added as Section 10.15:

"10.15 Counterparts / Electronic Delivery.

This Agreement may be executed in counterparts each of which is an original, and all of which shall constitute one and the same instrument. Delivery of an executed signature page of this Agreement and any Confirmation by facsimile or electronic mail transmission (in portable document format (PDF)) shall be as effective as delivery of a manually executed signature page."

The following is added as Section 10.16:

“10.16 Joint Powers Authority.

Party A hereby acknowledges and agrees that Party B is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement and is a public entity separate from its members. Party B shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement and Seller agrees that it shall have no rights and shall not make any claim, take any actions or assert any remedies against any of Party B’s members in connection with this Agreement.”

Schedule M: Governmental Entity or Public Power System

Section A of Schedule M is hereby amended by deleting the defined term “Act” and replacing it with the following:

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

Section E of Schedule M is hereby amended by inserting the text “Governmental Entity or” immediately after the word “cover” in the second sentence of Section 3.6.

Section G of Schedule M is hereby deleted in its entirety and replaced with the following:

“G. The Parties agree to add the following sentence at the end of Section 10.6 – Governing Law:

“NOTWITHSTANDING THE FOREGOING, IN RESPECT OF THE APPLICABILITY OF THE ACT AS HEREIN PROVIDED, THE LAWS OF THE STATE OF CALIFORNIA SHALL APPLY.””

Schedule P: Products and Related Definitions

The following definition and provision are added to Schedule P:

1. “CAISO Energy” means with respect to any Transaction, a Product under which the Seller shall sell and the Buyer shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the California Independent System Operator (“CAISO”) (as amended from time to time, the “Tariff”) for which the only excuse for failure to deliver or receive is an “Uncontrollable Force” (as defined in the Tariff). A CAISO “Schedule Adjustment” (defined as a schedule change implemented by the CAISO that is neither caused by, or within the control of, either Party) shall not constitute an Uncontrollable Force (as defined in the Tariff).

2. Other Products and Service Levels: In addition to the Products set out in Schedule P, the Parties may agree to use a product or service level defined by a different agreement (i.e., the Tariff, the WSPP Agreement, etc.) for a particular Transaction under this Master Agreement. If so, then the Transaction shall be subject to all the terms of this Master Agreement, except that (1) the product or service level definition, (2) force majeure, uncontrollable force definitions or other excuses for performance, (3) applicable regional reliability requirements and guidelines, and (4) other terms and conditions as mutually

agreed in writing, shall have the meaning given to them in the different agreement or in the applicable Confirmation.

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

TRANSALTA ENERGY MARKETING (U.S.) INC.

SILICON VALLEY CLEAN ENERGY
AUTHORITY, A CALIFORNIA JOINT
POWERS AUTHORITY



By: Jennifer Pierce
Name: Jennifer Pierce
Title: Senior Vice President
Trading & Marketing

By: _____
Name: _____
Title: _____

DISCLAIMER: This Master Power Purchase and Sale Agreement was prepared by a committee of representatives of Edison Electric Institute (“EEI”) and National Energy Marketers Association (“NEM”) member companies to facilitate orderly trading in and development of wholesale power markets. Neither EEI nor NEM nor any member company nor any of their agents, representatives or attorneys shall be responsible for its use, or any damages resulting therefrom. By providing this Agreement EEI and NEM do not offer legal advice and all users are urged to consult their own legal counsel to ensure that their commercial objectives will be achieved and their legal interests are adequately protected.

PARAGRAPH 10
to the COLLATERAL ANNEX
to the
EEI MASTER POWER PURCHASE AND SALE AGREEMENT

dated as of July 24, 2017

between

**TransAlta Energy
Marketing (U.S.) Inc.**
("Party A")

being a corporation organized and
existing under the laws of the State of
Delaware

and

**Silicon Valley Clean Energy
Authority**
("Party B")

being a California Joint Powers
Authority organized and existing
under the laws of the State of
California

CREDIT ELECTIONS COVER SHEET

Paragraph 10. Elections and Variables

I. Collateral Threshold.

A. Party A Collateral Threshold.

■ [REDACTED]

■ [REDACTED]

<u>Party A</u> <u>Collateral Threshold</u>	<u>Credit Rating</u>
\$ [REDACTED]	[REDACTED] (or above)
\$ [REDACTED]	[REDACTED]
\$ [REDACTED]	[REDACTED]
\$ [REDACTED]	[REDACTED]
\$ [REDACTED]	Below [REDACTED]

■ The amount of the Guaranty Agreement dated [REDACTED] from [REDACTED], as amended from time to time but in no event shall Party A's Collateral Threshold be greater than \$ [REDACTED].

■ Other – see attached threshold terms

B. Party B Collateral Threshold.

■ [REDACTED]

■ [REDACTED]

<u>Party B</u> <u>Collateral Threshold</u>	<u>Credit Rating</u>
\$ [REDACTED]	[REDACTED] (or above)
\$ [REDACTED]	[REDACTED]
\$ [REDACTED]	[REDACTED]
\$ [REDACTED]	[REDACTED]
\$ [REDACTED]	Below [REDACTED]

The amount of the Guaranty Agreement dated [redacted] from [redacted], as amended from time to time but in no event shall Party B's Collateral Threshold be greater than \$ [redacted].

Other – see attached threshold terms

II. Eligible Collateral and Valuation Percentage.

The following items will qualify as "Eligible Collateral" for the Party specified:

		<u>Party A</u>	<u>Party B</u>	<u>Valuation Percentage</u>
(A)	Cash	[X]	[X]	100%
(B)	Letters of Credit	[X]	[X]	100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0).
(C)	Other	[]	[]	_____ %

III. Independent Amount.

A. Party A Independent Amount.

- Party A shall have a Fixed Independent Amount of \$ _____. If the Fixed Independent Amount option is selected for Party A, then Party A (which shall be a Pledging Party with respect to the Fixed IA Performance Assurance) will be required to Transfer or cause to be Transferred to Party B (which shall be a Secured Party with respect to the Fixed IA Performance Assurance) Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Fixed IA Performance Assurance"). The Fixed IA Performance Assurance shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the Agreement, and shall not be taken into account when calculating Party A's Collateral Requirement pursuant to the Collateral Annex. Except as expressly set forth above, the Fixed IA Performance Assurance shall be held and maintained in accordance with, and otherwise be subject to, Paragraphs 2, 5(b), 5(c), 6, 7 and 9 of the Collateral Annex.
- Party A shall have a Full Floating Independent Amount of \$ _____. If the Full Floating Independent Amount option is selected for Party A, then for purposes of calculating Party A's Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, such Full Floating Independent Amount for Party A shall be added by Party B to its Exposure Amount for purposes of determining Net Exposure pursuant to Paragraph 3(a) of the Collateral Annex.
- Party A shall have a Partial Floating Independent Amount of \$ _____. If the Partial Floating Independent Amount option is selected for Party A, then Party A will be required to Transfer or cause to be Transferred to Party B Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Partial Floating IA Performance Assurance") if at any time Party A otherwise has a Collateral Requirement (not taking into

consideration the Partial Floating Independent Amount) pursuant to Paragraph 3 of the Collateral Annex. The Partial Floating IA Performance Assurance shall not be reduced so long as Party A has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party's Collateral Requirements pursuant to the Collateral Annex. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the Collateral Annex.

Not Applicable

B. Party B Independent Amount.

- Party B shall have a Fixed Independent Amount of \$ _____. If the Fixed Independent Amount Option is selected for Party B, then Party B (which shall be a Pledging Party with respect to the Fixed IA Performance Assurance) will be required to Transfer or cause to be Transferred to Party A (which shall be a Secured Party with respect to the Fixed IA Performance Assurance) Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Fixed IA Performance Assurance"). The Fixed IA Performance Assurance shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the Agreement, and shall not be taken into account when calculating Party B's Collateral Requirement pursuant to the Collateral Annex. Except as expressly set forth above, the Fixed IA Performance Assurance shall be held and maintained in accordance with, and otherwise be subject to, Paragraphs 2, 5(b), 5(c), 6, 7 and 9 of the Collateral Annex.
- Party B shall have a Full Floating Independent Amount of \$ _____. If the Full Floating Independent Amount Option is selected for Party B then for purposes of calculating Party B's Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, such Full Floating Independent Amount for Party B shall be added by Party A to its Exposure Amount for purposes of determining Net Exposure pursuant to Paragraph 3(a) of the Collateral Annex.
- Party B shall have a Partial Floating Independent Amount of \$ _____. If the Partial Floating Independent Amount option is selected for Party B, then Party B will be required to Transfer or cause to be Transferred to Party A Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Partial Floating IA Performance Assurance") if at any time Party B otherwise has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount) pursuant to Paragraph 3 of the Collateral Annex. The Partial Floating IA Performance Assurance shall not be reduced for so long as Party B has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party's Collateral Requirements pursuant to the Collateral Annex. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the Collateral Annex.

Not Applicable

IV. Minimum Transfer Amount.

A. Party A Minimum Transfer Amount: [REDACTED]

B. Party B Minimum Transfer Amount: [REDACTED]

V. Rounding Amount.

A. Party A Rounding Amount: [REDACTED]

B. Party B Rounding Amount: [REDACTED]

VI. Administration of Cash Collateral.

A. Party A Eligibility to Hold Cash.

■ Party A shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party A shall pay to Party B in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party B.

■ Party A shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party, (2) Cash shall be held only in any jurisdiction within the United States; and (3) [other, if any]. To the extent Party A is entitled to hold Cash, the Interest Rate payable to Party B on Cash shall be as selected below:

Party A Interest Rate.

■ Federal Funds Effective Rate - the rate for that day opposite the caption "Federal Funds (Effective)" as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

■ Other - [REDACTED]

B. Party B Eligibility to Hold Cash.

■ Party B shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party B shall pay to Party A in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party A.

■ Party B shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party, (2) Cash shall be held only in any jurisdiction within the United States; and (3) [other, if any]. To the extent Party B is entitled to hold Cash, the Interest Rate payable to Party A on Cash shall be as selected below:

Party B Interest Rate.

■ Federal Funds Effective Rate - the rate for that day opposite the caption "Federal Funds (Effective)" as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

■ Other - _____

VII. Notification Time.

Other – 1:00 p.m. New York time

VIII. General.

With respect to the Collateral Threshold, Independent Amount, Minimum Transfer Amount and Rounding Amount, if no selection is made in this Cover Sheet with respect to a Party, then the applicable amount in each case for such Party shall be zero (0). In addition, with respect to the "Administration of Cash Collateral" section of this Paragraph 10, if no selection is made with respect to a Party, then such Party shall not be entitled to hold Performance Assurance in the form of Cash and such Cash, if any, shall be held in a Qualified Institution pursuant to Paragraph 6(a)(ii)(B) of the Collateral Annex. If a Party is eligible to hold Cash pursuant to a selection in this Paragraph 10 but no Interest Rate is selected, then the Interest Rate for such Party shall be the Federal Funds Effective Rate as defined in Section VI of this Paragraph 10.

Below are modifications to certain provisions of the Edison Electric Institute Collateral Annex ("the Collateral Annex"). To the extent these modifications conflict with any terms and conditions contained in the Collateral Annex, said modifications shall prevail.

Delete the words "Paragraph 10 Elections" and replace it with the words "Paragraph 10 Cover Sheet" in the first sentence of the first introductory paragraph.

Delete the word "exclusive" immediately before the phrase "conditions under which a Party will be required to Transfer Performance Assurance" and immediately before the phrase "conditions under which a Party will release such Performance Assurance" in the first sentence of the second introductory paragraph.

Paragraph 1. Definitions.

At the end of the definition of "Credit Rating" following the word "S&P" add, "or 'issuer rating' by Moody's or Fitch."

Within the definition of "Credit Rating Event", change "6(a)(iii)" to Paragraph "6(a)(ii)".

Within the definition of "Downgraded Party", change "(i)" to "(ii)".

Within the definition of "Notification Time", add "a.m." immediately after "11:00".

Within the definition of "Performance Assurance", change "6(a)(iv)" to "6(a)(iii)".

Within the definition of "Qualified Institution", delete "and" immediately before "surplus".

Within the definition of "Secured Party", change "(b)" to "(a)".

For purposes of the Collateral Annex, "setoff", "set off" and "offset" shall have the same meaning.

Add the following definition as Section 1.22A: "Fitch" means Fitch Ratings, Inc. or its successor.

Paragraph 4. Delivery of Performance Assurance.

In line 13 the word "next" shall be replaced by the word "second" and the words "thereafter" shall be added after the word "Day".

In line 15 the word "second" shall be replaced by the word "third".

The following shall be added to the end of Paragraph 4: "In no event shall Party A be required to provide or maintain Performance Assurance with a Collateral Value in excess of \$ [REDACTED] at any time. In no event shall Party B be required to provide or maintain Performance Assurance with a Collateral Value in excess of \$ [REDACTED] at any time."

Paragraph 5. Reduction and Substitution of Performance Assurance.

In line 18 the words "one (1)" shall be replaced by the words "two (2)". In line 21 the words "two (2)" shall be replaced by the words "three (3)".

In line 20 the words "before the Notification Time on a Business Day" shall be replaced by the words "before the Notification Time on a Local Business Day".

Paragraph 6. Administration of Performance Assurance.

In section (a)(ii)(B), in the 10th and 11th lines, the words "to perfect the security interest of the Non-Downgraded Party" are deleted and replaced with the words "to perfect the security interest of the Downgraded Party".

Paragraph 7. Exercise of Rights Against Performance Assurance.

Add "The" immediately before "Secured Party" in the first line of section (c).

Paragraph 9. Covenants; Representations and Warranties; Miscellaneous.

Add "Party" immediately after "incurred by the other" in the last sentence of section (d).

Agreed to by the undersigned this 25th day of July 2017.

TransAlta Energy Marketing (U.S.) Inc.

**Silicon Valley Clean Energy Authority, A
California Joint Powers Authority**



Signature: Jennifer Pierce
Name: Jennifer Pierce
Title: Senior Vice President
Trading & Marketing

Signature: _____
Name: _____
Title: _____

GUARANTEE AGREEMENT

Date:	This Guarantee Agreement (this " Guarantee ") is made as of July 24, 2017.
Granted To:	Silicon Valley Clean Energy Authority, a joint power authority incorporated under the laws of California (the " Beneficiary ")
Granted By:	TransAlta Corporation, a body corporate incorporated under the laws of Canada (the " Guarantor ")
Re:	TransAlta Energy Marketing (U.S.) Inc., a body corporate incorporated under the laws of the State of Delaware (the " Guarantor's Subsidiary ")
Guaranteed Amount:	\$ [REDACTED]

The Beneficiary and the Guarantor's Subsidiary have entered into, or may be, or are anticipating entering into, one or more contracts or agreements (the "**Transaction Agreements**") involving the purchase, sale, or similar physical or derivate financial transactions with respect to electrical power or natural gas (the "**Transactions**"). As a result of the Transactions between the Beneficiary and the Guarantor's Subsidiary, the Beneficiary will or may be extending credit to the Guarantor's Subsidiary. The Guarantor acknowledges that it will receive substantial and direct and indirect benefits the Transactions and wishes to provide this Guarantee to the Beneficiary as part of the Guarantor's Subsidiary's consideration for such Transactions and to induce the Beneficiary to enter into such Transactions and to extend such credit to the Guarantor's Subsidiary.

Accordingly, the Guarantor hereby agrees as follows:

1. **Guarantee:** The Guarantor hereby unconditionally and irrevocably guarantees the prompt and punctual payment when due by the Guarantor's Subsidiary, subject to any applicable cure periods under the Transaction Agreements, of all current and future payment obligations of the Guarantor's Subsidiary owed to the Beneficiary arising under or pursuant to the Transactions (the "**Obligations**") all in accordance with the terms of the Transaction Agreements and this Guarantee. Upon the failure by the Guarantor's Subsidiary to pay any of the Obligations, the Beneficiary shall make demand for payment upon the Guarantor. Such demand shall be in writing and shall state the amount the Guarantor's Subsidiary has failed to pay, together with a specific statement that the Beneficiary is calling upon the Guarantor to pay the Obligation under this Guarantee. Guarantor shall forthwith pay to the Beneficiary, but in no event less than five (5) business days following demand by Beneficiary, the amount due in the same currency and manner provided for in the Transaction Agreements. For greater certainty, the "Obligations" include:
 - (a) all taxes which may be payable pursuant to the applicable Transaction Agreements;
 - (b) interest, late and service fees and other charges payable pursuant to the applicable Transaction Agreements;
 - (c) damages and liquidated damages but only if, and to the extent, contemplated as being payable pursuant to the applicable Transaction Agreements; and
 - (d) reasonable attorneys' fees, and/or costs of collection, if any, paid by the Beneficiary in the collection of the Obligations.

2. **Limitation:** Notwithstanding anything else contained within this Guarantee, the maximum liability of the Guarantor in respect of any or all of the Obligations shall not, in any event or

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circumstance, exceed or aggregate to exceed over time the Guaranteed Amount identified above. If any Obligation must be converted between currencies in order to determine whether or not the Guaranteed Amount is exceeded and the Transaction Agreement does not provide for such a conversion, then it shall be done using the average of the Bank of Canada daily spot rates quoted at noon Ottawa, Ontario time for the calendar month immediately preceding the date of any required conversion calculation.

3. **Nature of Guarantee:** The Guarantor's obligations hereunder with respect to any of the Obligations shall not be affected by the existence of or any change in the validity, enforceability, perfection or the extent of any collateral or security for the Obligations. The Beneficiary shall not be obligated to file any claim relating to the Obligations owing to it in the event that the Guarantor's Subsidiary becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Beneficiary to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment related to an Obligation is rescinded or must otherwise be returned by the Beneficiary for any reason whatsoever, the Guarantor shall remain liable in accordance with the provisions of this Guarantee in respect of such rescinded or returned payment as if it had not been made. The Guarantor reserves the right to assert defences which the Guarantor's Subsidiary may have to the payment of any Obligation other than defences arising from the bankruptcy or insolvency of the Guarantor's Subsidiary and other defences expressly waived under this Guarantee.
4. **Consents, Waivers and Renewals:**
 - (a) Subject to the right of termination under Section 6, the Guarantor agrees that the Beneficiary and the Guarantor's Subsidiary may mutually agree to create or modify any Obligation, Transaction, or Transaction Agreement without in any way impairing or affecting the Guarantor's obligations under this Guarantee. In addition, the Guarantor waives all right to receive any notice in respect of the creation or modification of any Obligation, Transaction, or Transaction Agreement.
 - (b) The Guarantor agrees that the Beneficiary may resort to the Guarantor for the payment of the Obligations under this Guarantee whether or not the Beneficiary shall have resorted to any collateral security or shall have proceeded against any other obligator principally or secondarily obligated with respect to any of the Obligations.
 - (c) Other than Beneficiary's written demand for payment as set forth in Section 1 of this Agreement, the Guarantor hereby waives notice of acceptance of this Guarantee and any notice of presentment or of protest and all other notices whatsoever.
 - (d) Except as to applicable statutes of limitation, no delay of the Beneficiary in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.
 - (e) Guarantor agrees that Beneficiary may enforce this Guarantee upon the occurrence of a default by Guarantor's Subsidiary under the Agreement notwithstanding the existence of a dispute between Beneficiary and Guarantor's Subsidiary with respect to the existence of the default.

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5. **Subrogation:** Upon payment of all Obligations owing to the Beneficiary in respect of a particular Transaction, the Guarantor shall be subrogated to the rights of the Beneficiary against the Guarantor's Subsidiary in respect of such Transaction and the Beneficiary shall take, at the Guarantor's expense, all such steps as the Guarantor may reasonably request to implement such subrogation.
6. **Termination:** This Guarantee and the Guarantor's obligations hereunder may be terminated by the Guarantor at any time by delivery of written notice thereof to the Beneficiary; provided however that this Guarantee shall remain in full force and effect after such termination until all Obligations that are outstanding, contracted or committed for (whether or not outstanding) before such termination shall be finally and irrevocably paid in full.
7. **Miscellaneous:**
 - (a) **governing law/courts:** This Guarantee shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of law provisions that would require the application of the laws of any other jurisdiction. All disputes arising pursuant to or related to this Guarantee shall be settled exclusively in the federal and state courts located in San Francisco, California. Each of the Guarantor (by its execution and delivery of this Guarantee) and the Beneficiary (by its acceptance of this Guarantee) irrevocably submit to the exclusive jurisdiction of such courts.
 - (b) **successors and assigns:** The Beneficiary may assign its rights hereunder (when assigning its rights and obligations related to an applicable Transaction in accordance with the provisions of the applicable Transaction Agreement) without the prior consent of the Guarantor. Any other assignment by the Beneficiary or any assignment by the Guarantor of its respective rights or obligations hereunder shall not be made without the written consent of the other party, such consent not to be unreasonably withheld. This Guarantee shall be binding upon the Guarantor's successors and permitted assigns and shall enure to the benefit of the Beneficiary and its successors and permitted assigns.
 - (c) **representations/warranties:** The Guarantor, through the undersigned officer, represents and warrants to the Beneficiary that (i) the Guarantor's Subsidiary is a subsidiary of the Guarantor, (ii) the Guarantor is authorized to grant this Guarantee and has all necessary rights, powers and authorizations to do so and (iii) this Guarantee is a valid and binding obligation of the Guarantor enforceable against it in accordance with its terms, except as may be modified by applicable bankruptcy, insolvency, reorganization and other laws relating to or affecting creditors' rights and to general equity principles.
 - (d) **execution:** This Guarantee (i) may be executed and delivered by electronic means and (ii) need not be under corporate seal. Any such execution and delivery shall be sufficient for all purposes of evidencing due, valid and authorized execution of this Guarantee by the Guarantor.
 - (e) **guarantee of payment:** This Guarantee constitutes a guarantee of payment and not of collection.

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- (f) **entire agreement:** Except as provided in any other written agreement now or at any time hereafter in force between the Beneficiary and the Guarantor, this Guarantee shall constitute the entire agreement of the Guarantor with the Beneficiary with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon the Guarantor unless expressed herein.
8. **Notices:** All notices, requests, demands and other communications required or permitted to be made or given under this Guarantee shall be in writing and shall be delivered via courier, e-mail, or first class mail (postage prepaid) to the address and to the individual(s) indicated below:

If to the Beneficiary, to: Silicon Valley Clean Energy Authority
333 W. El Camino Real, Suite 290
Sunnyvale, California 94087
Attn: Tom Habashi
E-mail: tom@svcleanenergy.org

If to the Guarantor, to: TransAlta Corporation
Box 1900, Station "M"
110 -12 Avenue SW
Calgary, Alberta T2P 2M1
Attn: Credit Department
E-mail: TACredit@transalta.com

Any notices shall be deemed to have been given (i) with respect to delivery by courier, on the date of receipt, (ii) with respect to delivery by e-mail, if received before the end of regular business hours, then on the day of receipt, or if received after regular business hours, then on the business day immediately following receipt, or (iii) with respect to delivery by mail, on the 5th business day after being mailed by registered or certified mail, provided that if there is any disruption in postal service, notice shall be deemed to have been given on the day of receipt.

[signature page follows]

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IN WITNESS WHEREOF, the Guarantor has executed this Guarantee by its duly appointed signing officer with all requisite authorization as of the date noted on the top of the first page.

TRANSALTA CORPORATION

By: Jennifer Pierce

Name: Jennifer Pierce

Title: Senior VP, Trading + Marketing

By: Todd Stace

Name: TODD STACE

Title: MS&A Corporate Controller

**AGREEMENT FOR THE PURCHASE AND SALE OF CALIFORNIA RPS PRODUCT 2
("FIRMED AND SHAPED")**

TRANSACTION CONFIRMATION LETTER

From: Braydon Boulanger
TransAlta Energy Marketing (U.S.) Inc.
P.O. Box 1900 Station "M"
110 – 12th Ave. SW
Calgary, Alberta T2P 2M1

To: Tom Habashi
Silicon Valley Clean Energy Authority
333 W. El Camino Real, Suite 290
Sunnyvale, CA 94087

The purpose of this letter (this "**Confirmation Letter**") is to confirm the terms and conditions of the transaction between TransAlta Energy Marketing (U.S.) Inc ("**Seller**") and Silicon Valley Clean Energy Authority, a California joint powers authority ("**Buyer**") as of the Effective Date (the "**Transaction**"). Seller and Buyer are each referred to as a "**Party**" and, collectively, as the "**Parties**." This Confirmation Letter is governed by the EEI Master Agreement effective as of July 24, 2017 (the "EEI") and Service Schedules R and C to the WSPP Agreement, as amended from time to time, hereby incorporated by this reference (the "WSPP Schedules"). Capitalized terms used but not otherwise defined in this Confirmation Letter are defined in the EEI Agreement or WSPP Schedules. This Confirmation Letter, which incorporates the attached General Terms and Conditions, the EEI Agreement and the WSPP Schedules shall constitute the entire agreement ("**Agreement**") between the Parties related to the subject matter hereof and supersedes and replaces any prior oral or written confirmation, including broker confirmations, regarding this Transaction. If there is any conflict between the terms set forth in this Confirmation Letter, the EEI Agreement and the WSPP Schedules, the terms set forth in this Confirmation Letter shall govern.

The terms of the Transaction to which this Confirmation Letter relates are as follows:

Effective Date:	July 24, 2017
Trade ID(s):	
Seller:	TransAlta Energy Marketing (U.S.) Inc.
Buyer:	Silicon Valley Clean Energy Authority, a California joint powers authority
Product:	Firm Bundled REC under R-2.3.2, Energy and CEC eligible Green Attributes (inclusive of Renewable Energy Credits ("RECs")) from the Project(s), which is procured by Seller on a bundled basis, and delivered, if needed, from a source other than the Project to the Delivery Point as further set forth in Section 1 below, to provide the Energy Contract Quantity.

Applicable Standard:	The California Renewables Portfolio Standard (“California RPS”), as administered by the CEC and CPUC and as set forth in CPUC Decision 08-08-028, and as may be modified by subsequent decision of the CPUC or by subsequent legislation, and regulations promulgated with respect thereto, Cal. Pub. Util. Code §§ 399.11 et seq., Cal. Pub. Res. Code §§ 25740-25751, CPUC D.08-04-009, CPUC D.11-01-025, and CPUC D.11-12-052, and CEC RPS Eligibility Guidebook (7 th Ed.), as may be subsequently modified by the CEC.
Delivery Point:	The delivery point for the Incremental Energy shall be within the CAISO at Malin, NP15, Palo Verde, Sylmar DC, Mona, or SP15, as determined by Seller
REC Generation Period(s):	Calendar 2018
Reporting Year(s):	Calendar 2018
Delivery Term:	Energy Delivery Term: The Energy Contract Quantity shall be delivered July 1, 2018 thru September 30, 2018 REC Delivery Term: The REC Contract Quantity shall be fully delivered by no later than April 15, 2019
REC Contract Quantity:	Total firm ██████████ WREGIS Certificates, to be delivered at any time after July 1, 2018, but no later than April 15, 2019 (“REC Delivery Date”), including in partial amounts during the REC Delivery Term but not to exceed the REC Contract Quantity.
Energy Contract Quantity:	Q3 2018 (July 1, 2018-September 30, 2018): Off-Peak ██████████ MWs per hour
REC Contract Price:	██████████ / WREGIS Certificate transferred to Buyer’s WREGIS account
Energy Quality:	WSPP Service Schedule C (“Energy”)
Energy Contract Price:	The applicable day-ahead hourly, hour -ahead fifteen minute market or real-time five minute market locational marginal price (\$/MWh) at the Delivery Point(s) as published by the CAISO, per MWh of Energy delivered.
Project(s)	1. Elkhorn Valley Wind Farm (CEC #61034A, WREGIS ID #W186); and/or in the event that Elkhorn Valley Wind Farm does not produce the REC Contract Quantity during the Delivery Term, 2. Neal Hot Spring Geothermal Plant (CEC: #62427A, WREGIS #3155).
Delivery Obligation:	Product will be transferred in accordance with Section 1 below
RPS Adjustment	The Parties acknowledge that the RPS Adjustment is currently applicable to the Portfolio Content Category 2 deliveries. Notwithstanding any other provision of this Confirmation, if the regulatory requirements regarding the RPS Adjustment change after the Effective Date, and such change causes an increase in the greenhouse gas emissions intensity associated with the Product for Buyer, the Parties agree to discuss in good faith amendments to this transaction to mitigate such increase in the greenhouse gas

<p>Standard PCC2 Terms</p>	<p>emissions intensity.</p> <p>This transaction meets the criteria of California Public Utilities Code Section 399.16(b)(2) and specifically meets the following requirements:</p> <ul style="list-style-type: none"> a) The first point of interconnection to the WECC transmission grid for the Project(s) and any other resource providing Energy under this Transaction Confirmation is located outside the metered boundaries of a California balancing authority area. b) All of the Energy Contract Quantity is incremental to Buyer. c) All of the Energy Contract Quantity is generated by a resource located outside the metered boundaries of a California balancing authority area and is not in the portfolio of the Buyer prior to the Effective Date of this Confirmation. d) This Confirmation executes at the same time both the contract for all of the Energy Contract Quantity and the Green Attributes. e) The Energy Contract Quantity will be delivered in the same calendar year as the electricity from the Project(s) is generated. f) The electricity from the Project is available to be procured by the Buyer and may not be sold back to such resource and is not in practice already committed to another party.
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Capitalized terms used but not defined herein shall have the meaning given to them in the General Terms and Conditions.

1. ***Product Delivery; Transfer & Tracking.***

Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project. [STC 2]

Energy Delivery and Associated Firming and Shaping. Seller shall schedule or arrange for scheduling services to deliver the Energy Contract Quantity to the Delivery Point on Buyer's behalf. For administrative convenience only and without affecting Buyer's right, title and interest in the Energy Contract Quantity, Seller shall be solely responsible for scheduling with the CAISO the Energy Contract Quantity under this Confirmation Letter. Seller shall provide Buyer with the Project identification numbers required in the miscellaneous field for the E-Tags associated with

the delivery of Product to the Delivery Point. Buyer (or its affiliate) shall be responsible for the proper entry of any information on an E-Tag or in WREGIS. Pre-scheduling will be pursuant to the WECC ISAS daily pre-scheduling calendar and the WECC Business Practices. All scheduling and delivery services performed by Seller shall be performed in a manner consistent with all applicable CAISO and WECC scheduling protocols.

REC Delivery. The REC Delivery Date shall be extended automatically until five (5) Business Days following the date that the WREGIS Certificates are first available in Seller's WREGIS account if the WREGIS Certificates are not available in WREGIS by April 15, 2019. Upon receiving written, facsimile or electronic confirmation from WREGIS that a transfer order has been initiated by Seller, Buyer shall confirm the transfer order in WREGIS within five (5) Business Days.

Transfer of Renewable Energy Credits. Seller and, if applicable, its successors, represents and warrants that throughout the REC Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC REC-1]

Tracking of RECs in WREGIS. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. [STC REC-2]

2. *Payment.*

- (a) Seller shall invoice Buyer no more frequently than monthly during the Delivery Period and Buyer will pay Seller the amount equal to the REC Contract Price multiplied by the number of WREGIS Certificates transferred from Seller to Buyer through WREGIS during such term. Seller shall deliver the Energy Contract Quantity associated with the Product to the CAISO at the Delivery Point and shall be entitled to retain all CAISO revenues associated with such Energy Contract Quantity, in full satisfaction of Buyer's payment obligation for the Energy Contract Quantity.
- (b) True-Up Invoice. A final true-up invoice may be sent from Seller to Buyer within ten (10) days after the final WREGIS Certificate transfer order for this Transaction.
- (c) Payment Method. Buyer shall remit the amount due to the Seller in immediately available funds by wire or electronic fund transfer to the account set forth below on the payment schedule set forth above.
- (d) Buyer shall make such payments by wire transfer of immediately available United States dollars to the following account:

To Seller: [REDACTED]

Acct: [REDACTED]

For the Benefit Of: [REDACTED]

(e) **Late Payments.** If payment is not made by the Payment Due Date, without limiting Seller's rights and remedies, the past due amount shall carry interest at the Interest Rate. At such time, Seller may immediately exercise its rights to receive payment under the Letters of Credit and cease all Product delivery.

3. **Payment Netting.** If Buyer and Seller are each required to pay amounts in respect of purchases/sales hereunder or under any other forward commodity contract between the Parties on the same day, then, upon notice from one Party to the other, such amounts with respect to each Party shall be aggregated and the Parties shall discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed.

4. **Physical Delivery.** The Parties enter hereinto intending for the RECs and the energy to be physically settled.

5. **Term.** This Agreement shall commence on the Effective Date and shall terminate on the date on which both Parties have completed the performance of their obligations hereunder, unless earlier terminated pursuant to the terms hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be fully executed as of the date first written above.

Silicon Valley Clean Energy Authority

By: _____

Name: _____

Title: _____

Accepted and Agreed:



TransAlta Energy Marketing (U.S.) Inc.



By: Jennifer Pierce

Name: **Jennifer Pierce**
Senior Vice President
Trading & Marketing

Title:

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

1.1 Definitions. In addition to any other terms defined in the Confirmation Letter or these General Terms and Conditions, the following terms shall have the meaning ascribed to them as set forth below:

“7x24” means HE 0100 PPT through HE 2400 PPT, Monday through Sunday, including NERC Holidays.

“CAISO” means the California Independent System Operator, or its successor.

“California Renewables Portfolio Standard” or “California RPS” means the California Renewable Portfolio Standard, as administered by the CEC and CPUC and as set forth in CPUC Decision 08-08-028, and as may be modified by subsequent decision of the CPUC or by subsequent legislation, and regulations promulgated with respect thereto, Cal. Pub. Util. Code §§ 399.11 et seq., Cal. Pub. Res. Code §§ 25740-25751, CPUC D.08-04-009, CPUC D.11-01-025, & 11-12-052, and CEC RPS Eligibility Guidebook (7th Ed.), as may be subsequently modified by the CEC.

“Business Day” means a day on which Federal Reserve member banks in New York City are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

“CEC” means the California Energy Commission.

“Confidential Information” means all oral and written information exchanged between the Parties with respect to the subject matter of this Agreement. The following information does not constitute Confidential Information for purposes of this Agreement: (a) information that is or becomes generally available to the public other than as a result of a disclosure by either Party in violation of this Agreement; (b) information that was already known by either Party on a non-confidential basis prior to this Agreement; and (c) information that becomes available to either Party on a non-confidential basis from a source other than the other Party if such source was not subject to any prohibition against disclosing the information to such Party.

“Costs” means, with respect to a Non-Defaulting Party, the present value of brokerage fees, commission, attorneys fees, and other similar third party transactions costs and expenses reasonably incurred by such Party either in terminating or replacing any arrangement pursuant to which it has hedged its obligations; and any charges, penalties, fines or fees imposed or assessed against the Non-Defaulting Party under the Applicable Standard on account of Delivery not occurring on the applicable delivery date, as determined by the Non-Defaulting Party in a commercially reasonable manner.

“CPUC” means the California Public Utilities Commission.

“Default” shall have the meaning specified in Article 8.

“**Effective Date**” shall have the meaning set forth in the Transaction Confirmation Letter.

“**ERR**” is defined in the “**Eligibility**” term and condition below.

“**Green Attributes**” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere;¹ (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits. If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project. [STC 2]

“**Interest Rate**” means a per annum rate of interest equal to two (2%) percent over the prime lending rate as published from time to time in the Wall Street Journal under “Money Rates” on such due date (or if not published on such day on the most recent preceding day on which published), but in no event to exceed the maximum lawful rate.

“**Off-Peak Hours**” means (i) Hour Ending (“HE”) 0100 PPT through HE 0600 PPT and HE 2300 PPT through HE 2400 PPT, Monday through Saturday excluding NERC Holidays, and (ii) HE 0100 PPT through HE 2400 on all Sundays and NERC Holidays.

¹ Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

“On-Peak Hours” means HE 0700 PPT through HE 2200 PPT, Monday through Saturday, excluding NERC Holidays.

“Product” means the form of Energy and Green Attributes (inclusive of RECs) described in the Confirmation Letter for this Transaction.

“Project” means the CEC certified ERR(s), the output from which is used to source the Product sold and purchased hereunder, identified in the Confirmation Letter; provided, however, that the Parties agree and acknowledge that the Product may come from one or more other ERR(s) and that the acceptance of the Product sourced from such other ERR(s) in no way alters the delivery obligation hereunder with respect to the Contract Quantity shown in the Transaction Confirmation, and if Seller substitutes the source ERR(s) it will promptly give notice to Buyer.

“Renewable Energy Credit” or **“REC”** has the meaning provided in CPUC Decision (D.) 08-08-028, and generally means the right to claim title to Green Attributes attributable to the generation of electric energy from ERRs. RECs are measured in one megawatt increments and evidenced by the transfer of one WREGIS Certificate.

“Reporting Year” means the period beginning January 1 of the period year and continuing until December 31 of the subject year (e.g. Reporting Year 2012 means January 1, 2012 through December 31, 2012).

“STC” means the standard terms and conditions adopted by the CPUC to be incorporated into California RPS agreements.

“Unit Contingent” means that the Product delivered hereunder shall be “Resource Contingent Bundled REC”s as such term is defined in the WSPP Schedules effective March 3, 2014.

“WREGIS” means the environmental registry and information system, which is administered by Western Renewable Energy Generation Information System that tracks the environmental and fuel attributes of generation, and any successor tracking system that both Parties agree in their reasonable commercial judgment facilitates the sale and purchase of Product and is approved by the CEC for use in the California RPS program.

“WREGIS Certificate” means “Certificate” as defined by WREGIS in the WREGIS Operating Rules.

“WREGIS Operating Rules” means the operating rules and requirements adopted by WREGIS.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Both Parties. As of the Effective Date, each Party hereby represents and warrants to the other Party that:

(i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(ii) it has all regulatory authorizations necessary for it to legally perform its obligations and authority and ability to enter into this Agreement and perform its obligations hereunder;

(iii) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

(iv) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

(v) no Event of Default (as defined in Article 8 below) with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(vi) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based on its own judgment, and is not relying upon the advice or recommendations or any representations of the other Party other than those expressly set forth herein, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions, and risks of this Agreement;

(vii) it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code;

(viii) with respect to this Agreement, it is a producer, processor, commercial user or merchant handling the Product, and it is entering into such Agreement for purposes related to its business as such; and

(ix) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Products referred to in the Agreement to which it is a Party.

2.2 Representations and Warranties of Seller.

Seller hereby represents and warrants to Buyer that:

- (a) it has originally purchased the energy bundled with the Green Attributes from the Project, it will not resell the energy back to the Project;
- (b) it has the right to sell the Product;
- (c) the Product has never been sold or committed to any other entity for any other purpose or use; and
- (d) the Product is free and clear of all liens or other encumbrances;

2.3 Limitation on Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER EXPRESSLY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, WHETHER WRITTEN OR ORAL, AND WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. WITHOUT

LIMITING THE GENERALITY OF THE FOREGOING, SELLER MAKES NO REPRESENTATION OR WARRANTY HEREUNDER REGARDING ANY ACTION OR FAILURE TO ACT, OR APPROVAL OR FAILURE TO APPROVE, OF ANY AGENCY OR GOVERNMENTAL ENTITY.

3. TAXES AND FEES

Each Party shall be responsible for any taxes or other fees associated with its respective purchase and sale hereunder. As used herein "taxes" means, but is not limited to, any or all ad valorem, property, occupation, severance, first use, conservation, gross receipts, privilege, sales, use, consumption, excise, lease, transaction, and other taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth. A tax is not a penalty or a fine.

4. ELIGIBILITY

Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC 6]

5. RESERVED

6. RESERVED

7. CHANGE IN LAW

This Agreement is executed for the express purposes of complying with the California RPS and Section 399.16(b)(2) of the California Public Utilities Code. The Parties acknowledge that the CEC and/or CPUC may be modifying mandatory contract language, altering the procurement and product qualification and validation rules, and updating the relevant California RPS Eligibility Guidebook in a manner consistent with that legislation. The Parties agree to work cooperatively, using best efforts, to amend this Confirmation Letter to conform with those changes, as required. Furthermore, unless otherwise provided for herein, if any statutes, rules, regulations, permits or authorizations are enacted, amended, granted or revoked which have the effect of changing the transfer and sale procedure set forth in this Agreement so that the implementation of this Agreement becomes impossible or impracticable, or otherwise revokes or eliminates the Applicable Standard or imposes language required to conform to the California RPS program, the Parties hereto agree to negotiate in good faith to amend this Agreement to conform with such new statutes, regulations, or rules in order to maintain the original intent of the Parties under this Agreement. For purposes of clarification, the Parties agree that "commercially reasonable efforts" as used in this Confirmation Letter and General Terms and Conditions shall not require Seller to expend more than Five Thousand Dollars (\$5,000.00) in aggregate out-of-pocket costs

and expenses to comply with a change in law under this Agreement (the "Change in Law Cap"). Furthermore, to the extent that the Parties have entered or may enter into other agreements with respect to the purchase and sale of RECs, the Change in Law Cap set forth herein shall apply to this Agreement only and shall not be netted out or aggregated with any other similar limit on expenditures as may be set forth in such other agreements.

8. RESERVED

9. RESERVED

10. CONFIDENTIALITY

10.1 Confidentiality. Except as provided in this Article, neither Party shall publish, disclose, or otherwise divulge Confidential Information to any person at any time during or after the term of this Agreement, without the other Party's prior express written consent. Each Party shall permit knowledge of and access to Confidential Information only to those of its affiliates and to persons investing in, providing funding to or acquiring it or its affiliates, and to its and the foregoing persons' respective attorneys, accountants, representatives, agents and employees who have a need to know such Confidential Information related to this Agreement.

10.2 Required Disclosure. If required by any law, statute, ordinance, decision, order or regulation passed, adopted, issued or promulgated by a court, governmental agency or authority having jurisdiction over a Party (including the Federal Energy Regulatory Commission), that Party may release Confidential Information, or a portion thereof, to the court, governmental agency or authority, as required by the applicable law, statute, ordinance, decision, order or regulation, and a Party may disclose Confidential Information to accountants in connection with audits, provided that such Party has notified the other Party of the required disclosure, such that the other Party may attempt (if such Party so chooses) to cause that court, governmental agency, authority or accountant to treat such information in a confidential manner and to prevent such information from being disclosed or otherwise becoming part of the public domain. Parties acknowledge that Buyer is obligated to provide Confidential Information to the CPUC and CEC for regulatory compliance purposes, and Seller waives the prior notice requirement and authorizes such disclosures to the CPUC and CEC.

10.3 Tax Treatment Exception. Notwithstanding any provision of this Agreement to the contrary, the legal obligations of confidentiality hereunder do not extend to the U.S. federal or state tax structure or the U.S. federal or state tax treatment of any transaction hereunder. If any U.S. federal or state tax analyses or materials are provided to a Party, such Party is free to disclose any such analyses or materials without limitation.

10.4 Survival. The Parties obligations under this Article 10 shall survive for a period of one (1) year following the expiration or termination of this Agreement.

11. ENTIRE AGREEMENT

This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire agreement between the Seller and the Buyer with respect to the subject

matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Buyer and Seller.

12. APPLICABLE LAW; WAIVER OF TRIAL BY JURY

Governing Law. This Agreement and the rights and duties of the parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of law. To the extent enforceable at such time, each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this agreement. [STC 17]

13. RESERVED

14. AUDIT AND INSPECTION

Buyer has the right during normal working hours to examine the records related to the Project and Seller's WREGIS account, if applicable, to the extent reasonably and commercially necessary to confirm, among other things, Seller's right, title, and interest in the RECs delivered under this Agreement (and the quantity thereof) and that such RECs meet the Applicable Standard as of the Effective Date for certification.

15. WAIVER

No delay or omission by a Party in the exercise of any right under this Agreement shall be taken, construed or considered as a waiver or relinquishment thereof, and any such right may be exercised from time to time and as often as may be deemed expedient. If any of the terms and conditions hereof are breached and thereafter waived by a Party, such waiver shall be limited to the particular breach so waived and is not deemed to waive any other breach hereunder.

16. RESERVED



Staff Report – Item 1f

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1f: Approve 2017 Update to Annual Energy Use and Voting Shares as Required by SVCE Joint Powers Agreement

Date: 8/9/2017

RECOMMENDATION

Approve update to Exhibits C & D in SVCE Joint Powers Agreement (JPA) to reflect the members' energy demand and voting rights.

BACKGROUND

As referenced in Section 4.9.2 *Voting Shares Vote* of SVCE's JPA, immediately following an affirmative percentage vote by the Board of Directors, two Directors may request a vote of the voting shares be held. A voting shares vote requires that the sum of all corresponding voting shares of Directors voting in the affirmative exceed a 50 percent majority. Voting shares are determined by the formula outlined in Section 4.9.3 *Voting Shares Formula*.

The Annual Energy Use (Exhibit C) and Voting Shares (Exhibit D) for each of SVCE's 12 jurisdictions should be adjusted in SVCE's JPA annually. Attached are updated Exhibits reflecting 2016 data provided by PG&E. The next annual adjustment shall occur as soon as reasonably practicable after January 1, 2018 but no later than March 1, 2018, subject to Board approval.

ATTACHMENTS

1. Update to Exhibit C, Annual Energy Use
2. Update to Exhibit D, Voting Shares

EXHIBIT C
ANNUAL ENERGY USE

This Exhibit C is effective as of August 09, 2017.

Party	kWh (2016*)
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
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 August 09, 2017.

Party	kWh (2016*)	Voting Share Section 4.9.2
Campbell	206,632,307	5.5%
Cupertino	234,914,343	6.3%
Gilroy	284,334,863	7.6%
Los Altos	132,365,808	3.5%
Los Altos Hills	43,543,838	1.2%
Los Gatos	207,102,990	5.5%
Monte Sereno	16,339,961	0.4%
Morgan Hill	211,478,618	5.7%
Mountain View	597,856,147	16.0%
Santa Clara County (Unincorporated)	380,323,888	10.2%
Saratoga	122,099,904	3.3%
Sunnyvale	1,297,588,283	34.7%
Total	3,734,580,950	100.0%

*Data provided by PG&E



Staff Report – Item 1g

To: Silicon Valley Clean Energy Authority Board of Directors

From: Greg Stepanicich, General Counsel

Item 1g: Adopt Resolution Amending the Conflict of Interest Code to Include Power Contracts & Compliance Specialist Position

Date: 8/9/2017

RECOMMENDATION

Adopt Resolution 2017-08, amending the SVCEA conflict of interest code to add the position of Power Contracts & Compliance Specialist.

BACKGROUND

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

ANALYSIS & DISCUSSION

A new position has been added to the SVCEA staff. This position is the Power Contracts & Compliance Specialist. In accordance with the requirements of the Political Reform Act and the County of Santa Clara, a new conflict of interest code must be adopted by resolution which includes the newly created position. The attached resolution simply amends Appendix A to the code to add the position of Power Contracts & Compliance Specialist

ATTACHMENT

1. Resolution No. 2017-08, Amending the Authority's Conflict of Interest Code to Add a New Position

RESOLUTION NO. 2017-08

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

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

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

WHEREAS, the Board of Directors of the Silicon Valley Clean Energy Authority has adopted a conflict of interest code and has amended this code to add new positions and clarify the reporting requirements with the most recent code adopted by Resolution 2017-06; and

WHEREAS, the Board of Directors, after consultation with the County of Santa Clara as its code reviewing body, desires to add a new position to the list of designated positions in Appendix A.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Silicon Valley Clean Energy Authority rescinds Resolution No. 2017-06 and adopts the following attached Conflict of Interest Code including its Appendices of Designated Positions and Disclosure Categories.

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

ADOPTED AND APPROVED this 9th day of August, 2017.

Chair

ATTEST:

Clerk

SILICON VALLEY CLEAN ENERGY AUTHORITY CONFLICT OF INTEREST CODE

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

The most current version of 2 Cal. Code of Regs. Section 18730 is available on the website of the Fair Political Practices Commission (<http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/LegalDiv/Regulations/Index/Chapter7/Article2/18730.pdf>).

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

**SILICON VALLEY CLEAN ENERGY AUTHORITY
CONFLICT OF INTEREST CODE**

APPENDIX "A"

DESIGNATED POSITIONS

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Member of Board of Directors	1
Alternate Member of Board of Directors	1
Chief Executive Officer	1
General Counsel	1
Account Services Manager	2
Community Outreach Manager	2
Director of Administration & Finance	1
Director of Marketing & Public Affairs	2
Director of Power Resources	1
Finance Manager	1
General Counsel & Director of Government Affairs	1
Regulatory/Legislative Analyst	2
Power Contracts & Compliance Specialist	1
Consultant	3
Newly Created Position	*

* Newly Created Position

A newly created position that makes or participates in the making of governmental decisions that may foreseeably have a material effect on any financial interest of the position-holder, and which specific position title is not yet listed in the Authority's conflict

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

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

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

**SILICON VALLEY CLEAN ENERGY AUTHORITY
CONFLICT OF INTEREST CODE**

APPENDIX "B"

DISCLOSURE CATEGORIES

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

Category 1: Persons in this category shall disclose:

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

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

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

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



Staff Report – Item 1h

To: Silicon Valley Clean Energy Board of Directors

From: Tom Habashi, CEO

Item 1h: Authorize CEO to Approve Agreement with Strategic Energy Innovations for Climate Corps Bay Area Fellow Hosting Services to Facilitate Hiring of Two Fellows to Support Marketing Activities

Date: 8/9/2017

RECOMMENDATION

Authorize the CEO to execute the Service Agreement, any nonfinancial amendments, and other related documents for Climate Corps Bay Area (CCBA) fellow hosting services with the nonprofit Strategic Energy Innovations (SEI), not to exceed \$84,000 through June 30, 2018.

BACKGROUND

SVCE was introduced to SEI and the CCBA fellowship program through the City of Cupertino’s sustainability office, who had a fellow placed for 2016-17. As the City of Cupertino’s Sustainability Manager was the acting Communications Manager for SVCE, the CCBA fellow primarily assisted with outreach projects for SVCE. In recognizing the need for additional outreach support in SVCE’s pre-launch period, the CCBA fellow transferred to working solely with SVCE in January 2017.

SEI’s services include recruitment for fellows along with preliminary interviews, monthly trainings for fellows, and opportunities for professional development. The CCBA fellowship extends over a 10-month period and the services include helping staff with outreach, communications efforts, report preparation, and any other needs the organization has for marketing and program development.

ANALYSIS & DISCUSSION

One of the core reasons that SVCE was established was to curb climate change through purchasing carbon free electricity and supporting programs that aligned with this mission. The CCBA fellowship program allows young professionals to work with companies, agencies and local governments on projects that address climate change issues. Hosting a CCBA fellow will not only help to develop the professional skills of recent college graduates, but it will also help SVCE to continue reaching the organization’s goals set forth in the adopted strategic plan.

Paige Wenzel, the CCBA fellow who SVCE hosted this past cycle, was instrumental in helping with outreach through the pre-launch, launch and enrollment phases. Paige assisted marketing and outreach staff by maintaining SVCE’s social media pages, website, coordinating community events, graphic design and research.

Having experienced the value of hosting a CCBA fellow during SVCE’s first year, staff recommends hiring two CCBA fellows for FY 2017-18, to continue with outreach activities to build customer awareness, and assist with program development. Once SVCE launches programs, outreach and marketing activities will increase as well.

Agenda Item: 1h**Agenda Date: 8/9/2017**

The added benefit of working with a defined fellowship program is that much of the recruitment effort and liability for the fellows is managed by SEI. The scope of work for SEI includes:

- Recruitment assistance
- Training and support of selected fellow(s)
- Development of metrics for fellow to measure and track progress
- Provide monthly follow-ups to review progress

CCBA fellows support the next generation of climate leaders, and the potential return on investment for SVCE is customer retention through better community outreach.

FISCAL IMPACT

The fiscal impact of this agreement would be \$84,000, which is included in the FY 2017-18 budget, should it be approved by the SVCE Board.

ATTACHMENTS

1. Service Agreement with Strategic Energy Innovations

**AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY AND
STRATEGIC ENERGY INNOVATIONS FOR
CLIMATE CORPS FELLOW HOSTING SERVICES**

THIS AGREEMENT, is entered into this 28th day of August 2017, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency, ("Authority"), and Strategic Energy Innovations, a nonprofit organization whose address is 899 Northgate Dr. #410, San Rafael, CA 94903 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties").

RECITALS:

A. Authority is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. Authority and Consultant desire to enter into an agreement for Climate Corps fellow hosting upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on August 28, 2017, and shall terminate on June 30, 2018, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed eighty-four thousand dollars (\$84,000) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**

Consultant and Authority agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**

Authority and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from Authority to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**

Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority's constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**

Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. Consultant agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**

Consultant shall, to the fullest extent allowed by law and without limitation of the provisions of this Agreement related to insurance, with respect to all services performed in connection with the Agreement, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liability, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of, pertaining to, or related to the performance of this Agreement by Consultant or Consultant's employees, officers, officials, agents or independent contractors. Such costs and expenses shall include reasonable attorneys' fees of counsel of Authority's choice, expert fees and all other costs and fees of litigation. The acceptance of the Services by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the Services or termination of this Agreement.

10. **INSURANCE:**

A. **General Requirements.** On or before the commencement of the term of this Agreement, Consultant shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and

certificates, which do not limit Consultant's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the Authority by certified mail, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to his/her/its insurance for recovery. Consultant hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or Authority with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against Authority by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by Authority are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. CONFLICT OF INTEREST

Consultant warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. Consultant agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff Authority, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general Authority or joint venturer or syndicate member or cotenant, if Consultant is a Authorityship or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **SUBCONTRACTOR APPROVAL**

Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant shall agree to be bound to Consultant and Authority in the same manner and to the same extent as Consultant is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to Authority.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. Consultant may retain a copy of any Report furnished to the Authority pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by Authority in execution or implementation of: (1) The original Project for which Consultant was hired; (2) Completion of the original Project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as Authority may require, furnish reports

concerning the status of services required under this Agreement.

D. All Reports required to be provided by this Agreement shall be printed on recycled paper. All Reports shall be copied on both sides of the paper except for one original, which shall be single sided. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement shall be made available to any individual or organization by Consultant without prior approval by Authority.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from Authority for all services required under this agreement.

If supplemental examination or audit of the records is necessary due to concerns raised by Authority's preliminary examination or audit of records, and the Authority's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Consultant shall reimburse Authority for all reasonable costs and expenses associated with the supplemental examination or audit.

16. **PARTY REPRESENTATIVES**

The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Stephen Miller shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**

Consultant shall maintain in confidence and not disclose to any third party or use in any manner not required or authorized under this Agreement any and all proprietary or confidential information held by Authority or provided to Consultant by Authority.

18. **NOTICES**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals shall be addressed as follows:

TO AUTHORITY:
333 W. El Camino Real
Suite 290
Sunnyvale CA 94087
Attention: Chief Executive Officer

TO CONSULTANT:
Stephen Miller, Deputy Director
Strategic Energy Innovations
899 Northgate Dr. Suite 410
San Rafael, CA 94903

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified and according to the requirements set forth in Authority's written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. If the termination is for cause, Authority may deduct from such payment the amount of actual damage, if any, sustained by Authority due to Consultant's failure to perform its material obligations under this Agreement. Upon termination, Consultant shall immediately deliver to the Authority any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of Authority.

20. **COMPLIANCE**

Consultant shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Santa Clara, State of California.

22. **ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority to do otherwise.

23. **WAIVER**

A waiver by Authority of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Authority and Consultant.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal Authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed as of the date set forth above.

CONSULTANT
Strategic Energy Innovations

By: _____
Name: Stephen Miller
Title: Deputy Director
Date: _____

SILICON VALLEY CLEAN ENERGY
AUTHORITY
A Joint Powers Authority

By: _____
Name: Tom Habashi
Title: Chief Executive Officer
Date: _____

RECOMMENDED FOR APPROVAL

Alan Suleiman, Director of Marketing &
Public Affairs

APPROVED AS TO FORM:

Counsel for Authority

ATTEST:

Authority Clerk

Exhibit A Scope of Services

Through Climate Corps, SEI agrees to:

- Recruit and assist in selection of a Fellow for a commitment of 1480 hours over a period of 10 months.
- Train and support the selected Fellow with a comprehensive training program that includes a training manual, a multi-day orientation led by an array of experts, monthly trainings, a mid-year two-day retreat, and two Professional Development Assessment reviews.
- Work with the Authority to develop a specific Fellowship Scope for specific Authority initiatives that aligns with Climate Corps goals and defines the Training Plan for the Fellow.
- Provide assistance in defining and developing metrics for the Fellow to measure and track the progress of project activities throughout their Fellowship.
- Provide monthly follow-ups to review progress with Site Supervisor and Fellows.
- Define and implement any corrections to Fellow's plan determined to be necessary based on feedback collected from Fellow and Authority.

Authority agrees to:

- Take part in the recruitment and interview process to identify a Fellow best fitted for the specific projects' needs, with the understanding that Authority has right of refusal of any proposed Fellow.
- Provide one to three specific climate resiliency initiatives that their Fellow can work on during their term of service.
 - Initiatives must be well-defined, approved for implementation, and include specific learning objectives.
 - Authority will work with SEI to finalize a mutually agreed-upon Fellowship Scope no later than one month after the Fellow arrives on site.
- Assign a Site Supervisor who will be available to meet at least weekly with the Fellow for one-on-one project meeting time, coordinate other necessary staff supervision needed for successful implementation of the Fellowship Scope.
- Support Fellow to complete monthly reporting to SEI indicating whether progress is being made on the initiatives.
- Provide feedback on Program and Fellow effectiveness by:
 - Filling out and submitting a Professional Development Assessment providing feedback on Fellow activities two times a year;
 - Participating in program-wide conference calls to discuss program progress; and
 - Responding to Authority feedback surveys as requested.
- Attend or send a representative to Authority Orientation.
- Not to hire Fellow for projects related to SEI community service programs during the Fellowship term (if the Authority decides to hire the Fellow for like projects prior to the completion of the program year of service, the MOU will be considered terminated, and SEI will be due estimated program costs as set forth below).
- Refrain from using the Fellow for displacement of a Authority Agency employee during the Fellowship term.

- Assume full risk and responsibility for any accidents related to allowing the Fellow to operate any Authority-owned vehicles while under this contract.
- Allow SEI to share results from this program through grant reporting, program marketing, and fundraising.
- Provide program-wide support through either:
 - Sponsoring a venue and staff presentations for a monthly training event for all Fellows; or
 - Participating in a program sponsored training session or professional development event.
 - Being receptive to informational interview requests from 1 or more current Fellows.

Exhibit B **Schedule of Performance**

This Agreement will become effective on the date of final signature and shall continue in full force and effect through June 30, 2018, unless earlier terminated. Should the host agency fail to select a Fellow after participating in the Climate Corps recruit, then the host agency agrees to compensate SEI \$2,500 for the recruiting effort.

The Fellows' term of service runs from August 28, 2017 through June 30, 2018, during which Fellows are expected to complete their program hours commitment of 1480 site hours and an additional 148 hours in program training activities. The first day after the program orientation and training week that Fellows will be available to work is Monday, October 2, 2017. During their term of service, Fellows are expected to implement programs that provide significant professional development experience through the implementation of climate resiliency projects. Fellows are expected to devote approximately 90% of their site hours to experiential learning activities, and up to 10% of these site hours for specific training and coaching as approved by their Host Agency. If a Fellow is unable to complete their full 1480 site hours by June 30 due to any unforeseen circumstances during their term, they may, at the discretion of SEI and the agency, be allowed time to complete their hours at the agency, or at another approved agency where there are service opportunities available.

Authority funds are committed to all Program expenses as of October 2, 2017. In the event that this Agreement is terminated prior to June 30, 2018, program reimbursements will be determined as follows:

1. Climate Corps considers it a success when the Authority hire on their Fellows. If a Fellow is hired on by the host agency before the fellowship's official end date, then the reimbursement will be calculated by looking at the avoided costs in unspent Fellow stipend payments for balance of the invoice period (so either the Fall or Spring Semester,) subtracting out a buyout contingency the equates to 15% of the total program fee associated with the Fellow if before the end of Fall Semester, or equaling 10% of the total program fee associated with the Fellow if after the close of the Fall Semester.
2. If a Fellow is fired or otherwise leaves the program and is NOT hired on by the Authority Agency, then the reimbursement will be issued on a prorated basis for unspent Authority funds, calculated based on an 8-month spend down that equates to \$130/day for 272 days between October 2, 2017 – June 30, 2018.

In the event that a Fellow terminates their program participation early, SEI staff will work with the Authority to:

1. Recruit for a replacement should the Fellow leave prior to the late January/ early February spring semester registration into Climate Corps certificate courses; or
2. Work with the Authority to transition the Fellow's work internally (to other Fellows/ staff) and to reimburse the Authority for unexpended funds as detailed in the above scenario #2.

Exhibit C Compensation

Authority shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The Authority will provide SEI with \$42,000 per Fellow and requests [2] Fellows for the remaining Program Year for a total payment amount of [\$84,000] to support the implementation of the program. Host Agency will complete payments within thirty (30) days of receiving invoices. The invoices will be dispersed according to the following schedule:

- Invoice 1 (60%):
 - Due: October 15, 2017
 - Amount: [\$59,200]
- Invoice 2 (40%):
 - Due: January 15, 2018
 - Amount: [\$24,800]

Total **\$84,000**

The Parties agree that if the Authority fails to make any payments 90 days after an invoice is received and marked due, SEI will immediately assess a late payment penalty of 1.5% of the unpaid amount.

The above figure includes the additional amount of [\$22,000] that will be charged in the first invoice. If these funds were elected towards an enhanced monthly stipend, then the funds will be paid out to the Fellow twice a month as part of their regular stipend checks. If these funds were elected towards a reimbursable account, then the funds will be available for the Authority to use for Authority specific costs such as commuting, trainings, and other benefits as seen as necessary. The Authority will be able to access funds by completing a Climate Corps Expense Report and submitting it to the SEI Program Director. Funds will be able to be dispersed to Fellows with Site Supervisor approval. SEI requests thirty (30) days' notice for distribution of these funds.

Reimbursable Expenses

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority and shall only be reimbursed to the extent consistent with Authority's travel policy.

Additional Services

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Authority's Chief Executive Officer prior to commencement of any additional services. Consultant shall submit, at the Chief Executive Officer's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation.

Exhibit D
Insurance Requirements and Proof of Insurance

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**
Statutory coverage as required by the State of California.
- (2) **Liability:**
Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.
- (3) **Automotive:**
Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.
- (4) **Professional Liability**
Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.



TREASURER REPORT

**Fiscal Year to Date
As of May 31, 2017**

(Preliminary & Unaudited)

Issue Date: August 9, 2017

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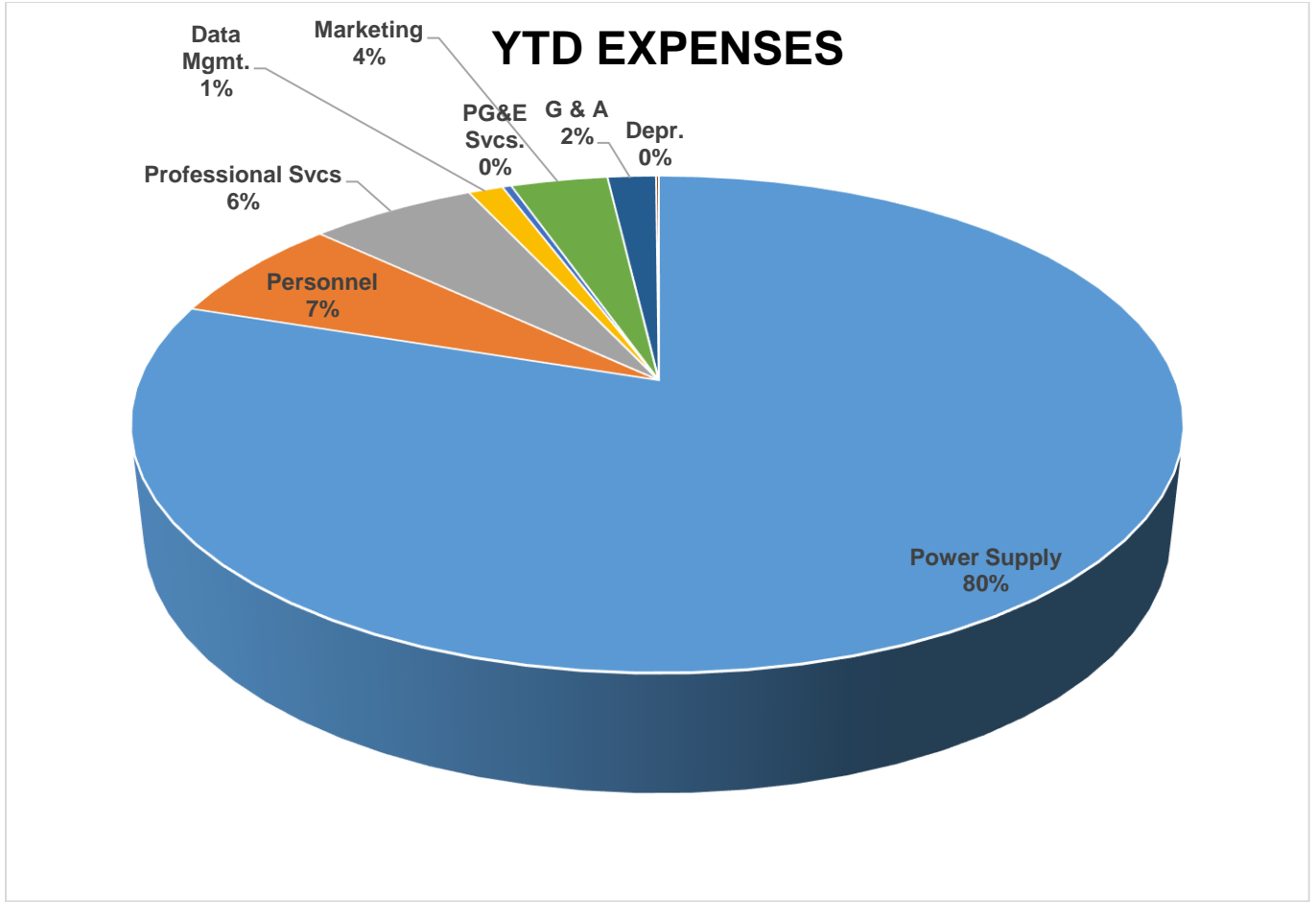
SILICON VALLEY CLEAN ENERGY AUTHORITY

Financial Statement Highlights (\$ in 000's)

Financial Highlights for the month of May 2017:

- > SVCE operations resulted in net gain for the month of \$5.1 million, bringing the year-to-date to \$3.6 million.
 - o Energy Sales year-to-date are \$15.6 million, slightly below budget based on lower than forecast MWh sales.
 - o Focus on expense management results in a very strong positive year-to-date variance of O&M costs below budget.
 - o SVCE ends May in stable cash position.
- > Retail MWh sales were 6% less than budget year-to-date.
 - o With SVCE being in the second month of operation, the variance is not surprising and variances should normalize in future months.
 - o 84% of the year-to-date sales were from Commercial and Industrial accounts. Majority of residential accounts roll out in Phase 2.
- > Power Supply
 - o Approximately 327,000 MWh's of energy above load was supplied to CAISO.
 - o One supplier has delivered 288,000 MWh of carbon free energy out of their 400,000 MWh annual requirement.
 - o Power Supply costs year-to-date are below budget by 16%.
- > Financing - SVCE made no draws against the Lines of Credit in May
 - o At the end of May, SVCE has \$0.5 million remaining on the NRLOC and \$15.1 million remaining on the RLOC.
 - o Due to the receipts of cash from the sale of power to the CAISO and the timing of energy supply payments, staff forecasts that no further draws against lines of credit will be needed.

Change in Net Assets	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Actual	(42)	(190)	(252)	(261)	(464)	(391)	69	5,114					3,583	30,207
Net Supply Costs	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Energy	-	-	-	-	-	-	6,202	11,146					17,348	
Capacity	-	-	-	-	-	-	95	247					342	
Ancillary	-	-	-	-	-	-	139	168					307	
NEM credits	-	-	-	-	-	-	-	54					54	
Less: Credits	-	-	-	-	-	-	(3,292)	(5,244)					(8,536)	
Net Power Costs	-	-	-	-	-	-	3,144	6,370	-	-	-	-	9,514	66,671
Other	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Capital Expenditures	24	3	131	10	6	2	-	8					185	250
Energy Programs	-	-	-	-	-	-	-	-					-	400
Load Statistics - MWh	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Retail Sales Actual	-	-	-	-	-	-	64,381	132,105					196,486	
Retail Sales Budget	-	-	-	-	-	-	70,835	139,852					210,686	1,236,689



Other Statistics and Ratios		
Working Capital		\$3,000,551
Current Ratio		1.1
Contribution Margin		\$5,877,830
Opt-Out Accounts		2,180
Opt-Up Accounts		1,991

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Fiscal Year to Date**

OPERATING REVENUES

Electricity Sales, Net	\$ 15,540,751
GreenPrime electricity premium	40,298
TOTAL OPERATING REVENUES	<u>15,581,049</u>

OPERATING EXPENSES

Cost of Electricity	9,514,321
Staff Compensation and benefits	815,538
Data Manager	150,000
Service Fees - PG&E	38,898
Consultants and Other Professional Fees	448,241
Legal	274,746
Communications & Noticing	418,292
General & Administrative	208,744
Depreciation	12,272
TOTAL OPERATING EXPENSES	<u>11,881,052</u>
OPERATING INCOME(LOSS)	<u>3,699,997</u>

NONOPERATING REVENUES (EXPENSES)

Interest Income	484
Interest and related expenses	(40,910)
Financing costs	(77,000)
TOTAL NONOPERATING EXPENSES	<u>(117,426)</u>

CHANGE IN NET POSITION

	3,582,571
Net Position at beginning of period	(1,110,365)
Net Position at end of period	<u>\$ 2,472,206</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of May 31, 2017

ASSETS

Current Assets

Cash & Cash Equivalents	\$ 6,774,231
Accounts Receivable, net of allowance	5,978,047
Energy Settlements Receivable	2,531,016
Accrued Revenue	8,762,158
Other Receivables	494
Prepaid Expenses	133,120
Deposits	500,000
Restricted cash - lockbox	1,000,000

Total Current Assets **25,679,066**

Noncurrent assets

Capital assets, net of depreciation	173,095
Deposits	128,560
Restricted cash - debt collateral	1,900,000

Total Noncurrent Assets **2,201,655**

Total Assets **27,880,721**

LIABILITIES

Current Liabilities

Accounts Payable	125,552
Accrued Cost of Electricity	17,648,954
Accrued Interest Payable	9,736
Accrued Payroll & Benefits	134,218
Other Accrued Liabilities	201,500
User Taxes and Energy Surcharges due to other gov'ts	158,555
Notes Payable to Bank	4,400,000

Total Current Liabilities **22,678,515**

Noncurrent Liabilities

Loans Payable to JPA members	2,730,000
------------------------------	-----------

Total Noncurrent Liabilities **2,730,000**

Total Liabilities **25,408,515**

NET POSITION

Net investment in capital assets	173,095
Unrestricted (deficit)	2,299,111
Total Net Position	\$ 2,472,206

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS
Fiscal Year to Date

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 949,724
Tax and surcharge receipts from customers	49,675
Energy settlements received	5,698,617
Payments to purchase electricity	(94,999)
Payments for staff compensation and benefits	(696,794)
Payments for consultants and other professional services	(664,925)
Payments for legal fees	(274,210)
Payments for communication and noticing	(373,906)
Payments for general and administrative	(297,126)
Net cash provided (used) by operating activities	<u>4,296,056</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from bank notes	4,400,000
Proceeds from loans from JPA members	165,591
Payments of deposits and collateral	(3,500,000)
Interest and related expense payments	(31,174)
Finance costs	(77,000)
Net cash provided (used) by non-capital financing activities	<u>957,417</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(185,367)</u>
Net change in cash and cash equivalents	5,068,106
Cash and cash equivalents at beginning of year	<u>1,706,125</u>
Cash and cash equivalents at end of period	<u>\$ 6,774,231</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (Continued)
Fiscal Year to Date

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

Operating Income (loss)	\$ 3,699,997
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	12,272
Revenue reduced for uncollectible accounts	78,297
(Increase) decrease in net accounts receivable	(6,056,344)
(Increase) decrease in energy settlements receivable	(2,531,016)
(Increase) decrease in other receivables	(10)
(Increase) decrease in accrued revenue	(8,762,158)
(Increase) decrease in prepaid expenses	(107,745)
Increase (decrease) in accounts payable	(29,403)
Increase (decrease) in accrued payroll & benefits	123,729
Increase (decrease) in accrued cost of electricity	17,648,954
Increase (decrease) in accrued liabilities	60,928
Increase (decrease) taxes and surcharges due to other governments	158,555
Net cash provided (used) by operating activities	<u>\$ 4,296,056</u>

**SILICON VALLEY CLEAN ENERGY
BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR TO DATE**

	FYTD Actual	FYTD Budget	Variance \$	%	FY 2016-17 Budget	% Budget Spent
REVENUES & OTHER SOURCES						
Energy Sales	\$ 15,540,751	\$ 16,410,381	\$ (869,630)	-5%	\$ 103,303,000	
Green Prime Premium	40,298	42,137	(1,839)	-4%	247,000	
Investment Income	484	1,000	(516)	-52%	16,000	
TOTAL REVENUES & OTHER SOURCES	<u>15,581,533</u>	<u>16,453,518</u>	<u>(871,985)</u>	<u>-5%</u>	<u>103,566,000</u>	
EXPENDITURES & OTHER USES						
CURRENT EXPENDITURES						
Power Supply	9,514,321	11,342,550	1,828,229	16%	66,671,000	14%
Data Management	150,000	147,953	(2,047)	-1%	1,030,000	15%
PG&E Fees	38,898	64,803	25,905	40%	430,000	9%
Salaries & Benefits	815,538	1,202,000	386,462	32%	1,902,000	43%
Professional Services	722,987	1,153,333	430,346	37%	1,730,000	42%
Marketing & Promotions	326,954	156,667	(170,287)	-109%	235,000	139%
Notifications	91,338	370,000	278,662	75%	410,000	22%
Office Lease	108,419	126,500	18,081	14%	245,000	44%
General & Administrative	100,325	83,333	(16,992)	-20%	125,000	80%
TOTAL CURRENT EXPENDITURES	<u>11,868,780</u>	<u>14,647,139</u>	<u>2,778,359</u>	<u>19%</u>	<u>72,778,000</u>	<u>16%</u>
OTHER USES						
Customer Programs	-	133,333	133,333	0%	400,000	0%
Office Equipment	185,367	230,000	44,633	19%	250,000	74%
CPUC Deposit	100,000	100,000	-	0%	100,000	100%
TOTAL OTHER USES	<u>285,367</u>	<u>463,333</u>	<u>177,966</u>	<u>38%</u>	<u>750,000</u>	<u>38%</u>
DEBT SERVICE						
Financing	77,000	77,000	-	0%	77,000	100%
Interest	40,910	44,000	3,090	7%	84,000	49%
TOTAL DEBT SERVICE	<u>117,910</u>	<u>121,000</u>	<u>3,090</u>	<u>3%</u>	<u>161,000</u>	<u>73%</u>
Total Expenditures, Other Uses & Debt Service	<u>12,272,057</u>	<u>15,231,472</u>	<u>2,959,415</u>	<u>19%</u>	<u>73,689,000</u>	<u>17%</u>
Net Increase(Decrease) in Available Fund Balance	<u>\$ 3,309,476</u>	<u>\$ 1,222,046</u>	<u>\$ 2,087,430</u>	<u>171%</u>	<u>\$ 29,877,000</u>	

SILICON VALLEY CLEAN ENERGY AUTHORITY
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION

Net Increase (decrease) in available fund balance per budgetary comparison schedule	\$ 3,309,476
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position	
Subtract depreciation expense	(12,272)
Add back capital asset acquisitions	185,367
Add back collateral deposits	<u>100,000</u>
Change in Net Position	<u><u>3,582,571</u></u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FISCAL YEAR-TO-DATE**

	October	November	December	January	February	March	April	May	YTD
OPERATING REVENUES									
Electricity sales, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,590,587	\$ 11,950,163	\$ 15,540,750
Green electricity premium	-	-	-	-	-	-	-	40,298	40,298
Total operating revenues	-	-	-	-	-	-	3,590,587	11,990,461	15,581,048
OPERATING EXPENSES									
Cost of electricity	-	-	-	-	-	-	3,144,030	6,370,292	9,514,322
Staff compensation and benefits	21,312	20,014	64,175	111,207	120,565	163,943	143,130	171,190	815,536
Data manager	-	-	-	-	-	-	75,000	75,000	150,000
Service fees - PG&E	-	-	-	920	-	1,840	-	36,138	38,898
Consultants and other professional fees	10,390	109,598	54,286	59,881	46,797	69,341	46,862	51,088	448,243
Legal	-	42,240	49,129	23,269	84,141	36,732	2,610	36,623	274,744
Communications and noticing	6,990	17,857	-	48,304	135,705	73,751	63,254	72,431	418,292
General and administration	3,067	-	7,427	13,501	62,184	35,255	35,813	51,498	208,745
Depreciation	-	281	356	1,946	2,223	2,394	2,455	2,617	12,272
Total operating expenses	41,759	189,990	175,373	259,028	451,615	383,256	3,513,154	6,866,877	11,881,052
Operating income (loss)	(41,759)	(189,990)	(175,373)	(259,028)	(451,615)	(383,256)	77,433	5,123,584	3,699,996
NONOPERATING REVENUES (EXPENSES)									
Interest income	-	-	-	-	-	-	228	256	484
Interest and related expense	-	-	-	(2,368)	(11,952)	(7,840)	(9,013)	(9,736)	(40,909)
Financing costs	-	-	(77,000)	-	-	-	-	-	(77,000)
Total nonoperating revenues (expenses)	-	-	(77,000)	(2,368)	(11,952)	(7,840)	(8,785)	(9,480)	(117,425)
CHANGE IN NET POSITION	\$ (41,759)	\$ (189,990)	\$ (252,373)	\$ (261,396)	\$ (463,567)	\$ (391,096)	\$ 68,648	\$ 5,114,104	\$ 3,582,571

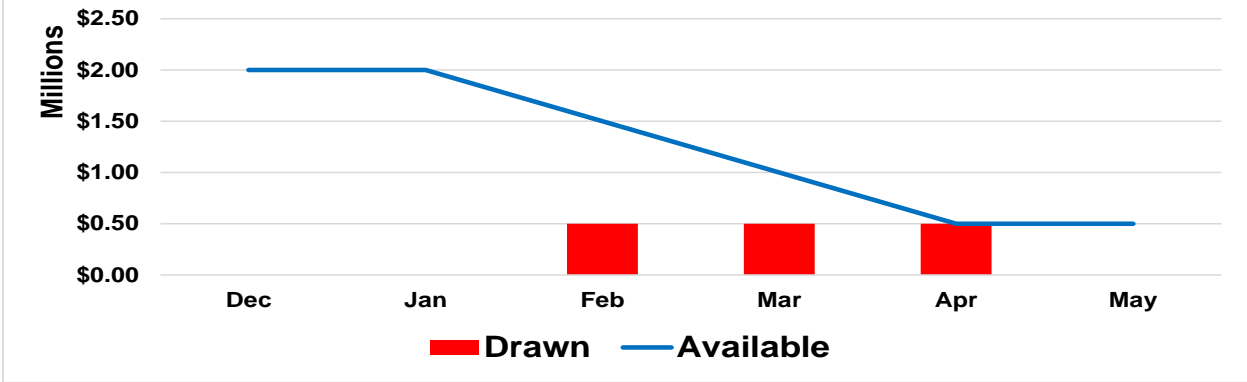
PERSONNEL REPORT

HEADCOUNT				
Position	Budget	Actual	Variance	
Chief Executive Officer	1	1	0	
Account Representative I / II	2	1	1	
Account Services Manager	1	1	0	
Administrative Analyst	2	1	1	
Administrative Assistant	1	1	0	
Board Clerk/Executive Assistant	1	1	0	
Community Outreach Manager	1	1	0	
Community Outreach Specialist	1	0	1	
Director of Administration & Finance	1	1	0	
Director of Marketing & Public Affairs	1	1	0	
Director of Power Resources	1	0	1	
Finance Manager	1	0	1	
General Counsel & Director of Government Affairs	1	0	1	
Power Contracts & Compliance Specialist	1	1	0	
Power Resource Planning & Programs Analyst	2	0	2	
Regulatory/Legislative Analyst	<u>1</u>	<u>1</u>	<u>0</u>	
Total	<u>19</u>	<u>11</u>	<u>8</u>	

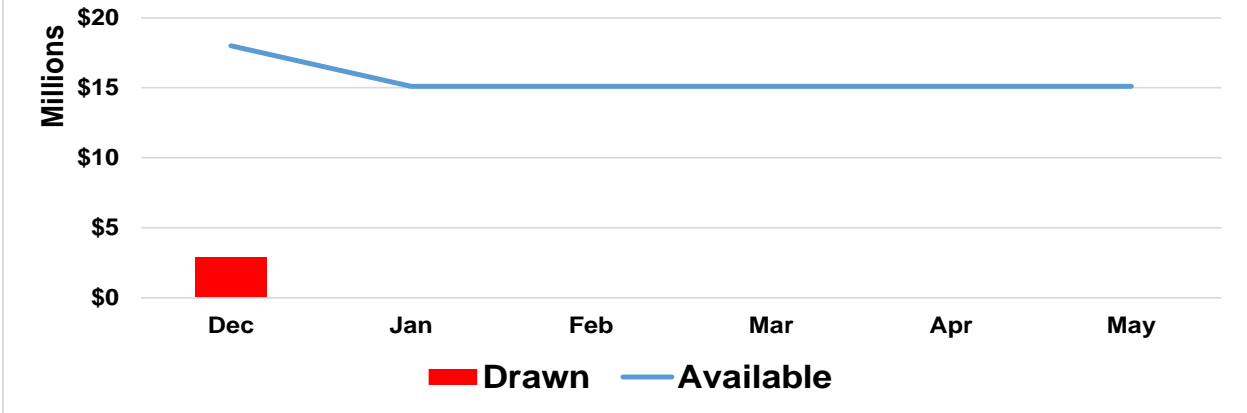
CONTINGENT POSITIONS			
Position	Hours		% YTD Spent
	FY2016-17 Budget	FY2016-17 Actual	
Interns / Part-Time	4,300	150	3%

FINANCING REPORT

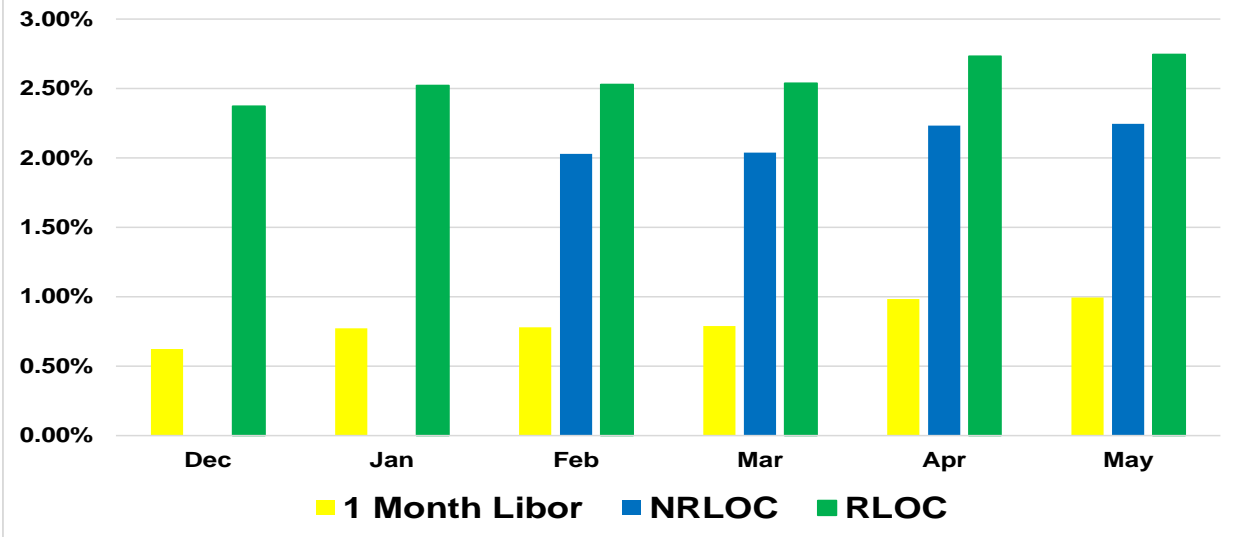
NON-REVOLVING LINE OF CREDIT



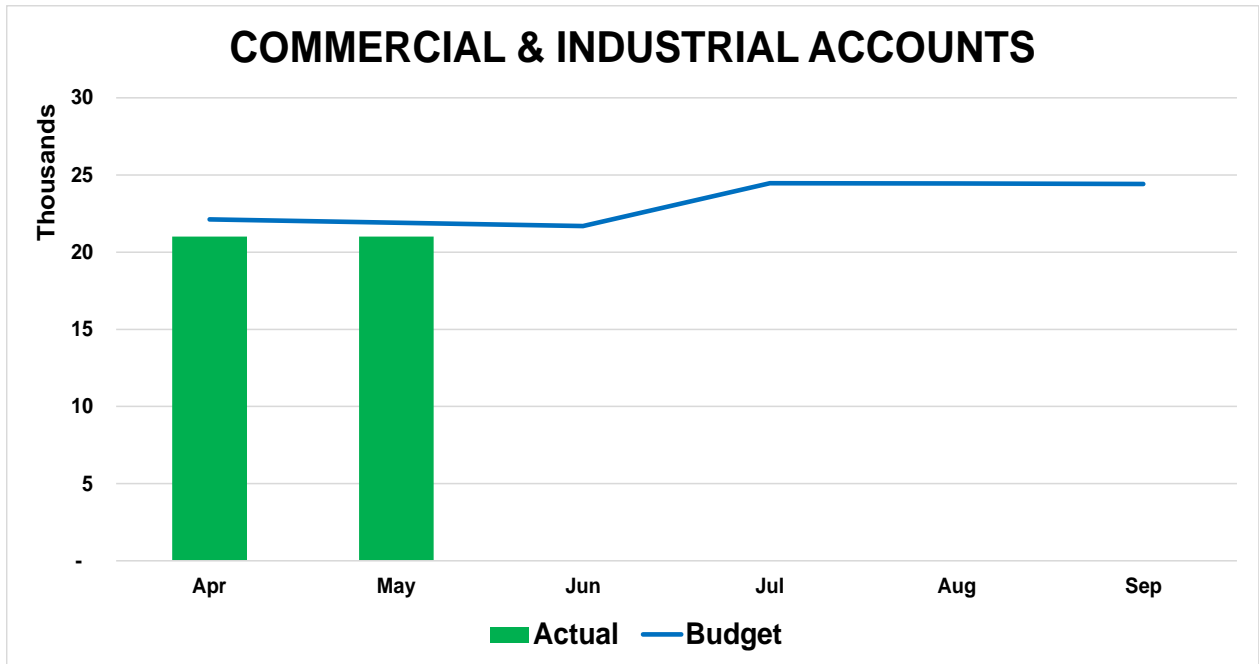
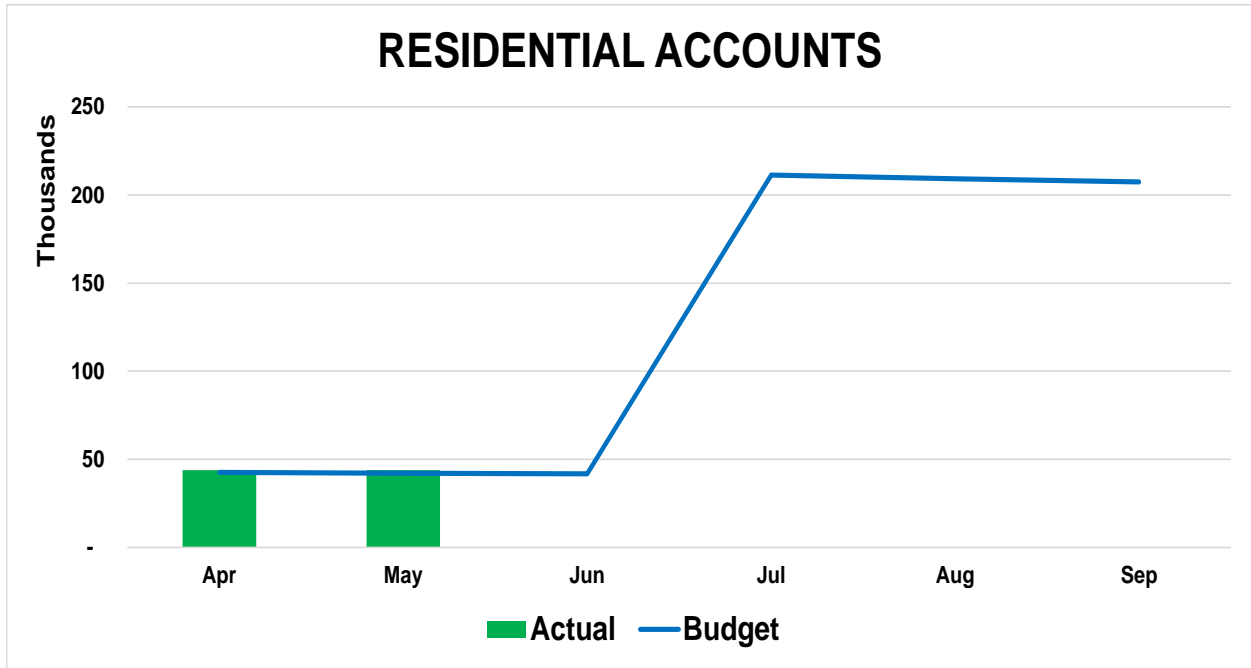
REVOLVING LINE OF CREDIT



Interest Rates of Lines of Credit



CUSTOMER ACCOUNTS



**SILICON VALLEY CLEAN ENERGY AUTHORITY
 ACCOUNTS RECEIVABLE AGING REPORT
 MAY 2017**

	Total	Days			
		1-30	31-60	61-90	Over 90
Accounts Receivable	\$6,056,344	\$6,056,333	\$11		
Period %	100%	100%	0%		



TREASURER REPORT

**Fiscal Year to Date
As of June 30, 2017**

(Preliminary & Unaudited)

Issue Date: August 9, 2017

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SILICON VALLEY CLEAN ENERGY AUTHORITY

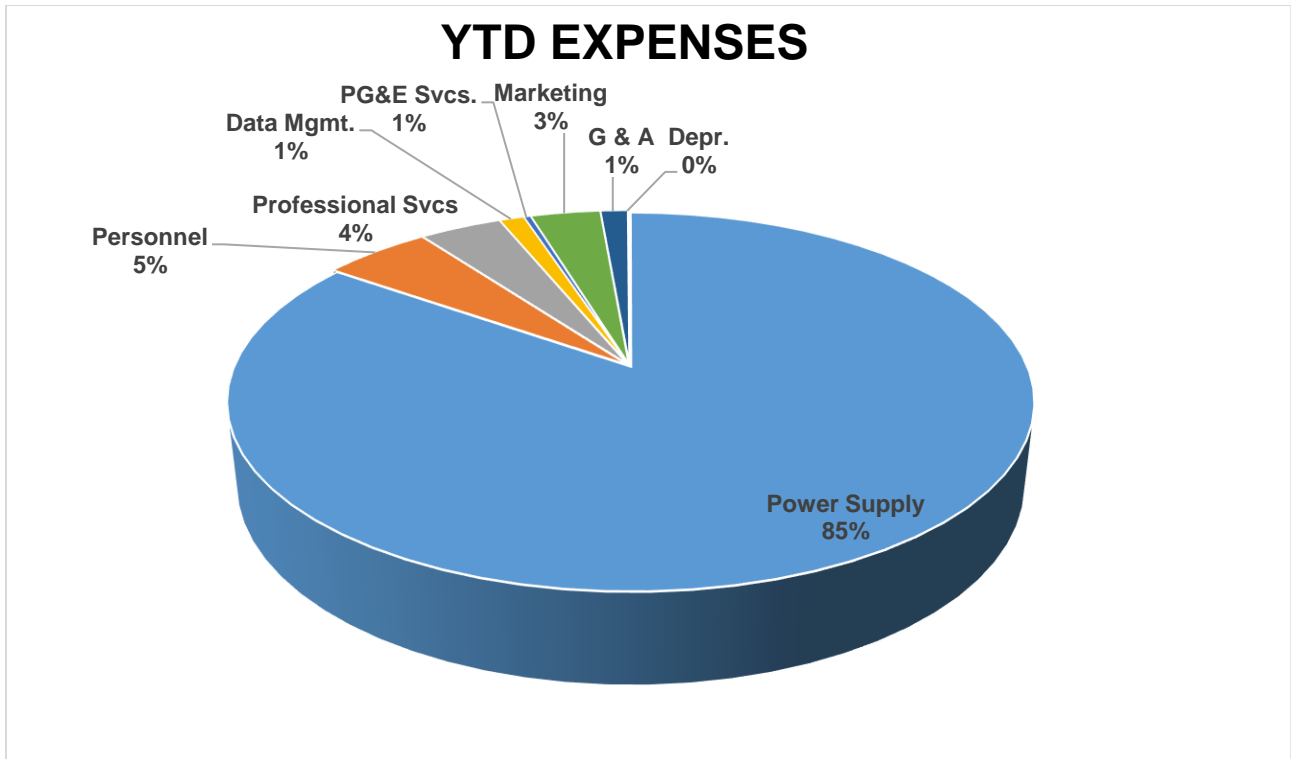
Financial Statement Highlights (\$ in 000's)

Financial Highlights for the month of June 2017:

*SVCE expects to pay down the Non-Revolving Line of Credit in early August and the Revolving Line of Credit by end of the fiscal year.
The FY 2017-18 Proposed Budget projects retiring the Member Agency Loan by end of calendar year 2017.*

- > SVCE operations resulted in net gain for the month of \$4.2 million, bringing the year-to-date to \$7.8 million.
 - o The unbilled revenue estimate in May was too high and reversed in June. This correction to the year-to-date revenue drove the June revenue results down. The issues causing the overestimation in May have been corrected moving forward.
 - o Energy Sales year-to-date are \$27.1 million, slightly below budget based on lower than forecast MWh sales.
 - o Focus on expense management results in a very strong positive year-to-date variance of O&M costs below budget.
- > Retail MWh sales were 2.5% less than budget year-to-date.
 - o A mid-month heat wave was the driver for retail sales 3.5% above budget for the month.
 - o 85% of the year-to-date sales were from Commercial and Industrial accounts. Majority of residential accounts roll out in Phase 2.
- > Power Supply
 - o Approximately 288,000 MWh's of energy was supplied to CAISO.
 - o One supplier has delivered nearly all of its carbon free energy out of their 400,000 MWh annual requirement.
 - o Partially offsetting Power Supply costs was \$0.2 million gain from Congestion Revenue Rights
 - o Power Supply costs year-to-date are below budget by 16%.
- > Financing - SVCE made no draws against the Lines of Credit in June.
 - o During July, CAISO refunded to SVCE the \$0.5 million deposit based on current financial performance.
 - o Staff forecasts no further draws against lines of credit will be needed.

Change in Net Assets	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Actual	(42)	(190)	(252)	(261)	(464)	(391)	69	5,114	4,221				7,803	30,207
Power Supply Costs	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Energy	-	-	-	-	-	-	6,202	11,146	10,467				27,815	
Capacity	-	-	-	-	-	-	95	247	356				698	
Ancillary	-	-	-	-	-	-	139	168	332				638	
NEM credits	-	-	-	-	-	-	-	54	72				126	
Less: Credits	-	-	-	-	-	-	(3,292)	(5,244)	(4,475)				(13,010)	
Net Power Costs	-	-	-	-	-	-	3,144	6,370	6,752	-	-	-	16,266	66,671
Other	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Capital Expenditures	24	3	131	10	6	2	-	8	-				185	250
Energy Programs	-	-	-	-	-	-	-	-	-				-	400
Load Statistics - MWh	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total	Budget
Retail Sales Actual	-	-	-	-	-	-	64,381	132,105	152,417				348,903	
Retail Sales Budget	-	-	-	-	-	-	70,835	139,852	147,248	236,688	311,145	330,922	1,236,689	1,236,689



Other Statistics and Ratios	
Working Capital	\$7,223,779
Current Ratio	1.3
Contribution Margin	\$10,571,673
Opt-Out Accounts	3,516
Opt-Up Accounts	2,109

SILICON VALLEY CLEAN ENERGY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

Fiscal Year to Date

OPERATING REVENUES

Electricity Sales, Net	\$ 27,037,479
GreenPrime electricity premium	<u>87,758</u>
TOTAL OPERATING REVENUES	<u>27,125,237</u>

OPERATING EXPENSES

Cost of Electricity	16,266,094
Staff Compensation and benefits	991,077
Data Manager	225,000
Service Fees - PG&E	62,470
Consultants and Other Professional Fees	486,174
Legal	267,356
Communications & Noticing	638,388
General & Administrative	247,700
Depreciation	<u>14,889</u>
TOTAL OPERATING EXPENSES	<u>19,199,148</u>
OPERATING INCOME(LOSS)	<u>7,926,089</u>

NONOPERATING REVENUES (EXPENSES)

Interest Income	863
Interest and related expenses	(50,552)
Financing costs	<u>(73,218)</u>
TOTAL NONOPERATING EXPENSES	<u>(122,907)</u>

CHANGE IN NET POSITION

	7,803,182
Net Position at beginning of period	<u>(1,110,365)</u>
Net Position at end of period	<u>\$ 6,692,817</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of June 30, 2017

ASSETS

Current Assets

Cash & Cash Equivalents	\$ 14,211,123
Accounts Receivable, net of allowance	8,069,317
Energy Settlements Receivable	1,929,481
Accrued Revenue	8,098,717
Other Receivables	639,006
Prepaid Expenses	142,735
Deposits	500,000
Restricted cash - lockbox	1,000,000

Total Current Assets **34,590,379**

Noncurrent assets

Capital assets, net of depreciation	170,478
Deposits	128,560
Restricted cash - debt collateral	1,900,000

Total Noncurrent Assets **2,199,038**

Total Assets **36,789,417**

LIABILITIES

Current Liabilities

Accounts Payable	94,106
Accrued Cost of Electricity	22,033,841
Accrued Interest Payable	9,642
Accrued Payroll & Benefits	152,588
Other Accrued Liabilities	268,582
User Taxes and Energy Surcharges due to other gov'ts	407,841
Notes Payable to Bank	4,400,000

Total Current Liabilities **27,366,600**

Noncurrent Liabilities

Loans Payable to JPA members	2,730,000
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Total Noncurrent Liabilities **2,730,000**

Total Liabilities **30,096,600**

NET POSITION

Net investment in capital assets	170,478
Unrestricted (deficit)	6,522,339
Total Net Position	\$ 6,692,817

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS
Fiscal Year to Date

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 10,469,506
Tax and surcharge receipts from customers	266,036
Energy settlements received	10,443,062
Payments to purchase electricity	(6,604,795)
Payments for staff compensation and benefits	(856,586)
Payments for consultants and other professional services	(733,847)
Payments for legal fees	(276,820)
Payments for communication and noticing	(604,430)
Payments for general and administrative	(363,224)
Net cash provided (used) by operating activities	<u>11,738,902</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from bank notes	4,400,000
Proceeds from loans from JPA members	165,591
Payments of deposits and collateral	(3,500,000)
Interest and related expense payments	(40,910)
Finance costs	(73,218)
Net cash provided (used) by non-capital financing activities	<u>951,463</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition of capital assets	<u>(185,367)</u>
-------------------------------	-------------------------

Net change in cash and cash equivalents	12,504,998
Cash and cash equivalents at beginning of year	<u>1,706,125</u>
Cash and cash equivalents at end of period	<u><u>\$ 14,211,123</u></u>

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (Continued)
Fiscal Year to Date

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

Operating Income (loss)	\$ 7,926,089
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	14,889
Revenue reduced for uncollectible accounts	136,308
(Increase) decrease in net accounts receivable	(8,205,625)
(Increase) decrease in energy settlements receivable	(1,929,481)
(Increase) decrease in other receivables	(638,143)
(Increase) decrease in accrued revenue	(8,098,717)
(Increase) decrease in prepaid expenses	(117,360)
Increase (decrease) in accounts payable	(60,849)
Increase (decrease) in accrued payroll & benefits	142,099
Increase (decrease) in accrued cost of electricity	22,033,841
Increase (decrease) in accrued liabilities	128,010
Increase (decrease) taxes and surcharges due to other governments	407,841
Net cash provided (used) by operating activities	<u>\$ 11,738,902</u>

**SILICON VALLEY CLEAN ENERGY
BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR TO DATE**

	<u>FYTD</u> <u>Actual</u>	<u>FYTD</u> <u>Budget</u>	<u>Variance</u> <u>\$</u>	<u>%</u>	<u>FY 2016-17</u> <u>Budget</u>	<u>% Budget</u> <u>Spent</u>
REVENUES & OTHER SOURCES						
Energy Sales	\$ 27,037,479	\$ 29,506,089	\$ (2,468,610)	-8%	\$ 103,303,000	
Green Prime Premium	87,758	71,587	16,171	23%	247,000	
Investment Income	863	1,500	(637)	-42%	16,000	
TOTAL REVENUES & OTHER SOURCES	<u>27,126,100</u>	<u>29,579,176</u>	<u>(2,453,076)</u>	<u>-8%</u>	<u>103,566,000</u>	
EXPENDITURES & OTHER USES						
CURRENT EXPENDITURES						
Power Supply	16,266,094	19,303,979	3,037,885	16%	66,671,000	24%
Data Management	225,000	220,793	(4,207)	-2%	1,030,000	22%
PG&E Fees	62,470	94,369	31,899	34%	430,000	15%
Salaries & Benefits	991,077	1,377,000	385,923	28%	1,902,000	52%
Professional Services	753,530	1,297,500	543,970	42%	1,730,000	44%
Marketing & Promotions	424,851	176,250	(248,601)	-141%	235,000	181%
Notifications	213,537	380,000	166,463	44%	410,000	52%
Office Lease	134,050	156,125	22,075	14%	245,000	55%
General & Administrative	113,650	93,750	(19,900)	-21%	125,000	91%
TOTAL CURRENT EXPENDITURES	<u>19,184,259</u>	<u>23,099,766</u>	<u>3,915,507</u>	<u>17%</u>	<u>72,778,000</u>	<u>26%</u>
OTHER USES						
Customer Programs	-	200,000	200,000	0%	400,000	0%
Office Equipment	185,367	240,000	54,633	23%	250,000	74%
CPUC Deposit	100,000	100,000	-	0%	100,000	100%
TOTAL OTHER USES	<u>285,367</u>	<u>540,000</u>	<u>254,633</u>	<u>47%</u>	<u>750,000</u>	<u>38%</u>
DEBT SERVICE						
Financing	73,218	77,000	3,782	5%	77,000	95%
Interest	50,552	54,000	3,448	6%	84,000	60%
TOTAL DEBT SERVICE	<u>123,770</u>	<u>131,000</u>	<u>7,230</u>	<u>6%</u>	<u>161,000</u>	<u>77%</u>
Total Expenditures, Other Uses & Debt Service	<u>19,593,396</u>	<u>23,770,766</u>	<u>4,177,370</u>	<u>18%</u>	<u>73,689,000</u>	<u>27%</u>
Net Increase(Decrease) in Available Fund Balance	<u>\$ 7,532,704</u>	<u>\$ 5,808,410</u>	<u>\$ 1,724,294</u>	<u>30%</u>	<u>\$ 29,877,000</u>	

SILICON VALLEY CLEAN ENERGY AUTHORITY
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION

Net Increase (decrease) in available fund balance per budgetary comparison schedule	\$ 7,532,704
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position	
Subtract depreciation expense	(14,889)
Add back capital asset acquisitions	185,367
Add back collateral deposits	<u>100,000</u>
Change in Net Position	<u>7,803,182</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FISCAL YEAR-TO-DATE**

	October	November	December	January	February	March	April	May	June	YTD
OPERATING REVENUES										
Electricity sales, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,590,587	\$ 11,950,163	\$ 11,496,729	\$ 27,037,479
Green electricity premium	-	-	-	-	-	-	-	40,298	47,460	87,758
Total operating revenues	-	-	-	-	-	-	3,590,587	11,990,461	11,544,189	27,125,237
OPERATING EXPENSES										
Cost of electricity	-	-	-	-	-	-	3,144,030	6,370,292	6,751,772	16,266,094
Staff compensation and benefits	21,312	20,014	64,175	111,207	120,565	163,943	143,130	171,190	175,541	991,077
Data manager	-	-	-	-	-	-	75,000	75,000	75,000	225,000
Service fees - PG&E	-	-	-	920	-	1,840	-	36,138	23,572	62,470
Consultants and other professional fees	10,390	109,598	54,286	59,881	46,797	69,341	46,862	51,088	37,931	486,174
Legal	-	42,240	49,129	23,269	84,141	36,732	2,610	36,623	(7,388)	267,356
Communications and noticing	6,990	17,857	-	48,304	135,705	73,751	63,254	72,431	220,096	638,388
General and administration	3,067	-	7,427	13,501	62,184	35,255	35,813	51,498	38,955	247,700
Depreciation	-	281	356	1,946	2,223	2,394	2,455	2,617	2,617	14,889
Total operating expenses	41,759	189,990	175,373	259,028	451,615	383,256	3,513,154	6,866,877	7,318,096	19,199,148
Operating income (loss)	(41,759)	(189,990)	(175,373)	(259,028)	(451,615)	(383,256)	77,433	5,123,584	4,226,093	7,926,089
NONOPERATING REVENUES (EXPENSES)										
Interest income	-	-	-	-	-	-	228	256	379	863
Interest and related expense	-	-	-	(2,368)	(11,952)	(7,840)	(9,013)	(9,736)	(9,643)	(50,552)
Financing costs	-	-	(77,000)	-	-	-	-	-	3,782	(73,218)
Total nonoperating revenues (expenses)	-	-	(77,000)	(2,368)	(11,952)	(7,840)	(8,785)	(9,480)	(5,482)	(122,907)
CHANGE IN NET POSITION	\$ (41,759)	\$ (189,990)	\$ (252,373)	\$ (261,396)	\$ (463,567)	\$ (391,096)	\$ 68,648	\$ 5,114,104	\$ 4,220,611	\$ 7,803,182

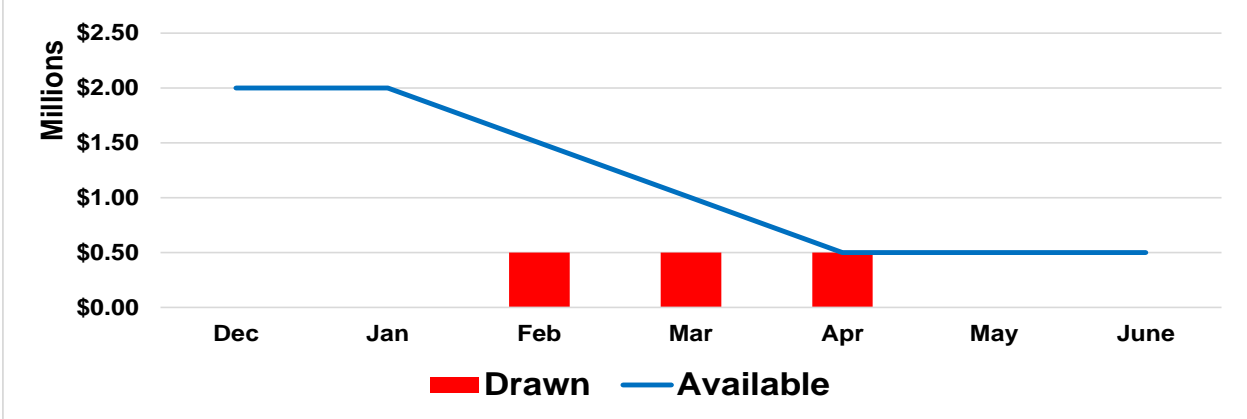
PERSONNEL REPORT

HEADCOUNT				
Position	Budget	Actual	Variance	
Chief Executive Officer	1	1	0	
Account Representative I / II	2	2	0	
Account Services Manager	1	1	0	
Administrative Analyst	2	2	0	
Administrative Assistant	1	1	0	
Board Clerk/Executive Assistant	1	1	0	
Community Outreach Manager	1	1	0	
Community Outreach Specialist	1	0	1	
Director of Administration & Finance	1	1	0	
Director of Marketing & Public Affairs	1	1	0	
Director of Power Resources	1	0	1	
Finance Manager	1	0	1	
General Counsel & Director of Government Affairs	1	0	1	
Power Contracts & Compliance Specialist	1	1	0	
Power Resource Planning & Programs Analyst	2	0	2	
Regulatory/Legislative Analyst	<u>1</u>	<u>1</u>	<u>0</u>	
Total	19	13	6	

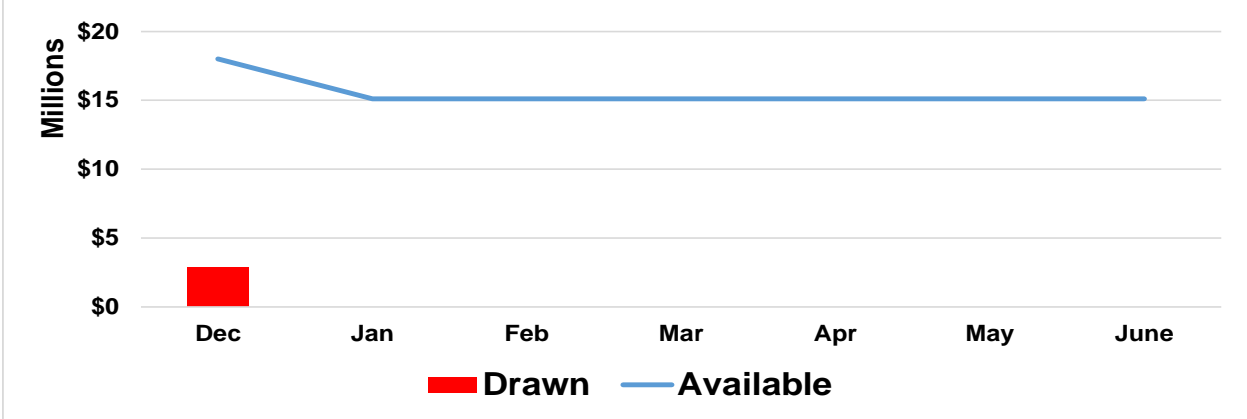
CONTINGENT POSITIONS			
Position	Hours		% YTD Spent
	FY2016-17 Budget	FY2016-17 Actual	
Interns / Part-Time	4,300	658	15%

FINANCING REPORT

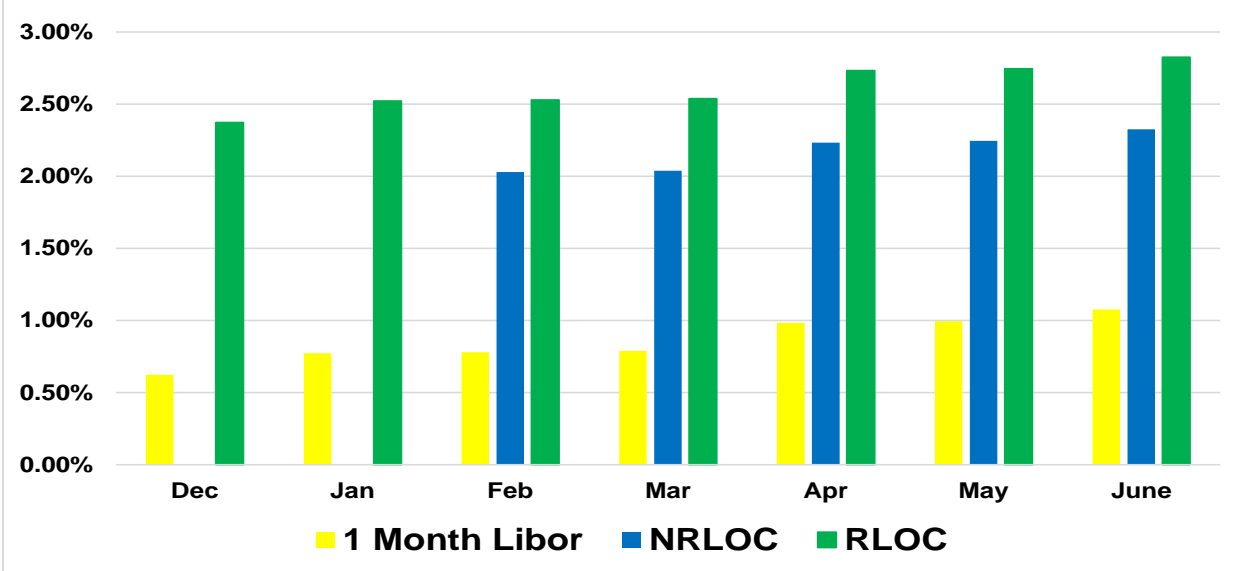
NON-REVOLVING LINE OF CREDIT



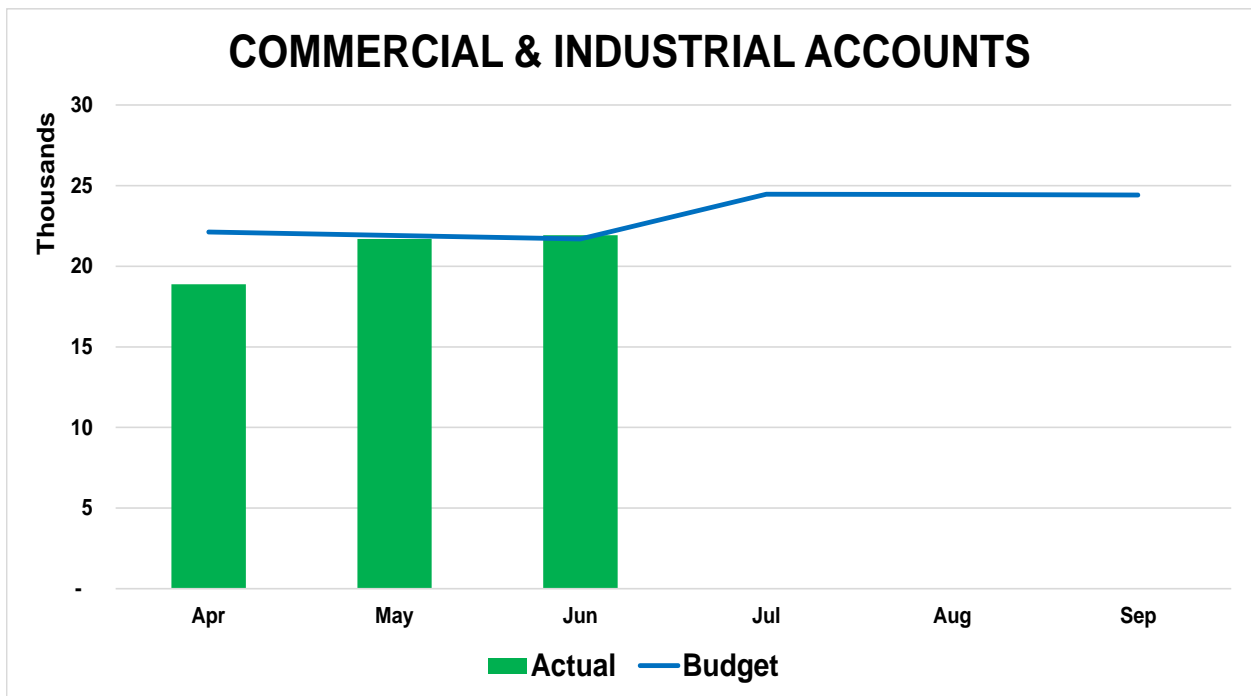
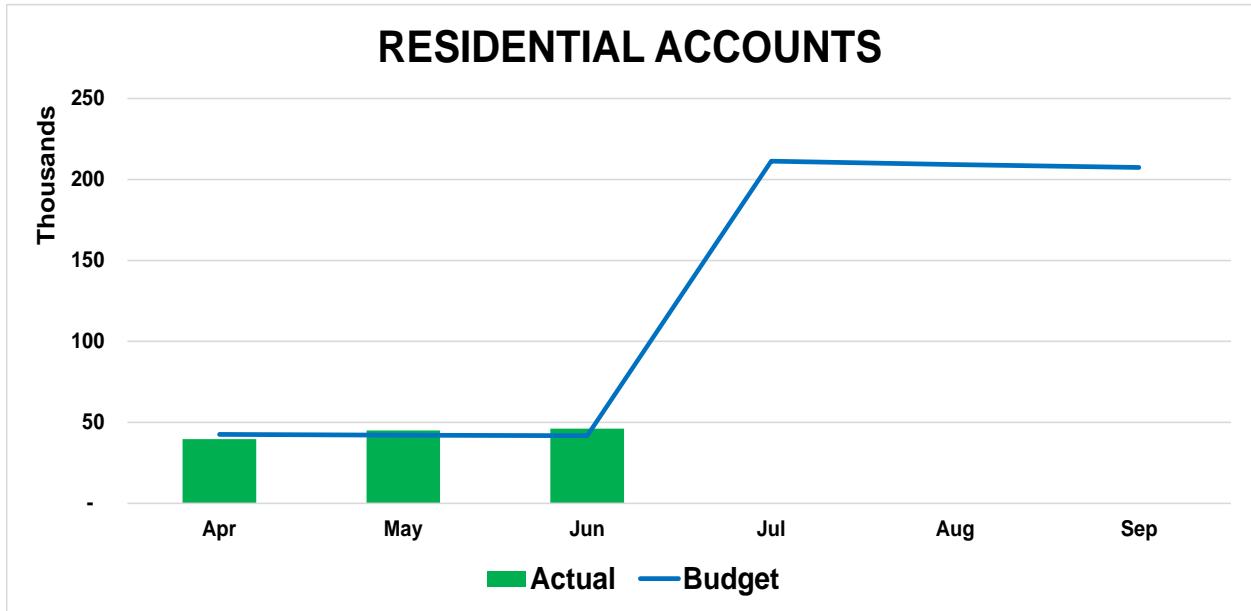
REVOLVING LINE OF CREDIT



Interest Rates of Lines of Credit



CUSTOMER ACCOUNTS



**SILICON VALLEY CLEAN ENERGY AUTHORITY
ACCOUNTS RECEIVABLE AGING REPORT
JUNE 2017**

	Total	Days			
		0-30	31-60	61-90	Over 90
Accounts Receivable	\$8,206,272	\$8,112,027	\$94,245		
Period %	100%	99%	1%		



Staff Report – Item 1j

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1j: Adopt Resolution to Authorize the Addition of the Director of Administration and Finance to Conduct Transactions with River City Bank

Date: 8/9/2017

RECOMMENDATION

Adopt Resolution 2017-09 designating the Director of Administration and Finance as an authorized representative to request advances under the existing lines of credit and rescinding the prior Resolution Nos. 2016-13 and 2017-05.

BACKGROUND

The Board of Directors approved Resolution 2016-13 at the December 14, 2016 meeting designating the Chief Executive Officer as an authorized representative of Silicon Valley Clean Energy (SVCE) to facilitate loans. The Board of Directors approved Resolution 2017-05 at the March 8, 2017 Board of Directors Meeting designating the Chief Executive Officer and the Chair of the Board of Directors as authorized representatives of Silicon Valley Clean Energy (SVCE) to facilitate loans.

With the impending departure of SVCE's Chief Executive Officer at the end of August 2017, Resolution 2017-09 would rescind and revoke the existing Resolutions by authorizing the Chair of the Board of Directors and the Director of Administration and Finance to request advances under the existing lines of credit.

This Resolution will be rescinded once a permanent Chief Executive Officer is in place who will then, by a new resolution, be authorized to act on behalf of the Authority with the bank.

As a reminder of the extra layer of security, any request for advances against the existing lines of credit also requires the Chair of the Board's signature.

ATTACHMENTS

1. Resolution 2017-09, Authorizing the Addition of the Director of Administration and Finance to Conduct Transactions with River City Bank

RESOLUTION NO. 2017-09

**RESOLUTION OF SILICON VALLEY CLEAN ENERGY AUTHORITY
DESIGNATING THE CHAIR OF THE BOARD AND THE DIRECTOR OF
ADMINISTRATION AND FINANCE TO REQUEST ADVANCES UNDER THE
EXISTING LINES OF CREDIT AS AUTHORIZED BY THE BOARD OF
DIRECTORS**

In my capacity as Chair of the Silicon Valley Clean Energy Authority (the “Authority”), I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE AUTHORITY’S EXISTENCE. The complete and correct name of the Authority is Silicon Valley Clean Energy Authority. The Authority is a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code section 6500 *et seq.* The Authority is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California.

The Authority is duly authorized to transact business, having obtained all necessary filings, governmental licenses and approvals in the State of California in which the Authority is doing business.

The Authority has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Authority maintains an office at 333 W. El Camino Real, Suite 290, Sunnyvale, CA 94087. Unless the Authority has designated otherwise in writing, the principal office is the office at which the Authority keeps its books and records. The Authority will notify Lender prior to any change in the location of the Authority’s state of organization or any change in the Authority’s name. The Authority shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Authority and the Authority’s business activities.

RESOLUTIONS ADOPTED. At a meeting of the Silicon Valley Clean Energy Authority’s Board of Directors, duly called and held on the 9th day of August, 2017, by a vote affixed hereto, the resolutions set forth in this Resolution were adopted.

AUTHORIZED REPRESENTATIVES. The following named individuals are the authorized representatives of the Authority with titles and genuine signatures provided below:

NAMES	TITLES	SIGNATURES
Rob Rennie	Chair of the Board	_____
Donald Eckert Jr.	Director of Admin. & Finance	_____

ACTIONS AUTHORIZED. Both of the authorized representatives listed above may enter into any agreements of any nature with River City Bank (“Lender”) that have been approved by the Board of Directors, and those agreements will bind the Authority. Specifically, but without limitation, each of the authorized representatives is authorized, empowered, and directed to do the following for and on

behalf of the Authority with respect to a loan or loans and any other financial accommodations from Lender:

Borrow Money. To borrow and authorize advances, letters of credit and other lending accommodations from time to time from Lender, on such terms as may be agreed upon between the Authority and Lender, such sum or sums of money as in its judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender any loan agreement, promissory note or notes, letter of credit applications, requests, or other evidence of the Authority's credit accommodations, in form and substance acceptable to Lender, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Authority's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Authority or in which the Authority now or hereafter may have an interest, including without limitation all of the Authority's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Authority to Lender at any time owing, however the same may be evidenced. Such property may be pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender any assignment agreements, pledge agreements, mortgages, deeds of trust, security agreements, financing statements and other documents which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Authority or in which the Authority may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Authority's account with Lender, or to cause such other disposition of the proceeds derived therefrom as it may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as any Authorized Representative may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

NOTICES TO LENDER. The Authority will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Authority's name; (B) change in the Authority's assumed business name(s);

(C) change in the management or in the members of the Authority; (D) change in the authorized signer(s); (E) change in the Authority's principal office address; (F) change in the Authority's state of organization; (G) conversion of the Authority to a new or different type of business entity; or (H) change in any other aspect of the Authority that directly or indirectly relates to any agreements between the Authority and Lender. No change in the Authority's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The authorized representatives named above are duly elected, appointed, or employed by or for the Authority, as the case may be, and each occupies the position set opposite his or her name. This Resolution now stands of record on the books of the Authority, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Authority's agreements or commitments in effect at the time notice is given.

RECISSION AND REVOCATION OF PRIOR RESOLUTION. Resolution Nos. 2016-13 and 2017-05 of the Board of Directors of the Authority are hereby rescinded and revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signatures set opposite the names listed above are their genuine signatures.

I have read all the provisions of this Resolution, and I personally and on behalf of the Authority certify that all statements and representations made in this Resolution are true and correct. This Resolution is dated on this 9th day of August, 2017.

SILICON VALLEY CLEAN ENERGY AUTHORITY

Rob Rennie
Chair, Silicon Valley Clean Energy Authority

By: _____
Board Clerk



Staff Report – Item 1k

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1k: Confirm the Process for Collection and Remittance of Utility Users Tax

Date: 8/9/2017

RECOMMENDATION

Confirm the process for Silicon Valley Clean Energy (SVCE) collecting the Utility Users Tax (UUT) and remitting those tax revenues to the local agency that imposes it.

BACKGROUND

The UUT may be imposed by a city on the consumption of utility services, including (but not limited to): electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation, and cable television. A county may levy a UUT on the consumption of electricity, gas, water, sewer, telephone, telegraph and cable television services in the unincorporated area.

The rate of the tax and the use of its revenues are determined by the local agency that imposes it. The tax is levied by the city or county on the consumer of the utility services, collected by the utility as a part of its regular billing procedure, and then remitted to the city or county. The utility is required by law to both collect the tax and remit its revenues to the taxing local agency.

State and federal government agencies, and gas and water used by utility companies to generate electricity, are exempt from UUT.

ANALYSIS & DISCUSSION

With the launch of SVCE in April, Pacific Gas & Electric (PG&E) ceased collecting UUT's related to electric generation and the responsibility shifted to SVCE. The cities in SVCE's territory that currently impose a UUT include:

- City of Sunnyvale – 2%
- City of Mountain View – 3%
- City of Los Altos – 3.5%
- City of Gilroy – 5%
- City of Cupertino – 2.4%

SVCE began collecting the UUT from customers in the above-mentioned cities when billing began in May and have remitted those revenues to the local agencies. SVCE is seeking a formal confirmation by the Board of this billing procedure.



Staff Report – Item 11

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 11: Approve Financial Policies Regarding Chart of Accounts and Document Control

Date: 8/9/2017

RECOMMENDATION

Approve Financial Policy #12, File and Records Management and Financial Policy #13, Chart of Accounts.

BACKGROUND

As SVCE matures, the amount of documents and the general ledger chart of accounts has expanded to reflect operational activity. SVCE requires a File and Records Management policy to provide guidelines for records retention and document control, and a Chart of Accounts policy to provide guidelines for the maintenance of the general ledger.

ATTACHMENTS

1. FP12, File and Records Management
2. FP13, Chart of Accounts



FP12

Category: FINANCIAL

FILES & RECORDS MANAGEMENT

Policy: The Agency will retain records in an orderly fashion for time periods that comply with legal and governmental requirements and as needed for general business requirements.

Purpose: To outline the methods for filing, retaining, and disposing of business records necessary to support our work (including opinions, resolution of differences, conclusions and research utilized in analysis), our correspondence with customers/clients, our work product and items of continuing significance.

Scope: This procedure applies to all business documentation generated by the Agency. However, this does not necessarily cover internal or certain day-to-day business correspondence.

Drafts or other documents not utilized should not be retained. Documents and records transmitted as attachments via email should be considered separately from the email messages to which they are attached.

Procedure:

1.0 FILING SYSTEM

- 1.1 To ensure efficient access, filing centers will be established. To reduce the amount of duplicate and unnecessary record retention, individual desk files should be avoided unless they are used in daily operations. All other departmental or agency records should be filed in the departmental central filing areas.
- 1.2 Unless necessary, records should only be kept by the originator or sender and not by the receiver to avoid duplicate filing systems.
- 1.3 The following filing guidelines should be adhered to optimize filing efficiency and records access:
 - All file cabinets and files should follow recognized rules of order, such as Left to Right, Top to Bottom, Front to Back, and in the case of chronological records, Newest to Oldest.
 - File markers or label headings should always be placed at the beginning or front of a file or group of files.
 - Alphabetical files should always be filed under broad topical categories. Files should never be filed under individual employee names (except Human Resources records) to avoid confusion and re-filing in the event of turnover. Files should always be filed under the "proper" or agency names whenever



FP12

Category: FINANCIAL

- appropriate. In the case of individuals, files should be maintained according to the person's last name, then first name and middle initial.
- Alphanumeric codes should be attached to colored end tabs of all file sets to show type of file by subject area and sub-category. For instance, all files dealing with Accounting will have a green end tab on the lateral file folder with the alpha code of AC followed by a three digit numeric code to designate the category (i.e. Financial Planning is AC-200, General Accounting is AC-300, Payroll is AC-340, etc.). Payroll is a function of Accounting thus the AC, payroll is a function of General Accounting (under Accounting) thus the 300 series numeric, and under General Accounting the Payroll file is series number 40, which translates to a file of AC-340. Refer to "Master File Guide Index."
 - Extra care should be used for sensitive or private information. Agency financial data or personnel records that contain performance reviews, salary information, or any health-related information should be kept in a secure area with limited access to only those that have a "need to know," such as the Chief Executive Officer or Director of Administration and Finance.
 - Documents attached to and transmitted by email should be stored in machine readable format in the Agency's electronic document management system within the appropriate client folders.

2.0 RECORD RETENTION AND LONG-TERM STORAGE

- 2.1 Non-permanent files will be stored in cardboard file boxes. Each file box will be labeled on the front with the contents, dates covered, and destruction date if applicable. Permanent records will be maintained in metal fire-resistant file cabinets.
- 2.3 Files should be stored only in boxes with similar items, dates and retention periods. This will allow easier access and purging of records. A general rule to keep in mind is that it is better to only half-fill a file box than to file dissimilar types of files in the same box.
- 2.4 The Administrative Analyst will be responsible for categorizing and maintaining a listing of records maintained and the location.
- 2.5 Maintain all files for as long as is necessary but only to the extent they serve a useful purpose or satisfy business or legal requirements. "Records Retention Periods" provides a guide.

3.0 RECORD DESTRUCTION

- 3.1 The Administrative Analyst will circulate a listing of file categories to be destroyed to all employees thirty days prior to destruction, for review and comment. The



FP12

Category: FINANCIAL

actual listing of records destroyed will be maintained permanently for future reference.

- 3.2 Three to six months after each year-end, the Administrative Analyst will proceed with destruction of all files that have exceeded their recognized holding period.
- 3.3 Destruction of the files will be performed by an independent, outside service for shredding and disposal. Any paper with a social security number, a federal ID number, confidential information or sensitive data, or a client name on it must be destroyed in this manner.

DISPOSAL OF RECORDS INTO THE AGENCY'S GENERAL TRASH SERVICE IS NOT ALLOWED

- 3.4 Electronic documents are destroyed by deleting them from the medium on which they are stored, and then purging the medium itself.
- 3.5 Email messages not saved for filing in the correspondence file or other appropriate folder should be deleted.

4.0 ATTACHMENTS:

1. Master File Guide Index
2. Records Retention Periods



MASTER FILE GUIDE INDEX

AC	ACCOUNTING
AC-100	Accounts Administration
AC-200	Financial Planning
AC-300	General Accounting
AC-310	Checking Account Register
AC-320	Accounts Payable
AC-330	Accounts Receivable
AC-340	Payroll
AC-350	Local, State, Federal taxes {FUTA, FICA, etc.}
AC-360	Banking Services
AC-370	Fixed Assets
AC-400	Employee Benefit Programs
AC-500	Employee Expense Accounts
AC-600	Agency Loan Management
AC-700	Grants Account Management
AC-800	Purchasing
AC-900	Open
AD	ADMINISTRATION
AD-100	General
AD-200	Organizational Manual
AD-300	Organizational Charts
AD-400	Agency Correspondence Manual
AD-500	Policies and Procedures
AD-600	Records Management and Retrieval
AD-700	Chief Executive Officer Administrative Memorandums
AD-800	Interoffice Staff Administrative Memorandums
AD-900	Open
BU	BUSINESS
BU-100	Feasibility Study
BU-200	Project Management
BU-300	Business Executive Summaries
CS	COMPUTER INFORMATION SYSTEMS
CS-100	General
CS-200	Equipment
CS-300	Operation and Maintenance
CS-400	Training in Systems Operation
CS-500	Open



PS	POWER SUPPLY
PS-100	General
PS-200	Contracts
PS-300	Power Purchase Agreements
PS-400	Risk Management
PS-500	Request for Information
PS-600	Request for Quote/Price
PS-700	Open
PS-800	Open
IN	INSURANCE
IN-100	General Administration of Insurance
IN-200	Plant and Equipment Policies
IN-300	Agency Officer Policies
IN-400	Agency Vehicles Policies
IN-500	Health Program Policies
IN-600	Life Insurance Programs for Employees
IN-700	Employment Coverage
IN-800	Data Breach Coverage
IN-900	Open
LG	LEGAL
LG-100	General
LG-200	Reports
LG-300	Contracts
LG-400	Litigation
LG-500	Disputes
LG-600	Legal Personnel Issues
LG-700	Agreements/Partnerships
LG-800	Open
MA	MARKETING
MA-100	General
MA-200	Reports/Studies
MA-300	Marketing Plans
MA-400	Customer Relations
MA-500	Programs
OF	OFFICE MANAGEMENT
OF-100	General
OF-200	Procedures
OF-300	Equipment/Furnishings/Telecommunications



OF-400 Information Processing/Communications Procedure
OF-500 Property Lease/Management Agreement
OF-600 Fax/Reproduction/Printing Procedures
OF-700 Protocol to Visitors
OF-800 Building Maintenance
OF-900 Open

PE PERSONNEL

PE-100 General
PE-200 Reports
PE-300 Employee Records
PE-400 Organizational Charts
PE-500 Recruiting
PE-600 Training
PE-700 Benefit Programs
PE-800 Open
PE-900 Open

PP PERMITS AND PLANS

PP-100 Permits
PP-200 Reports
PP-300 Open
PP-400 Open
PP-500 Open

PR PUBLIC RELATIONS

PR-100 General
PR-200 Reports and Studies
PR-300 Agency Releases
PR-400 List of Industry Contacts
PR-500 Open

RG REGULATORY DATA

RG-100 General
RG-200 Reports
RG-300 Correspondence
RG-400 Acts/Laws/Bills
RG-500 Regulations
RG-600 Agreements
RG-700 Guidelines/Policies/Resolutions
RG-800 Open



RECORDS RETENTION PERIODS

Accident reports and claims (settled cases)	7 years
Accounts payable ledgers, schedules, and trial balances	7 years
Accounts receivable ledgers, schedules, and trial balances	7 years
Assignments.....	3 years
Audit reports of accountants	Permanently
Bank reconciliations	1 year
Bank statements, cancelled checks, and deposit slips	7 years
Cash books	Permanently
Cash receipts and disbursements	7 years
Chart of accounts	Permanently
Checks (cancelled, all other)	7 years
Checks (cancelled, for important payments, i.e. taxes, property purchases, special contracts, etc. File checks with the transaction papers)	Permanently
Contracts and leases (expired)	7 years
Contracts and leases still in effect	Expiration +7 years
Agency records and minutes	Permanently
Correspondence (legal and important matters only)	Permanently
Correspondence general	3 years
CPE records.....	7 years (after term)
Credit Applications (Business)	1 year (after notification)
Depreciation schedules	7 years
Duplicate deposit slips.....	1 year
Electronic fund transfer documents	7 years
Employee personnel records (after termination)	7 years
Employment applications	3 years
Equipment records & invoices	5 years (after disp)
Expense reports, analyses and distribution schedules	7 years
Expired contracts and notes receivable	7 years



Expired purchase contracts	7 years
Federal, state and local tax returns	Permanently
Financial statements (end-of-year trial balances)	Permanently
Fixed asset records and appraisals	Permanently
Forecasts & projections	7 years
Forms W-4	7 years
Garnishments	3 years
General Ledgers (end-of-year trial balances)	Permanently
I-9s (after termination)	1 year
Insurance records, current accident reports, claims, policies, etc.	Permanently
Interim and year-end financial statements and trial balances	Permanently
Invoices	7 years
Journals	Permanently
Licenses	Permanently
Litigation support files	3 years
Loan documents, notes	Permanently
Marketing publications, promotional brochures, newsletters & alerts	7 years
Minute books of directors, including bylaws and charter	Permanently
Monthly trial balances	Permanently
Paid bills and vouchers	7 years
Payroll journals	7 years
Payroll records and summaries	7 years
Payroll reports (federal & state)	7 years
Physical inventory records	7 years
Physical inventory tags	7 years
Property records including costs, depreciation schedules, blueprints, plans ..	Permanently
Property titles and mortgages	Permanently
Purchase journals	7 years
Purchase orders	7 years



Receiving sheets.....	1 year
Retirement plan (401 (a) plan info).....	Permanently
Requisitions	7 years
Sales journals	7 years
Sales records	7 years
Subsidiary ledgers	7 years
Tax exemption documents, including application for exemptions.....	Permanently
Uncollectible accounts and write offs	7 years
Vendors' invoices & paid bills	7 years
Voucher for payments to vendors, employees, etc. (includes all allowances and reimbursement of employees, officers)	7 years
W-4 forms	4 years
W-2 or 1099 forms.....	7 years
Workman's comp documents	11 years



FP13

Category: FINANCIAL

CHART OF ACCOUNTS

- Policy:** To facilitate the record keeping process for accounting, all ledger accounts should be assigned a descriptive account title and account number.
- Purpose:** To provide the method for assignment and maintenance of the company's chart of accounts in order to produce meaningful financial data for the Company.
- Scope:** This procedure applies to all general ledger accounts.
- Definition:** Chart of Accounts – A categorized listing of all account titles and numbers being used by an organization to track income, expenses, assets, equity, and liabilities is called a Chart of Accounts.

Procedure:

1.0 DESIGN OF ACCOUNTS

- 1.1 Accounts should have titles and numbers that indicate specific ledger accounts such as Cash in Checking, Furniture and Fixtures, Accounts Payable, etc.
- 1.2 Accounts should be arranged in the same sequence in which they appear in the financial statements. Asset accounts should be numbered first, followed by liability accounts, owner's equity accounts, revenue accounts and expense accounts.

- 1000 - Asset Accounts
- 2000 - Liability Accounts
- 3000 - Owner's Equity Accounts
- 4000 - Sales or Revenue Accounts
- 5000 - Cost of Sales/Administration Accounts
- 6000 - Debt Service Accounts
- 8000 - Other Accounts

2.0 DESCRIPTION OF ACCOUNTS

- 2.1 Each account should be given a short title description that is brief but will allow the reader to quickly ascertain the purpose of the account.
- 2.2 For training and consistent transaction coding, as well as to help other non-accounting managers understand why something is recorded as it is,



FP13

Category: FINANCIAL

each account should be defined. Definitions should be concise and meaningful. One or two sentences of definition are usually sufficient.

The definition tells the user what can be recorded in a specific numbered account. However, if there is a confusing account usage, or if repetitive coding errors are being made, the definition can also inform the reader of what may not be recorded in this account.

Since the definitions are reference sources, they should be developed for quick and easy lookup. The account number and name should be on one line and the definition should be indented beginning on the following line in a consistent pattern. If the account is part of a group, the group title should be at the top of the group or page.

An example of definitions follows:

ASSETS

11111 - Cash in Checking

Includes all cash held in the operating bank account. All withdrawals by check and deposits are recorded here. The reported balances are supported by a bank reconciliation.



ACCOUNT CODES

As of 06/30/2017

ASSETS

10000 – Union Bank

Includes all cash held in the operating bank account. Funds were transferred to River City Bank in December 2017.

10100 - ACH

Includes all cash withdrawals related to automated clearing house transactions. This account was closed once the operating account with River City Bank was established.

10200 - Check

Includes all cash held in the operating bank account. This account was closed in January 2017 once the Operating account with River City Bank was established.

10300 – Operating – River City Bank

Includes all cash held in the operating bank account. All withdrawals, deposits or transfers from the Lockbox account are recorded here. The reported balances are supported by a bank reconciliation prepared monthly.

10310 – Lockbox – River City Bank

Includes all cash held in the lockbox bank account. All deposits from PG&E and withdrawals to designated power suppliers are recorded here. The reported balances are supported by a bank reconciliation prepared monthly.

10320 – Collateral for Loan – River City Bank

Includes all cash held in a reserve. The reported balances are supported by a bank reconciliation prepared monthly.

11000 – Accounts Receivable

11100 – Accounts Receivable - Customers

Includes invoices to customers for consumption of energy and demand charges and cash owed.

11101 – Reserve for Uncollectible

A contra-account that reduces the reported amount of Accounts Receivable

11200 – Accounts Receivable – Misc.

Invoices for services other than energy.

11225 – Interest Receivable

Includes income earned from cash and securities not yet received.



11250 – Energy Settlements Receivable

Includes energy supplied and billed to the CAISO but not yet paid.

11300 – Accrued Revenue

Includes energy sales made to customers but not yet billed.

12100 – Inventory Asset

Recording of original value of fixed assets with useful lives longer than 1 year and costing more than \$1,000.

13000 – Prepaid Expenses

13100- Prepaid Postage

The current portion of postage paid by the Agency for future use as part of the required notifications process.

13200 - Prepaid Rent

The current portion of building rent paid by the Agency for future use.

13300 – Prepaid Health

The current portion of health premiums paid by the Agency for future use.

15000 – Furniture and Equipment

Represents the company's original cost for the purchase of furniture and other accessory items. Also includes purchase of computers and peripherals.

15010 – Vehicle

Represent the Agency's original cost for the purchase of vehicles.

15100 – Accumulated Depreciation

The amount of a long-term asset's cost that has been allocated to Depreciation Expense since the time that the asset was acquired.

18000 – Deposits

18100 – Deposit – CPUC Bond

Represents the deposit with the CPUC in order to be considered a load-serving entity.

18110 – Deposit – CRR Holding

Represents the deposit with CAISO for the Agency to partake in the CRR market.

18200 – Deposit – Security

Represents the security deposit with the Agency's current landlord.



LIABILITY ACCOUNTS

20000 – Accounts Payable

Balances owed for goods, supplies and services purchased on open account.

21210 – Accrued Expense

22000 – Interest Payable

Represents the amount of interest accrued on debt obligations but not yet paid.

24000 – Payroll Liabilities

24100 – Retirement Payable

Includes the portion of retirement contributions earned by an employee but not yet paid by the Agency.

24200 – Payroll Liability – Health

Includes the portion of health insurance premiums earned by an employee but not yet paid by the Agency.

24300 – Accrued Compensation Absences

Includes the portion of unused PTO earned by an employee.

24400 – Accrued Payroll

The amount of wages or salaries earned for time worked but not yet paid as of the period being reported.

25000 – Accrued Cost of Energy

Recording of the cost of energy supplied but not yet paid.

25610 – Utility Users Tax

Recording of UUT collected but not yet paid to the local agencies that impose it.

25620 – Electric Energy Surcharge

Recording of EEC collected but not yet paid to the State Board of Equalization.

25650 – NEM Liability

Recording of credits earned by Net Energy Metering Customers.

27100 – Due to Member Agencies

Recording of principal of loan from Member Agencies to SVCE.

27200 – Other Liabilities – Long Term

28000 - Loan – LT Revolving



Represents the amount of debt principal that is to be repaid after the next twelve-month period for the existing Revolving Line of Credit.

28100 – Loan – LT Non-Revolving

Represents the amount of debt principal that is to be repaid after the next twelve-month period for the existing Non-Revolving Line of Credit.

EQUITY ACCOUNTS

30000 – Opening Balance Equity

32000 – Unrestricted Net Assets

Represents net worth of SVCE.

REVENUE ACCOUNTS

40000 – Electricity Sales

40100 – Streetlight/Agr – Green

Recording revenue for opt-up of street lighting and agricultural accounts.

40110 – Commercial – Green

Recording revenue for opt-up of commercial and industrial accounts.

40120 – Residential – Green

Recording revenue for the opt-up of residential accounts.

40130 – Streetlight/Agr – Demand

Recording revenue related to demand charges for street lighting and agricultural accounts.

40140 – Commercial – Demand

Recording revenue demand charges for commercial and industrial accounts.

40150 – Streetlight/Agr – Generation

Recording sales related to energy usage for street lighting and agricultural accounts.

40160 – Commercial – Generation

Recording sales related to energy usage for commercial and industrial accounts.

40170 – Residential – Generation

Recording sales related to energy usage for residential accounts.

40200 – Miscellaneous Income



Recording revenue for transactions not related to core business activities.

40300 – Interest Income

Recording revenue related to investment income for deposits and investments.

COST OF GOODS SOLD/EXPENSE ACCOUNTS

50001 – Cost of Goods Sold

50020 – Cost of Energy

50021 – PPA Generation

Recording of generation through Agency-sponsored power purchase agreements.

50024 – Capacity Purchases

Recording of procurement of demand-related capacity as required by load serving entities.

50025 – Energy Purchases

Recording the procurement of energy supplied to CAISO.

50026 – REC Purchases

Recording of procurement of Renewable Energy Credits.

50030 – CAISO Charges (Admin)

Recording of expenses for CAISO to recover administrative costs.

50031 – CAISO Charges (Ancillary Srvc)

Recording of various ancillary service charges (spinning reserve, etc.) to maintain grid reliability.

50032 – CAISO Chg/Cred (Congestion RR)

Recording of expenses or credits in the Congestion Revenue Market that are financial hedges on transmission.

50033 – CAISO Chg/Cred (Cost Recovery)

Recording of expense or credits from CAISO in bid-cost recovery charges.

50034 – CAISO Chg/Cred (IST, Net Rev)

Recording of expense or credits against power supply for settlements of bilateral transactions.

50035 – CAISO Chg/Cred (Uplift Charge)

Recording of charges or credits related to imbalance energy.



50040 – NEM Expense

Record power supply expense from Net Energy Metering customers.

50000 – Payroll Expense

50100 – Regular Wages

Represents the gross amount for labor costs for regular hours.

50101 – 401(a) PARS Contribution

Mandatory contribution to deferred compensation account.

50102 – 457(b) PARS Contribution

Contribution to deferred compensation account.

50200 – Holiday Pay

Compensation for holidays recognized by the Agency.

50300 – Car Allowance

Compensation in lieu of mileage reimbursement.

50400 – Misc. Reimbursement

Various reimbursement of employee expenses for Agency business.

50500 – Overtime

Compensation for non-exempt employees working over 40 hours.

50600 – Misc. Pay

Other compensation not wage related.

50700 – Employer Tax

Recording of payroll taxes paid by the Agency such as FUTA, SUTA, EEI, etc.

50800 – Payroll Fee

Fee paid by the Agency to a consultant for processing of payroll.

50900 – Employee Health & Welfare

Expenses related to premiums paid for health-related insurance.

53000 – Bad Debt Expense

Resulting from making sales on credit and not collecting the customers' entire accounts receivable balances.

5310 – Investment Management Fees

Fees paid by the Agency for administration of the 401(a) and 457(b) plans.



55000 – General & Administration

5110 – Office Supplies

Expenses for various office supplies such as stationery.

5120 – Postage – Office

Expenses for postage such as FedEx, UPS or stamps.

5130 – Printing and Copying – Office

Expense for monthly fee per copy.

5140 – Telephone and Internet

Expense for monthly fee of telephone and internet connections.

5150 – General Supplies

Expenses for supplies such as paper towels, etc.

5160 – Equipment Lease

Expense for lease of office equipment.

5170 – Rent

Expense for lease on building.

5180 – HR and related

Expense related to recruitment, advertising of positions and pre-employment processing.

5240 – Repair & Maintenance

Expense for miscellaneous repair to the Agency's facility.

5270 – Insurance – Commercial, Auto

Represents the portion of insurance premiums paid for coverage of the current period for property, casualty, and other business insurance.

5275 – Workers Compensation Insurance

Expenses for insurance premiums paid for by the Agency.

5300 – Small Equipment

Expense for purchase of small equipment under \$1,000 that is not capitalized.

5320 – Software License/Support

Expenses to maintain licenses for software.

5370 – Dues & Subscriptions



Includes amounts paid for membership in professional organizations and amounts paid for subscriptions to publications.

5375 – Training & Conferences

This includes amounts incurred by employees attending outside seminar or conference programs.

5380 – Business Meals

Employee reimbursements for meal expenses related to Agency business.

5420 – Membership Fees

Expenses related to core business such as CAISO and Western Renewable Energy Generation organizations.

5500 – Travel

Includes the amounts paid for employee's business travel, such as airfare, lodging, rental cars, etc.

5510 – Convention, Conference, Meeting

Expenses for registration fees of conferences or meetings related to Agency business.

5520 – Professional Development

Expenses to support employee professional development.

5530 – Bank Service Fees

This includes amounts charged by banks to the Agency for processing financial transactions. This does not include interest expense items.

56000 – Marketing & Communications

6100 – Advertising

Expenses to support awareness and brand recognition.

6200 – Sponsorships

Expenses related to Member Agencies' Chamber of Commerce events and various other sponsorships such as the State of Silicon Valley event.

6300 – Required Notifications

Expenses related to the printing and mailing of customer notifications required by the CPUC.

6400 – Printing & Mailers

This includes amounts for printing, binding, and padding paid to outside print shops. This does not include Advertising and Promotions.



6600 – Consultant – Communications

Consultant fees to support the development and maintenance of the website, public education and other public outreach efforts.

6700 – Outreach – Miscellaneous

Expenses to support various communication efforts in the Agency's service territory.

57000 – Professional Services

7100 – Engineering Services

Consultant fees for feasibility study.

7200 – Legal Services

Consultant fees for legal services to support administration and power supply.

7300 – Misc. Professional Services

Account mostly used to record expenses related to recruitment.

7400 – Accounting and Auditing

Includes costs to outside firms for auditing services and accounting advice.

7500 – IT Services

Includes consultant fees for monthly IT support or IT related audits.

7600 – Legislative Consulting

Includes consultant fees for support in regulatory affairs.

7700 – Program Implementation

Fees paid to member agencies for support during start-up phase including marketing, finance, and operations.

7800 – Technical Consultants

Includes consultant fees for support of risk management, scheduling of energy with CAISO, and evaluation and procurement of power supply.

58000 – Service Fees – PG&E

Includes per meter fee from PG&E for billing support.

59000 – Data Management

Includes Per meter fee from Calpine for customer data support.

65100 – Debt Service

65130 – Interest Expense



This account is a non-operating or "other" expense account for the cost of borrowed money or draws against existing line of credit.

80010 – Bank Service Fees

Fees related to the execution of lines of credit with River City Bank.

80020 – Depreciation Expense

The income statement account which contains a portion of the cost of equipment that is being expensed during the time interval shown in the heading of the income statement.



Staff Report – Item 3

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 3: CEO Report

Date: 8/9/2017

REPORT

SVCEA New Hires

Nikolas Zantotto joined us July 24th as an Administrative Analyst providing IT Support. Nik has spent the past 15 years with Broadcom Corporation and holds a Bachelor's degree from San Jose State University.

Peyton Parks has joined SVCE's Account Management team as an Account Representative. He comes to us most recently from Solar City, where he served in a range of sales, account management, and technical support roles. He is a graduate of San Jose State University with a B.A. in philosophy.

SVCE has contracted with the City of Mountain View to provide interim Board Clerk services while Board Clerk Andrea Pizano is on maternity leave through October. Wanda Wong, Deputy City Clerk for Mountain View, will be clerking the Board of Directors meetings and preparing minutes from these meetings. SVCE's Eric Acedo, Administrative Assistant, will be assisting with Board support and other administrative clerk functions during this time.

CEO Agreements Executed

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

- 1) Barakat Consulting, Inc.: Agreement for Customer Program Review Services, \$5,000.
- 2) City of Mountain View: Agreement for Clerk Services and Reimbursement, \$24,500.
- 3) Above the Fold Designs: Agreement for Graphic and Web Design Services, \$24,000.
- 4) Pacific Printing: Agreement for Printing Services, \$24,000.
- 5) Jonathan Knox Photography: Agreement for Photography and Videography Services, \$20,000.

ATTACHMENTS

1. Regulatory/Legislative Update, July/August 2017
2. Community Outreach Update, July/August 2017
3. Agenda Planning Document, September 2017 – February 2018



SVCE Regulatory and Legislative Update
July/August 2017

Regulatory Update

<p>PCIA and Portfolio Allocation Methodology (PAM) (A. 17-04-018)</p> <p>and</p> <p>PCIA Reform Rulemaking (R. 17-06-026)</p>	<ul style="list-style-type: none"> ➤ On July 10th, the California Public Utilities Commission (CPUC) released an Order Instituting Rulemaking (OIR) “to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.” The OIR dismisses the investor owned utilities’ (IOUs’) PAM application without prejudice, and opens a new proceeding to consider reforms to the PCIA more broadly. The IOUs will likely re-submit their PAM proposal, but it will now be considered alongside competing proposals from any other stakeholders who wish to put one forth. CalCCA expects to propose its own PCIA reform/alternative, which SVCE will be working with other CalCCA members to develop this fall. SVCE/CalCCA’s proposal will emphasize transparency and stability, and will include mechanisms requiring the IOUs to do a better job of minimizing the above-market costs that qualify for cost recovery through the PCIA. SVCE and the other California CCAs jointly submitted comments on the OIR under the CalCCA name on July 31st, and a prehearing conference (procedural meeting that determines the scope and schedule for the proceeding) is expected within the next month. ➤ On June 13th, CalCCA filed a Petition for Modification requesting that CCAs be allowed access to confidential IOU contract data needed for PCIA forecasting and evaluation. This would be accomplished via designated “non-market” CCA employees who sign an NDA and maintain an ethical wall between themselves and colleagues engaged in market activities. The idea was originally developed during the CPUC-mandated PCIA working group discussions between the CCAs and IOUs in the first quarter of 2017. However, the IOUs refused to support it, so it was not included in the official joint product of the working group and was filed by CalCCA. The CPUC had not responded to the PfM as of July 31st, so CalCCA and other parties requested in their comments that the scope of the new PCIA reform rulemaking include a response to this proposal.
<p>Integrated Resource Planning (R. 16-02-007)</p>	<ul style="list-style-type: none"> ➤ On June 28th, SVCE and the other California CCAs jointly filed comments through CalCCA on the Staff Proposal for Implementing Integrated Resources Planning at the CPUC. The comments emphasized the CPUC’s statutory obligation to respect CCA procurement autonomy, pointed out areas of the Staff Proposal that could infringe on this autonomy, and suggested modifications to the IRP compliance process and the modeling behind it that would leave CCA rights intact while still meeting the requirements of SB 350. On July 12th, CalCCA also filed reply comments to the opening comments of other parties. ➤ On July 27th, the CPUC held a workshop on the REFLEX model it is using to develop the Reference System Plan. The Reference System Plan is a statewide optimization that the CPUC will use as a benchmark for what the IRPs of all the individual load-serving entities (LSEs) should achieve in aggregate when they are implemented. It will also include proposed rules for development and filing of LSE Integrated Resource Plans (IRPs). ➤ The CPUC is scheduled to release the Proposed Reference System Plan on September 13th. Parties will have the opportunity to comment and suggest modifications during the fall, and the final version of the Reference System Plan will be adopted at the end of 2017. The first CCA IRPs are expected to be due in the second quarter of 2018.



<p>CCA Rulemaking (R. 03-10-003)</p>	<ul style="list-style-type: none"> ➤ On July 7th, SVCE and other CCAs filed testimony through CalCCA proposing an updated methodology for calculating the Financial Security Requirement (FSR, aka bond) that new CCAs must pay as insurance against failure and dissolution. In contrast to the IOUs’ argument for including an estimated cost of emergency procurement for involuntarily returning customers, CalCCA proposes that the FSR should cover only the administrative costs of re-incorporation. CalCCA’s testimony also details why the failure of a CCA is both unlikely in the first place and especially unlikely to be an overnight event necessitating large quantities of emergency procurement. ➤ At this stage of the proceeding, it is unclear whether existing CCAs who have already posted the 100k required bond (which was adopted as an interim measure while the permanent methodology was determined) will be grandfathered in or have to pay a true-up when the new methodology is finalized. Even administrative-only costs may be higher than 100k, so it is possible that SVCE may have to make an additional bond payment at the conclusion of the proceeding. However, this proceeding is expected to continue well into 2018, so inclusion of additional bond funds in the 2017-2018 FY budget is unnecessary at this time.
<p>Diablo Canyon Closure (A. 16-08-006)</p>	<ul style="list-style-type: none"> ➤ Recall: <i>[In June 2016, PG&E announced its intention to retire its Diablo Canyon nuclear facility when the licenses on the facility’s two reactors expire in 2024 and 2025. PG&E subsequently submitted an application to the CPUC requesting permission to procure replacement energy for the Diablo facility and pass the costs on to ratepayers.</i> ➤ <i>PG&E’s proposal drew strong criticism on multiple fronts, and in February 2017 PG&E withdrew its testimony on tranches 2 and 3 of the proposed replacement energy and the related cost recovery proposal. These tranches would have authorized procurement and cost recovery of renewable energy and storage projects respectively.</i> ➤ On April 19-28th evidentiary hearings were held on the remaining tranche 1, which covers energy efficiency and requests pre-approved cost recovery of about \$1.3 billion from ratepayers. Joint opposition parties, including SVCE and other CCAs, participated in the hearings and have filed an opening brief opposing adoption of tranche 1. <i>The brief asks the CPUC to reject tranche 1 for its failure to acknowledge increasing load departure, its potential to exacerbate overgeneration and curtailment, its deviation from Commission-set cost-effectiveness standards, and its potential interference with the ongoing implementation of the EE Business Plan.</i> ➤ On June 16th, the Joint Opponents (including SVCE) filed a reply brief responding to the arguments put forth in other parties’ opening briefs. A Proposed Decision on whether to adopt tranche 1 of PG&E’s replacement energy procurement proposal is expected in late August.
<p>AB 1110 Implementation</p>	<ul style="list-style-type: none"> ➤ AB 1110 (Ting, Chapter 656, Statutes of 2016) was passed in 2016 for the purpose of augmenting the information available to electricity consumers in the annually-distributed Power Content Label (PCL). AB 1110 requires that starting in 2020, in addition to displaying power mix the PCL will include the greenhouse gas emissions intensity (in lbs CO₂e/MWh) of each LSE’s portfolio (or, if it offers multiple electricity products, of each individual product). AB 1110 also directs the California Energy Commission (CEC) to develop guidelines on how to treat unbundled RECs when calculating the power mix and GHG intensity metrics. ➤ On June 27th, the CEC released its proposed implementation plan for AB 1110. The proposal contains several provisions that could threaten SVCE’s claim of being carbon-free. Most importantly, the CEC proposes that for the purposes of calculating carbon intensity, PCC2 (aka “bucket 2”) RECs would have the emissions profile of the substitute energy that firms and shapes the energy product (usually gas) rather than that of the zero-carbon resource that generates the RECs. Secondly, PCC3 (unbundled) RECs would be reported in a footnote but not included in power mix or GHG intensity calculations. MWh for which SVCE has purchased unbundled RECs would thus no longer be carbon-free.



	<ul style="list-style-type: none"> ➤ SVCE is working with other CCAs to aggressively dispute these provisions. On July 28th, SVCE and other CCAs filed comments on the CEC’s proposal through CalCCA. SVCE staff will also be setting up meetings with CEC commissioners to discuss why these aspects of the proposal are inappropriate and detract from the PCL’s purpose of providing transparent, accessible information to electricity consumers.
<p>Tree Mortality NBC (A. 16-11-005)</p>	<ul style="list-style-type: none"> ➤ In 2016, an emergency proclamation by Governor Brown and a bill passed by the legislature (SB 692) separately ordered the IOUs to procure extra energy from biomass in order to dispose of trees killed by the drought. SB 692 explicitly authorizes the IOUs to recover the above-market cost of this procurement through a new non-bypassable charge (NBC), but Governor Brown’s proclamation does not. The IOUs would like to combine the procurement costs of these two mandates and recover both through a single new NBC. The CCAs are arguing that this violates the rules governing NBC creation because the proclamation provides no statutory authority for use of an NBC. ➤ On July 14th, CalCCA submitted a Motion challenging a pre-hearing conference ruling in which the Administrative Law Judge (ALJ) erroneously determined the IOUs’ proposed combined NBC to be legal and acceptable. Two other parties filed responses in support of CalCCA’s motion (Shell and AReM/DACC¹), which the IOUs filed a joint response in opposition. We are currently awaiting a CPUC response to CalCCA’s Motion, followed by a Scoping Memo clarify the scope and schedule for the rest of the proceeding.
<p>Resource Adequacy (R. 14-10-010)</p>	<ul style="list-style-type: none"> ➤ The final decision on 2018 local and flexible capacity obligations was adopted by the Commission on June 29th.
<p>Transportation Electrification (R. 13-11-007)</p>	<ul style="list-style-type: none"> ➤ On June 16th, SVCE filed an opening brief as part of the joint CCA parties that highlights the need for IOUs to coordinate with CCAs in areas where they are implementing their Priority Review Projects (PRPs, aka proposed transportation electrification pilot projects). The brief also argued that the IOUs need to make CCA customers eligible to participate in the projects and incentives, as well as ensure that the projects do not result in unfair cost shift onto CCA customers. This was followed by a reply brief on July 10th. ➤ A Proposed Decision on the approval or rejection of the IOUs’ PRPs is expected in September.
<p>Residential Rate Rulemaking (R. 12-06-013)</p>	<ul style="list-style-type: none"> ➤ On April 14th, the CPUC issued a Ruling seeking comment on questions about the marketing, education, and outreach (ME&O) efforts associated with the IOUs’ proposed default TOU rate pilot programs and eventual switch to default TOU across their territories in 2019. The joint CCAs submitted comments highlighting the need for inclusion of CCA concerns and representatives during the development of the ME&O campaign, as well as arguing for allocation of a portion of the ME&O costs to the IOUs’ generation rates rather than distribution rates. The IOUs submitted reply comments in opposition to this cost allocation proposal, preferring to allocate ME&O costs solely to distribution, but agreed on the need for collaboration. ➤ CPUC clarification of the cost allocation question is still pending.

¹ Alliance for Retail Energy Markets and Direct Access Customer Coalition



Legislative Update

SVCE and CalCCA have wrapped up legislative advocacy for the session and are no longer actively working on any bills. Bills that we were previously active on, such as SB 618, SB 338, AB 79, and AB 920, have all either died or been amended in ways that render them non-threatening. We will, however, continue to monitor their progress for problematic new amendments. Additionally, the CCA parties have decided to go neutral on SB 100.



Community Outreach Update July – August 2017

1. Events and Presentations

Below is a list of the community events and meetings that SVCE staff attended in late-June through July. Staff estimates that more than 1,500 residents were directly reached throughout late-June and July, and thousands more through promotional activities associated with SVCE’s participation at these community events.

The list below also includes upcoming events in August and September. Please note that SVCE Directors and Alternate Directors are welcome to attend any of the upcoming senior center presentations in your communities.

Date	Time	Event Description	Location
Jun. 28	8:30 – 9 AM	Day Worker Center of Mountain View - <i>Spanish presentation</i>	113 Escuela Ave., Mountain View
Jun. 29	12 – 2 PM	East San Jose Rotary Club – <i>presentation (unincorporated county outreach)</i>	Ranch Golf Club 4601 Hill Top View Ln. San Jose
Jun. 30	7 – 9 PM	Fifth Street Live - <i>tabling</i>	5 th Street, Gilroy
Jul. 8 - 9	10 AM – 6 PM	Los Altos Arts & Wine Festival - <i>tabling</i>	Downtown Los Altos
Jul. 10	4 – 5:30 PM	Stanford Campus Residential Leaseholders (SCRL) - <i>presentation</i>	Stanford Campus, unincorporated county
Jul. 11	11:30 AM – 1 PM	AIA Santa Clara Valley	Hawley Peterson Snyder, Sunnyvale
Jul. 13	6 – 8:30 PM	Campbell Summer Concert Series - <i>tabling</i>	Orchard City Green, Campbell
Jul. 16	10 AM – 5 PM	Saratoga Car Show - <i>tabling</i>	Downtown Saratoga
Jul. 18	6 – 8 PM	Energy Upgrade CA/BayREN Workshop - <i>presentation & table</i>	Sunnyvale City Council Chambers
Jul. 21	6:30 – 9 PM	Friday Night Music - <i>tabling</i>	Morgan Hill
Jul. 26	5:30 – 8:30 PM	Downtown Summer Music Series - <i>tabling</i>	Murphy Ave., Sunnyvale
Jul. 26	6 – 8 PM	Energy Upgrade CA/BayREN Workshop - <i>presentation & table</i>	Campbell Community Center
Jul. 29	10 AM – 2 PM	Sunnyvale State of the City - <i>tabling</i>	Sunnyvale Library
Aug. 2	12 – 1 PM	Saratoga Senior Center - <i>presentation (also serving Los Gatos and Monte Sereno)</i>	19655 Allendale Ave, Saratoga
Aug. 2	12:30 – 1:30 PM	Los Altos Seniors - <i>presentation</i>	Grant Park Community Center 1575 Holt Ave, Los Altos
Aug. 4	10 AM – 12 PM	Los Altos Senior Program - <i>presentation</i>	Hillview Community Center, Room 10 97 Hillview Ave, Los Altos

Aug. 9	5:30 – 8:30 PM	Downtown Summer Music Series - <i>tabling</i>	Murphy Ave., Sunnyvale
Aug. 15	1 – 2 PM	Mountain View Senior Center - <i>presentation</i>	266 Escuela Avenue, Mountain View
Aug. 18	10 -11 AM	Campbell Adult Center - <i>presentation</i>	1 W Campbell Ave. #C33, Campbell
Aug. 18	7 – 9 PM	Fifth Street Live - <i>tabling</i>	5 th Street, Gilroy
Aug. 20	12 – 4 PM	Los Altos DownTown Green, Energy Day - <i>tabling</i>	Downtown Los Altos
Aug. 23	11:15 AM – 12:15 PM	Morgan Hill Senior Center - <i>presentation</i>	Morgan Hill Older Adult Services 171 W Edmundson Avenue, Morgan Hill
Aug. 29	9:30 – 10:30 AM	Gilroy Senior Center - <i>presentation</i>	7371 Hanna Street, Gilroy
Sept. 6	1 – 2 PM	Sunnyvale Senior Center - <i>presentation</i>	550 E Remington Drive, Sunnyvale
Sept. 7	1 – 2 PM	Cupertino Senior Center - <i>presentation</i>	21251 Stevens Creek Blvd. Cupertino
Sept. 8	2 – 3 PM	Los Altos Hills Senior Center - <i>presentation</i>	26379 Fremont Road, Los Altos Hills

2. Business Outreach

Chamber Outreach

- SVCE received new member recognition at the Morgan Hill Chamber of Commerce breakfast meeting on Aug. 3
- SVCE joined the Los Gatos and Mountain View chambers of commerce

Corporate Campus Presentations

The following “green bag” lunches were organized as part of Acterra’s outreach support for SVCE. Several others are in progress, but the dates are not confirmed.

- Nimble Storage, San Jose – June 13
- Fenwick and West, Mountain View – June 21
- Intuit, Mountain View – July 25
- LinkedIn, Sunnyvale – July 28

3. Enrollment Notifications, Upgrade and Opt Out Update

Post-enrollment notifications for Phase 2 customers is ongoing. Phase 2 will begin to see “Silicon Valley Clean Energy Electric Generation Charge” listed on their August PG&E Energy Statements.

Solar customers with annual true-up dates in August, September or October are part of the October Net Energy Metering enrollment and were sent a letter the week of July 31, which serves as their official enrollment notice.

Below is the number of GreenPrime upgrades and Opt Outs as of Aug. 4, as well as the total opt out percentage in overall accounts, and opt out percentage by load.

	Upgrade	Opt Out	Total Opt Out Percentage, All Accounts	Opt Out Percentage by Load
Residential	712	3925	1.75%	2%
Commercial	1503	440		9%

4. Acterra Outreach Contract Complete

Acterra, a nonprofit environmental group, assisted SVCE with outreach from late-March through July 15. The contract was put in place after the SVCE Board voted to combine the final two enrollment phases. Acterra’s activities included outreach to community-based organizations, small businesses, and employees of large commercial campuses. Here is a recap of the results from Acterra’s outreach support:

- **Email Campaign:**
 - 2,548 email messages sent to individuals whose contact info was in Acterra’s database, which included 259 leaders of organizations within SVCE’s service area. Recipients included building management and facilities professionals, non-environmental community-based organizations, neighborhood organizations, faith-based organizations and environmental groups.
 - The messages gave a brief description of SVCE and its goals, and invited recipients to attend a city-based info session. The messages also offered to set up presentations for community groups and included a short article suitable for inclusion in the organization’s newsletters.
- **Business Outreach** – Acterra performed two types of outreach to the business community, with the aim of reaching both small-to-medium sized businesses and those who have an environmental connection.
 - **Business District Canvassing**
 - To reach local merchants in downtown areas, Acterra staff members canvassed the main business districts in seven of the SVCE cities, distributing flyers and SVCE staff contact info. Acterra held 323 separate conversations over eight afternoon trips from April 17 to May 23, 2017 and found most shopkeepers were unaware of SVCE since many leased their space and are not responsible for paying utility bills. However, most shop owners, staff or managers were residents within SVCE’s service area.
 - The response was overwhelmingly positive and enthusiastic. “Why would anyone want to opt out?” was a frequent comment when told about that option. The downtown areas visited include: Los Altos, Mountain View, Sunnyvale, Morgan Hill, Campbell, Gilroy and Los Gatos.
 - **Outreach to Acterra-Related Businesses and Business Organizations**
 - Acterra has an extensive database of business and business-related contacts from its 27-year-old Business Environmental Awards program. Acterra utilized this list as well as companies where Acterra Board members are employed and/or have contacts. Acterra sent

personal messages to 33 people employed at larger Silicon Valley businesses, similar to the messages sent to individual Acterra members, describing SVCE and its goals, inviting recipients to attend one of the city-based info sessions, and offering to set up a “green bag lunch” presentation about SVCE for their co-workers. Acterra also included a brief article in case there was an opportunity to include it on an inter-office bulletin board or in an internal newsletter.

- From these contacts, SVCE generated 11 requests for SVCE to make a presentation at employee gatherings. Four of these events have been held as of July 28, with 80 attendees. Five more presentations are scheduled for July – September, and two more are in the process of finding a date.
- Lastly, Acterra also sent individual email messages to the leaders of 10 business and “green” professional organizations in Silicon Valley, with a combined membership of 4,812 people. These messages similarly introduced SVCE and its goals, offered to help schedule a speaker about SVCE and included a brief newsletter article that they might include in their next communication with their members.

5. New Guidebook Available

To provide information for residents without internet access, SVCE now has a printed guidebook available in community centers, senior centers and libraries throughout our service area. The guidebook provides the same information about SVCE that would be found on our website, in addition to some helpful reminders about energy efficiency and safety around the home.

6. Media

Press releases:

- [Continued Support for Carbon Free Electricity](#), *published 7-13-2017*
- [Cost Comparison Tool Now Available](#), *published 7-17-2017*
- [Silicon Valley Clean Energy CEO to Head New Community Choice Energy Agency](#), *published 7-24-2017*

News:

- [Silicon Valley Clean Energy roll-out arrives in Saratoga](#), *The Mercury News – June 20, 2017*
- [New power company SVCE to compete with PG&E in South Bay](#), *ABC7 – June 20, 2017*
- [MV, SVCE host meeting on switch to carbon-free electricity](#), *Los Altos Town Crier – June 21, 2017*
- [LEDs will be throughout Saratoga by end of summer](#), *The Mercury News – June 30, 2017*
- [Sunnyvale holds second revamped State of the City](#), *The Mercury News – August 1, 2017*

	SEPT	OCT	NOV	DEC	JAN	FEB
MILESTONES	NEM Customer Notice #2	NEM Q3 Enrollment				
	September 13, 2017	October 11, 2017	November 8, 2017	December 13, 2017	January 10, 2018	February 14, 2018
ADMINISTRATION, POLICIES	FY 2017-18 Budget approval		Approve 2018 Electric Rates		Approve Updates to 2018 Electric Rates	
STAFFING	Staff Appointments					
CONTRACTS						



Staff Report – Item 4

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 4: FY 2017-18 Operating Budget

Date: 8/9/2017

BACKGROUND

The proposed Operating Budget for FY 2017-18 is being provided for consideration and feedback. Staff is scheduled to present the recommended FY 2017-18 Budget for adoption at the September Board of Directors meeting.

ANALYSIS & DISCUSSION

The FY 2017-18 Operating Budget features the first full year of operations for Silicon Valley Clean Energy (SVCE) as the Agency transforms from a start-up mode to an operational state. The Operating Budget is balanced and projects SVCE in stable financial condition. The projected balance net revenue is \$40.8 million, \$10.9 million higher than the net revenue projected for FY 2016-17.

Revenues

Revenues are projected at \$240.3 million, nearly all of which are derived from the sale of energy.

- Energy sales are projected at \$239.7 million, \$13.5 million lower than forecasted in May 2017. This is due to an expected 16% increase in January 2018 of the Power Cost Indifference Adjustment (PCIA) and the lowering of Pacific Gas & Electric (PG&E) generation rates based on PG&E's June Energy Resource Recovery filing. The budget assumes SVCE will continue to maintain rates at 1% below PG&E.
- Opt-out assumptions were lowered to 4% for Residential accounts and 2% for Commercial & Industrial accounts based on current performance.
- GreenPrime customers are roughly 2% of total customer accounts adding \$4 million to FY 2017-18 revenues.
- Investment income is projected at \$0.2 million.

Operating Expenses

Operating expenses are projected at \$196.7 million, comprised primarily of power supply cost, data management and billing services. Approximately 6% of operating expenses are for expenses not directly related to power supply.

- Power supply costs are projected at \$181.1 million, the majority of which are under contract as required by the risk management policy.
- Data Management and Billing Services costs are projected at \$4.3 million. These costs are fixed price per account.
- Employment expenses are projected at \$4.2 million. Included is a 3% across-the-board wage increase. The addition of two new positions include:
 - Associate Regulatory Analyst to support the Agency's role in the regulatory arena.
 - Administrative Analyst to support human resource functions as staff count has grown.

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- Professional Services costs are projected at \$1.4 million. This is a decrease of 23% compared to the FY 2016-17 Mid-Year Budget. Highlights include support for power supply, risk management, regulatory issues, the annual financial audit, and legal services.
- Marketing & Promotions costs are projected at \$0.3 million to support community engagement, customer service, and brand recognition.
- Notification costs are projected at \$0.1 million with the driver being the required joint mailer effort with PG&E.
- Lease costs are primarily due to rent for SVCE's current facility.
- General & Administrative costs include travel and compensation for Board Members.

Programs

The Programs budget is projected at \$4.8 million or 2% of energy sales. Specific projects will be presented to the Board throughout the year.

Capital

There are no major capital investments expected in FY 2017-18.

Debt Service

The Debt Service budget includes the expectation of retiring the \$2.7 million Member Agency loan. The Non-Revolving and Revolving Line of Credit are expected to be retired by the end of the current fiscal year.

ATTACHMENTS

1. FY 2017-18 Proposed Budget

**SILICON VALLEY CLEAN ENERGY
FY 2017-18 PROPOSED BUDGET
(\$ IN THOUSANDS)**

Line	DESCRIPTION	FY 2016-17 AMENDED BUDGET	FY 2017-18 PROPOSED BUDGET
	REVENUES		
1	Energy Sales	103,303	239,697
2	Green Prime Premium	247	440
3	Investment Income	16	200
4	TOTAL REVENUES	<u>\$103,566</u>	<u>\$240,337</u>
	EXPENSES		
5	Power Supply	66,671	181,120
6	Data Management	1,030	3,095
7	PG&E Fees	430	1,210
8	Employment Expenses	1,902	4,187
9	Professional Services	1,730	1,339
10	Marketing & Promotions	235	295
11	Notifications	410	100
12	Lease	245	315
13	General & Administrative	125	251
14	TOTAL EXPENSES	<u>\$72,778</u>	<u>\$191,912</u>
15	TOTAL EXPENSES W/O POWER SUPPLY	<u>\$6,107</u>	<u>\$10,792</u>
	ENERGY PROGRAMS		
16	Various Programs	400	4,794
17	TOTAL ENERGY PROGRAMS	<u>\$400</u>	<u>\$4,794</u>
	CAPITAL INVESTMENT		
18	Facility Equipment	250	50
20	TOTAL CAPITAL INVESTMENT	<u>\$250</u>	<u>\$50</u>
	DEBT SERVICE		
21	Financing	77	-
22	Interest	84	33
23	Principal	-	2,730
24	TOTAL DEBT SERVICE	<u>\$161</u>	<u>\$2,763</u>
	CASH INFLOWS/(OUTFLOWS)		
25	CPUC Deposit	(100)	-
26	TOTAL CASH INFLOWS/(OUTFLOWS)	<u>\$100</u>	<u>\$0</u>
	FUND BALANCE		
27	Net Increase / (Decrease)	29,877	40,819
28	Beginning Balance Oct 1	(991)	28,886
29	ENDING BALANCE AT SEPT 30	<u>\$28,886</u>	<u>\$69,705</u>



Staff Report – Item 5

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 5: Request for Offers for Renewable Resources with Energy Storage

Date: 8/9/2017

BACKGROUND

In 2016, SB350 was enacted into law requiring load serving entities, such as SVCE, to acquire a minimum of 60% of its renewable resource portfolio, or 21% of its total obligations, through long-term arrangement by the year 2021.

In November 2016, SVCE acquired sufficient short-term agreements to meet 100% of the Renewable Portfolio Standard (RPS) obligation in 2017 and 2018. There is an open position in 2019 and beyond to accommodate the mandatory long-term purchases.

In June 2017, the SVCE Board approved the strategic plan directing staff to proactively acquire carbon free resources at the lowest cost while giving due consideration to the reliability of the grid.

ANALYSIS & DISCUSSION

While there is sufficient time to pursue long-term arrangements to meet the state mandates for renewable resources, staff believes that 2017 is an opportune time to make a long-term commitment to renewable resources that will meet roughly 10% of SVCE's demand. Current prices for Solar and Wind generation are plummeting and many suppliers are offering to augment solar generation with battery storage capacity. Storage is becoming essential to negate the oversupply problem during the morning hours, which is harmful to the California grid reliability and negatively impacting the wholesale price of solar energy. Staff expects to acquire additional long-term supplies in 2018 or 2019 to meet SB350 mandates.

A second option is to pursue larger quantities this year to meet our 2021 obligations. Doing so would take advantage of the lower prices and the of tax incentives currently available to developers.

A third option is to begin the process in 2019 in hopes that prices will continue to plummet.

Staff is opting for a diversified approach on several fronts:

- Technology, requiring a combination of wind and solar resources, augmented with storage
- Quantity, pursuing only 50% of SVCE long-term RPS this year
- Timing, deliberately adding long-term commitments to address risk of customer flight

RFO TIMELINE & PROCESS

The RFO will consist of the following phases:

- September 1, 2017
 - RFO issued, followed by Bidders web conference, and Question & Answers.
- September 29, 2017

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- Offers due by 5:00 PM PPT
- October 2017
 - Offer Review: Staff will evaluate all offers according to the following criteria: project status regarding permits, site control and equipment, technology viability, developer experience and the ability to modify form power purchase agreement.
- November 8, 2017
 - Request authorization from SVCE's Board of Directors to move to the negotiation phase for short-listed offers.
- November & December 2017
 - Negotiations and Execution: Staff will negotiate Power Purchase Agreements (PPAs) with short-listed participants with the intention of executing PPA(s). Staff may execute PPAs with selected participants at any time during the negotiation phase or may choose to execute none at all.



Staff Report – Item 6

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 6: Approve Policy Direction to Provide for Disposition of Net Revenue

Date: 8/9/2017

RECOMMENDATION

Staff recommends the following:

- 1) SVCE rates will be adjusted annually to remain at 1% below PG&E's rates
- 2) Customer programs, aimed at reducing GHG, will be funded at 2% of gross revenue
- 3) Funding of reserves and cash rebates would be as outlined in Option 3 below

BACKGROUND

During the June 14 Board meeting, staff recommended that SVCE establish a program to allow for SVCE to provide additional rate reduction, credit customers with surplus funds after allocating sufficient funds to meet reserve requirements, and to fund customer programs.

The Board asked staff to provide options for Board consideration that would include varying levels of credit, reserve and customer programs funding.

SILICON VALLEY CLEAN ENERGY FY 2016/17 - FY 2021/22 BUDGET AND FORECAST (\$ IN THOUSANDS)

	FY 2016-17 AMENDED BUDGET	FY 2017-18 PROPOSED BUDGET	FY 2018-19 FORECAST	FY 2019-20 FORECAST	FY 2020-21 FORECAST	FY 2021-22 FORECAST
Revenues	\$103,566	\$240,337	\$229,777	\$228,428	\$229,497	\$230,569
Expenses	73,028	191,962	189,478	197,819	203,032	210,596
Programs	400	4,790	4,583	4,556	4,577	4,598
Debt Service	261	2,763	-	-	-	-
Surplus/(Deficit)	<u>\$29,877</u>	<u>\$40,822</u>	<u>\$35,716</u>	<u>\$26,053</u>	<u>\$21,889</u>	<u>\$15,374</u>
Cumulative	<u>\$29,877</u>	<u>\$70,699</u>	<u>\$106,415</u>	<u>\$132,468</u>	<u>\$154,357</u>	<u>\$169,731</u>

ANALYSIS & DISCUSSION

There are four different areas where SVCE can dispense of revenue surplus:

- Provide additional rate reduction from current levels
- Dedicate funds to customer programs that will support more GHG reductions
- Build up reserve funds to establish solid credit rating
- Return surplus to customers in the form of an annual credit

Additional Rate Reduction

It seems clear that additional rate reduction is unlikely to gain favor from customers. Peninsula Clean Energy's rates are 5% lower than PG&E's rates, yet, PCE's opt out rates are nearly identical to SVCE's. This illustrates that customers have little appreciation for small rate reductions. Therefore, the options presented in this report assume that SVCE rates will remain at 1% below PG&E's rates.

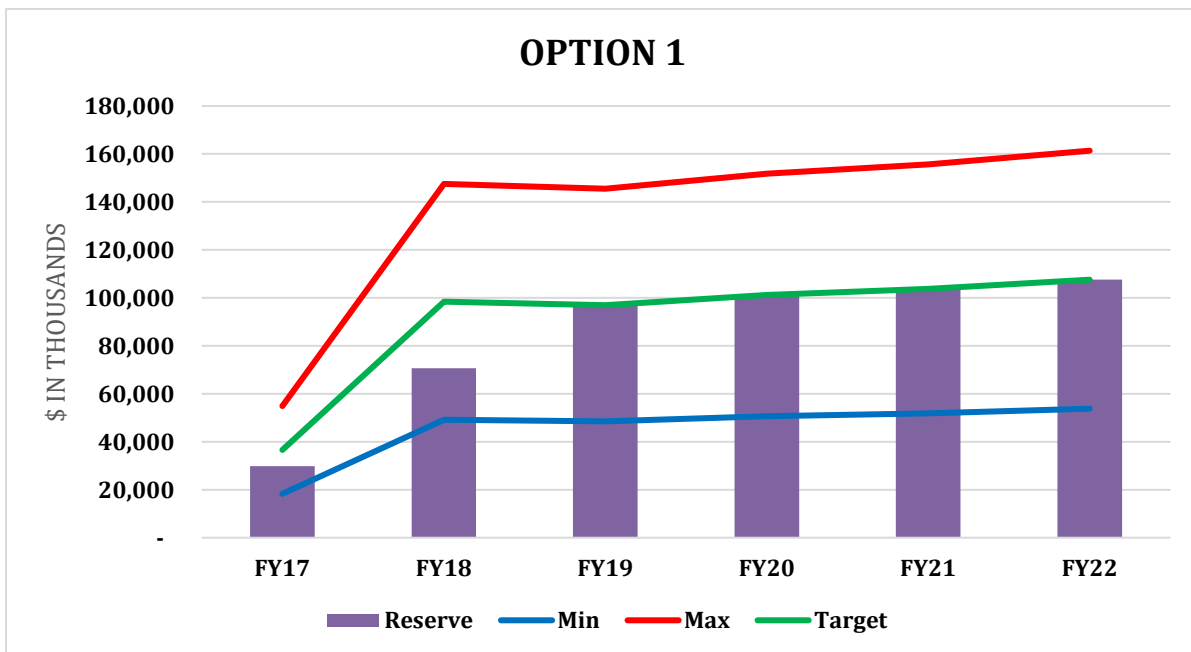
Dedicate Substantial Funds to Customer Programs

Program effectiveness is measured by the reduction of GHG relative to program costs. Staff must design and administer the programs to achieve maximum effectiveness and will likely start pilot programs to measure their overall effectiveness. SVCE is dedicating 2% of its operating revenue (roughly 25% of its average surplus over the next 5 years) to these programs and may adjust that level of funding in the future, subject to program performance. For this analysis, program funding is assumed to be constant at 2% of operating revenues.

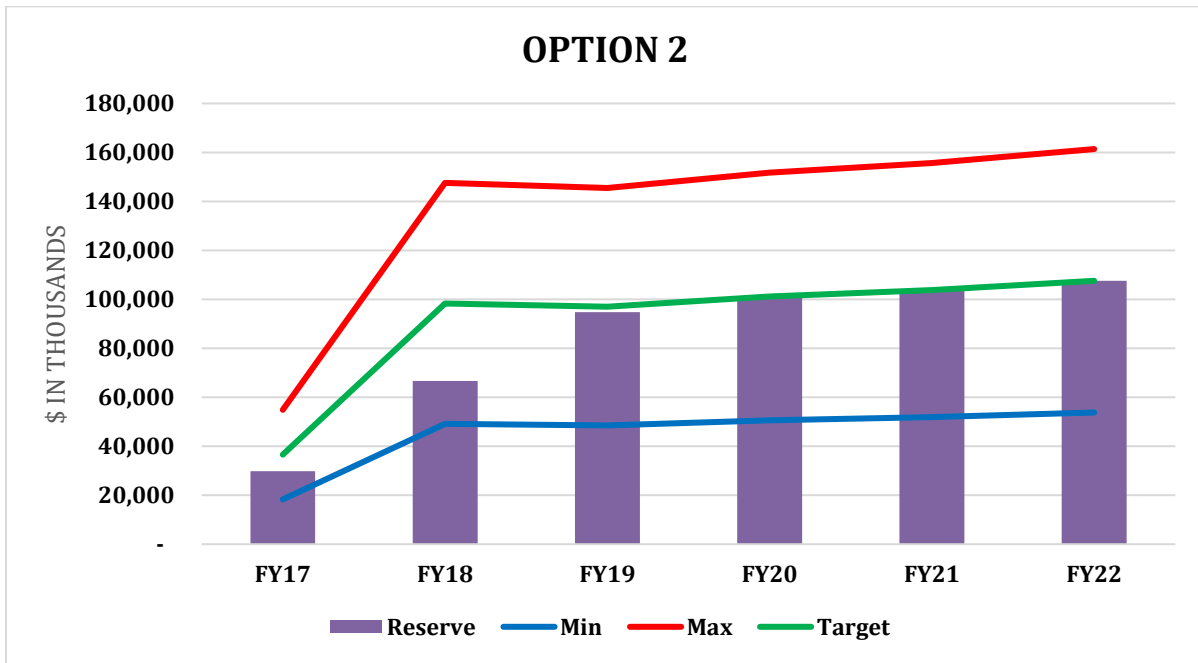
Reserves Versus Cash Rebates

Target reserves have been set at 50% of operating expenses. For this analysis, staff examined three options to fund this reserve level:

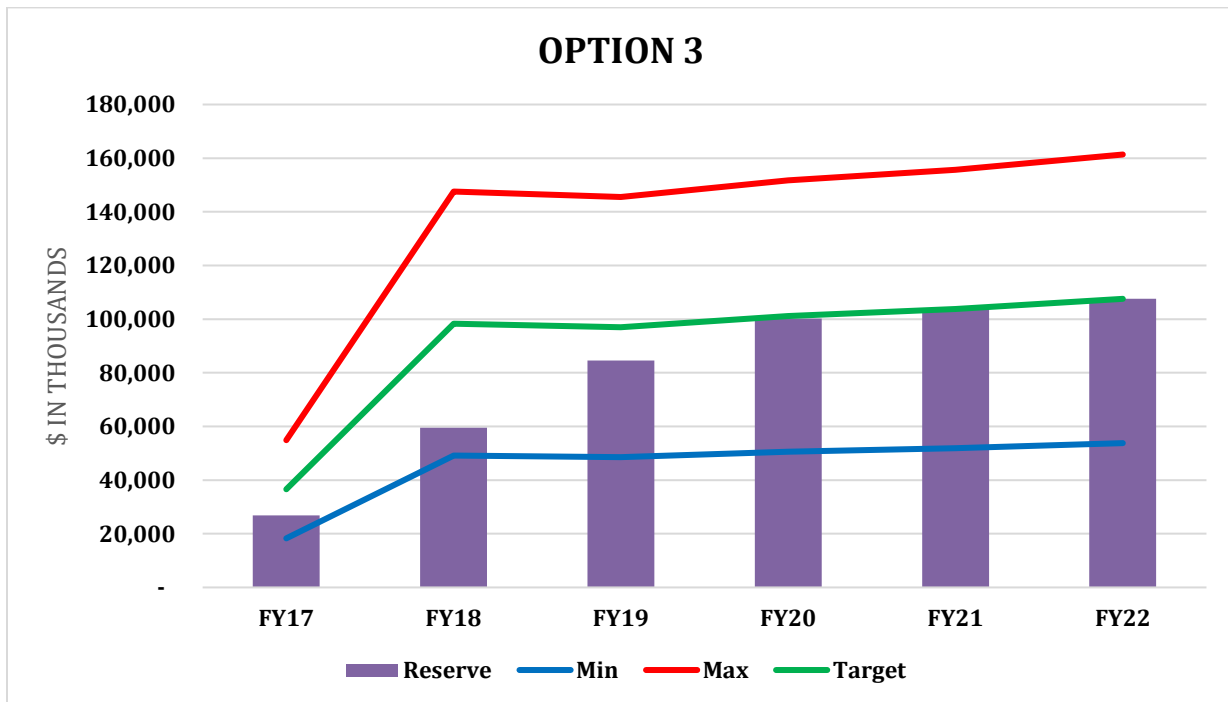
- 1) 100% operating surplus would be swept into reserves until the fund is at target, then all remaining funds will be offered to customers as credit at the end of the operating year;



2) 100% of surplus in FY 2017 will be swept into reserves; in subsequent years, the share of Net Operating Revenue (NOR) deposited into reserves will be reduced by 10% every year until the fund reaches its target level with the remainder being credited to customers annually; and



3) 90% of surplus in FY 2017 will be swept into reserves; in subsequent years, the share of NOR deposited into reserves will be reduced by 10% every year until the fund reaches its target level with the remainder being credited to customers annually.



**SILICON VALLEY CLEAN ENERGY
FY 2016/17 - FY 2021/22
ALLOCATION OF SURPLUS**

	FY 2016-17 AMENDED BUDGET	FY 2017-18 PROPOSED BUDGET	FY 2018-19 FORECAST	FY 2019-20 FORECAST	FY 2020-21 FORECAST	FY 2021-22 FORECAST
OPTION 1						
Reserve as % of Target	82%	72%	100%	100%	100%	100%
Dividend as a % of Revenue	0%	0%	4%	10%	8%	5%
OPTION 2						
Reserve as % of Target	82%	68%	98%	100%	100%	100%
Dividend as a % of Revenue	0%	2%	3%	9%	8%	5%
OPTION 3						
Reserve as % of Target	73%	61%	87%	99%	100%	100%
Dividend as a % of Revenue	3%	3%	5%	5%	8%	5%

CONCLUSION

Simultaneous rate adjustment to ensure that our rates will always remain under PG&E's rates, coupled with cash rebates offered as early as the first year of operation, will earn SVCE customer loyalty and support for years to come.



Staff Report – Item 7

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 7: Approve Process to Adjust SVCE Rates for CY 2018

Date: 8/9/2017

RECOMMENDATION

Approve process to adjust SVCE rates for CY 2018 as outlined in option 2.

BACKGROUND

During its June 2016 meeting, the SVCE Board of Directors approved a policy to set electric rates at 1% below the generation rates offered by PG&E on January 1, 2017. The Board also approved that the rates established for 2017 remain in effect through December 2018. The policy allows reexamination of the rates during the first two years of operation, provided significant deviations in market prices or other extraordinary circumstances mandate an adjustment to the rates.

On January 11, 2017, the SVCE Board approved a full set of detailed SVCE generation rates effective April 1, 2017. These rates currently remain in effect.

In June 2017, PG&E published initial estimates for its 2018 rates. PG&E projects a 16% increase to the Power Charge Indifference Adjustment (PCIA), and an estimated 1.5% decrease in generation rates, effective January 1, 2018. If these changes go into effect as currently projected, SVCE rates will need to be reduced by approximately 6% to maintain a 1% savings level for SVCE customers when compared to comparable PG&E generation rates.

PG&E's estimated rates for 2018 will be updated again in late August or early September 2017, in PG&E's Annual Electric True-Up (AET) filing. This filing will present detailed estimates for all rate schedules, covering all customer classes and rate components. Estimated changes to the PCIA will be updated in November 2017, and finalized PG&E rates for 2018 will be published on or near December 31, 2017.

SVCE seeks to adjust its rates for 2018 on or as close to January 1, 2018 as possible to maintain a price structure that is consistent and competitive with PG&E. To do so will require mitigation of potential delays associated with when PG&E's detailed 2018 rates and PCIA are known, required SVCE Board approval of new rates, and the lead time required to update and test new rates in SVCE's third-party billing systems (Calpine Energy Solutions).

ANALYSIS & DISCUSSION

Rate Design Methodology

For 2018, SVCE will maintain the same methodology used to calculate 2017 rates. Each PG&E generation rate or generation rate component was reduced by 1%, and the PG&E customer surcharges were subtracted, yielding the SVCE generation rate. Therefore, the SVCE generation rate is below the PG&E equivalent rate, and the resulting SVCE generation rates allow for the participating customer's generation cost to be reduced despite the imposition of the PG&E customer surcharges.

SVCE's rate design approach has the advantages of easy comparability and ease of customer communications in that the generation cost discount is the same, on a percentage basis, for all customers. Such comparability has helped ease the transition for customers to SVCE service, ensure similar rate benefits are obtained by all

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participating customers, and ensure compatibility of SVCE rates with the PG&E delivery rates will continue to apply to SVCE customers.

SVCE's current rate structure includes a total of 37 separate rate schedules, corresponding to the number of distinct PG&E generation rate options. To facilitate cost comparisons, the SVCE generation rate schedule also lists the applicable PG&E customer surcharges (PCIA and Franchise Fee Surcharge (FFS)) that PG&E will impose directly on SVCE customers' bills.

To illustrate the rate design approach underlying the proposed rates, the following example (using hypothetical rates) shows how each rate component is designed for the E-19 rate schedule, the default rate schedule applicable to large commercial customers. The PCIA and FFS surcharges are applied on a per kWh basis and the SVCE energy charges are reduced to offset these charges. No additional PG&E surcharges apply to demand charges, so no adjustment is necessary for SVCE's demand charges.

Table 1: Rate Design Example, Schedule E-19S

Rate Component		PG&E Generation			PCIA		FFS		SVCE GreenStart Generation
ENERGY CHARGE									
(\$/kWh)	<u>Summer</u>								
	Peak	\$0.12552	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.10473
	Part-Peak	\$0.08501	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.06463
	Off-Peak	\$0.05819	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.03808
	<u>Winter</u>								
	Part-Peak	\$0.07871	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.05915
	Off-Peak	\$0.06423	*0.99	-	\$0.01889	-	\$0.00064	=	\$0.04467
DEMAND CHARGE									
(\$/kW)	<u>Summer</u>								
	Peak	\$12.63	*0.99		N/A		N/A	=	\$12.50
	Part-Peak	\$3.12	*0.99		N/A		N/a	=	\$3.09

Consistent with 2017, it is anticipated that 37 rate schedules will again be published for 2018, covering most SVCE customers. In isolated cases where a customer is receiving electric service at primary voltage, with load characteristics that qualify them for rates applicable to customers receiving electric service at secondary voltage, they will receive a 4% discount on their electric generation cost. This is unusual, and applies to less than 10 customers in SVCE service territory.

100% Renewable Energy Option

The GreenPrime rate for 2018, SVCE's 100% renewable energy option, will remain unchanged from 2017. It is designed based on the incremental costs of supplying energy solely from eligible renewable generation sources and would add an additional per kWh charge to the bills of customers selecting this option. The charge is equivalent to the per unit cost difference between the default energy mix of 50% eligible renewable/100% carbon free energy and the 100% eligible renewable energy mix. This premium is calculated to be \$0.008 per kWh, which would be added to the otherwise applicable rate for the default GreenStart service offering.

Pro Forma Projections

Revenues at the proposed rates are projected to yield a net operating margin of approximately 18% during calendar year 2018.

Timing and Approach for 2018 Rate Updates

To minimize the potential delays associated with the release of PG&E 2018 rate data, SVCE Board approval of new rates, and the lead time required to update rates in SVCE's third-party billing systems, one of several alternative approaches can be taken:

- 1) 2018 SVCE rates effective Jan 1, 2018 are established based on projected (versus actual) PG&E rates
Under this approach, the Board would approve new 2018 rates at the November 8th Board meeting based on the best estimates of PG&E's projected rates and PCIA for 2018 as of the beginning of November, which should be close (in the aggregate) to what PG&E will ultimately finalize. Calpine would implement

the 2018 rates in the billing system, effective as of January 1st, 2018;

- 2) Two-step update process, with SVCE rates effective Jan 1, 2018, and adjusted/finalized rates Feb 1, 2018
Under this approach, similar to Approach 1, the Board would approve new 2018 rates at the November 8th Board meeting based on the best estimates of PG&E's projected rates and PCIA for 2018 as of the beginning of November, which should be close (in the aggregate) to what PG&E will ultimately finalize. Calpine would implement the 2018 rates in the billing system, effective as of January 1st, 2018; if and where there are substantive differences between SVCE's 2018 rates and the 1% savings pegged to PG&E's finalized rates effective January 1, 2018 (meaning savings greater than 1.1% or lower than 0.9%), the 2018 rates will be selectively adjusted, and approved as the final 2018 rates at the January 10, 2018 Board meeting. Where adjustments to rates are made, they would be implemented in the billing system by Calpine and become effective as of February 1st, 2018.
- 3) SVCE 2018 rates finalized Jan 1, 2018 based on actual PG&E rates, and made effective Jan 15, 2018
SVCE 2018 rates are 'pre-approved' within a designated range at the December 13th, 2017 BOD meeting. The range will be based on the best PG&E rate estimates and PCIA data available as of the beginning of December, which should be close (in the aggregate) to what PG&E will ultimately finalize. Detailed SVCE rates will then be established on January 1st, when PG&E's detailed 2018 rates are published. These will be loaded into SVCE's billing systems and made effective as of January 15th, 2018.
- 4) SVCE 2018 rates implemented Jan 15, 2018 based on actual PG&E rates, made retroactive to Jan 1, 2018
SVCE 2018 rates are 'pre-approved' within a designated range at the December 13th, 2017 BOD meeting. The range will be based on the PG&E rate estimates and PCIA data available as of the beginning of December, which should be close (in the aggregate) to what PG&E will ultimately finalize. Detailed SVCE rates will then be established on January 1st, when PG&E's detailed 2018 rates are published. These will be loaded into SVCE's billing systems as of January 15th, 2018. Charges between January 1st and January 15th are then backed out and re-billed on a subsequent invoice, using the 2018 rates.

Each of the four alternative approaches has advantages and disadvantages. The second approach is most preferable. While this means that some rate schedules or rate components will likely need to be updated more than once, all rates will be substantially updated and effective as January 1st, 2018 delivering significant rate reductions to all customers in line with PG&E's anticipated movements in rates and the PCIA. In January, the 2018 rates will be adjusted if/where necessary to remain pegged to PG&E with a 1% savings. A February rate update will likely be required for some rates, but this will not involve a retroactive rate adjustment.

FISCAL IMPACT

The adoption of rates reduction will reduce estimated revenue for the 2017-18 fiscal year by an estimated \$14 million.

CONCLUSION

Option 2 offers the best means to ensure that SVCE rates will remain at 1% below PG&E and will be established at the same time PG&E is updating their rates. Based on current projections, SVCE's rates for 2018 are projected to yield sufficient revenues to cover anticipated SVCE program power supply and other costs, and generate a surplus that will contribute to the operation of a financially healthy organization.



Staff Report – Item 8

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 8: Overview of Demand Side Programs to Reduce Green House Gas Emissions

Date: 8/9/2017

BACKGROUND

In July 2016, staff recommended to dedicate 1% of SVCE's revenue to implement customer programs and committed to provide a list of candidate programs by summer 2017.

Since April 2017, SVCE staff has met monthly with municipal managers from SVCE jurisdictions responsible for sustainability, energy and environmental activities (the Sustainability Managers Roundtable), and received input on program evaluation criteria, areas of focus, candidate programs and priorities.

ANALYSIS & DISCUSSION

Staff has taken several steps in preparing an initial list of candidate programs, including identifying a clear set of program evaluation criteria. Each of these criteria relates to SVCE strategic goals. Candidate programs should rank favorably against most or all criteria to ensure the program will be beneficial to SVCE customers and stakeholders. The program evaluation criteria are as follows:

- **GHG Reduction** – directly measurable and attributable carbon reduction, and addressable potential
- **Unit Cost** – SVCE unit cost of GHG reduction, after leverage of 3rd-party resources
- **Time to Value** – speed, level and likelihood of achieved customer value
- **Grid Performance** – improved grid resources and demand alignment to optimize use of clean energy
- **Community Engagement** – local stakeholder involvement, customer education and awareness building
- **Market Transformation** – addresses critical need(s) for development of essential new markets

Fourteen candidate programs have been initially defined, across the following three categories:

- **Electrification programs** focus on fuel switching from fossil fuels to clean electricity, and reducing carbon emissions from segments other than electricity production, such as transportation and gas heating.
- **Demand management programs** will help our customers use clean electricity when availability is the highest and prices are lowest, and reduce the need to use fossil fuels to support steep daily production ramps in the late afternoon and early evening hours.
- **Foundational programs** represent ongoing programs that SVCE's customer care team will provide to advance clean electricity use and carbon reduction in our member communities, and education and awareness for residential and commercial customers.

Agenda Item: 8**Agenda Date: 8/9/2017**

Of fourteen candidate programs outlined, three have been identified for immediate further development and launch in the second half of 2017:

- Connected Homes Energy and Demand Management
- Commercial Demand Management
- SVCE GHG Inventory Data and Metrics

These three programs are comparatively low cost and address important needs. They offer near-term benefits to multiple customer segments, SVCE and participating communities, and are described in the attached program briefs.

The remaining eleven programs will be further defined with input from key stakeholders, and other candidate programs may be added. Priority programs for launch for late 2017 and early 2018 will likely involve electric vehicles, electric vehicle charging, and high-efficiency electric water heating. Details can be found in the attached SVCE Candidate Program Summaries. Candidate programs are arranged by program category, and ordered as prioritized by Sustainability Managers Roundtable participants at their August 1, 2017 meeting.

FISCAL IMPACT

Pending the Board's approval for the proposed FY 17-18 budget, 2% of SVCE's annual operating revenue has been committed to programs, approximately \$5 million.

ATTACHMENTS

1. Program Briefs: Connected Homes Energy and Demand Management, Commercial Demand Management, and SVCE GHG Inventory Data and Metrics.
2. SVCE Candidate Program Summaries



Title	Connected Homes Energy and Demand Management	
Program Class	Demand Management	
Alignment	Strategic Plan 5.2: Develop and conduct SVCE programs that promote decarbonization via improved energy efficiency and/or fuel switching to clean electricity, and 5.3: Plan and launch initial 'starter programs' as prioritized in Q4 2017	
Strategy	Establish connectivity and capabilities to reduce gas heating during winter to lower natural gas consumption and associated GHG's; and reduce electricity use during summer peak usage periods, reducing SVCE electricity costs and grid GHGs associated with ramp-up load	
Market	Initially, all residential Nest customers with an eligible connected thermostat (~25,000 customers estimated); subsequently broaden to other connected thermostat providers	
Est. Launch	August 2017	
Goal	Reduce 530 MT of CO2 based on 25,000 winter participants (~3% of HVAC savings per home = 100,000 therms at 0.005302 metric ton of CO2 per therm); contribute to lower electric supply costs	
Description	Enable Nest's 'Seasonal Savings' Program, to enable existing smart thermostats in home and small businesses to automatically make small adjustments to heating settings during the winter, and cooling settings during the summer - to reduce energy demand and associated carbon emissions, and save participants money. Initial pilot program with Nest can begin as early as August 2017.	
Stakeholder Engagement	~25,000 residential customers with programmable thermostats	
Budget	Thru Dec 2017: \$100,000 Thru Dec 2018: \$135,000	
Metrics	# of enrollees, lbs of GHG, MWH/Therms saved	
Exit Strategy	Transition to DR and ADR phase in 2-4 seasons utilizing Rush hour rewards and Sun shine savings (rates or incentives)	
Criteria	GHG Reduction: Medium Unit Cost: Medium Grid Stability: Medium	Comm. Engagement: High Mrkt Transformation: Medium Time to Value: High
Resources		
Program manager	0.25 FTE of existing staff	
Marketing/outreach	Social media, member agencies websites, vendor co-marketing	
IT	Website, email blasts Integrate enrollees in CRM	
Accounting	Process contract with third parties, vendor payments and rebates	
Approvals	Board	



Title	Commercial Demand Management	
Program Class	Demand Management	
Alignment	2.1 Provide carbon free electricity to additional customers in the SVCE service area and increase market share 5.3 Develop and conduct SVCE programs that promote decarbonization via fuel switching to clean electricity, and improved energy efficiency	
Strategy	Develop SVCE focused DR initiative to provide proper economic motivation for customer usage matching to grid resources, reduce ramp up, and increase SVCE trusted advisor role.	
Market	Non-residential customers who utilized PDP.	
Est. Launch	9/1/2017	
Goal	100% of SVCE customers who request to opt-in	
Description	Provide interested SVCE commercial customers with an interim alternative to Peak Day Pricing (PDP). Via Opt-in only, SVCE customers may select the same Peak Day Pricing (PDP) mechanism previously offered by PG&E. Customers responding to event notices receive price reductions. SVCE Cost to supply electricity during peak events also reduces. SVCE will offer price protection to alleviate potential concerns if customer would have saved more than what SVCE's fully discounted rate would offer.	
Stakeholder Engagement	Current PG&E PDP customers, other CCAs	
Budget / Reserve Fund	Reserve thru Dec 2017: \$250,000 Reserve thru Dec 2018: \$300,000	
Metrics	Evaluate responsiveness to event signals. Compare cost of DR to existing fuel costs.	
Exit Strategy	As pricing migrates closer to real-time pricing, this may not be necessary. Low participation rates or satisfaction will drive this as well.	
Criteria	GHG Reduction: Medium Unit Cost: Low Grid Stability: High	Comm. Engagement: Medium Mrkt Transformation: Low Time to Value: Medium
Resources	Website update, Tariff sheet, PG&E data transfers	
Program manager	TBD	
Marketing/outreach	via Website and discussions with Account Managers	
IT	Interval data and data management via 3 rd party, as necessary	
Accounting	Process contract with 3 rd party provider, as necessary, and customer payments.	
Approvals	Board	

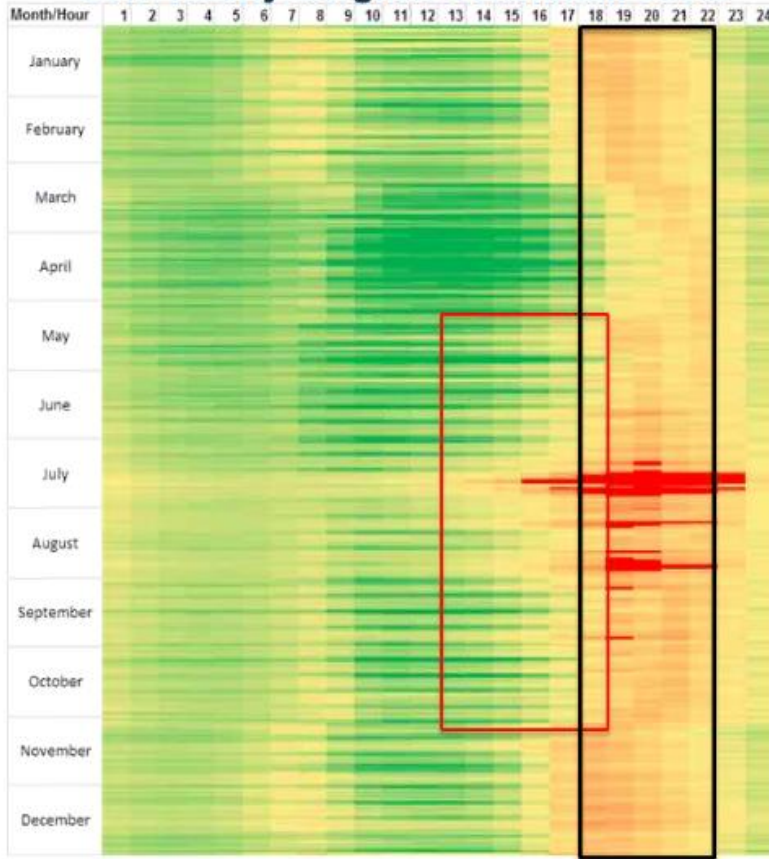


Related Information about demand management options:

Capacity Bidding	Day ahead or day of curtailment during utility Summer. SVCE provides a curtailment commitment. Reward/penalty system. SVCE customers can already do this with PG&E.
Automated Demand Response	Rebate for installing equipment needed for participating in DR programs.
Permanent Load Shift	Thermal energy storage (ice maker/chilled water storage). SVCE can do this with PG&E.
Demand Response Auction Mechanism	Sellers will bid aggregated demand response directly into the CAISO day-ahead energy market.
Scheduled Load Reduction	Pays you to reduce your electric load during pre-selected time periods that you specify in advance.
Optional Binding Mandatory Curtailment	Penalty based system with only reward being exemption from rotating blackout.
Tariff companion	Providing a tariff based on PG&E annual hourly costs - like real-time pricing.



2017 Hourly Marginal Generation Costs



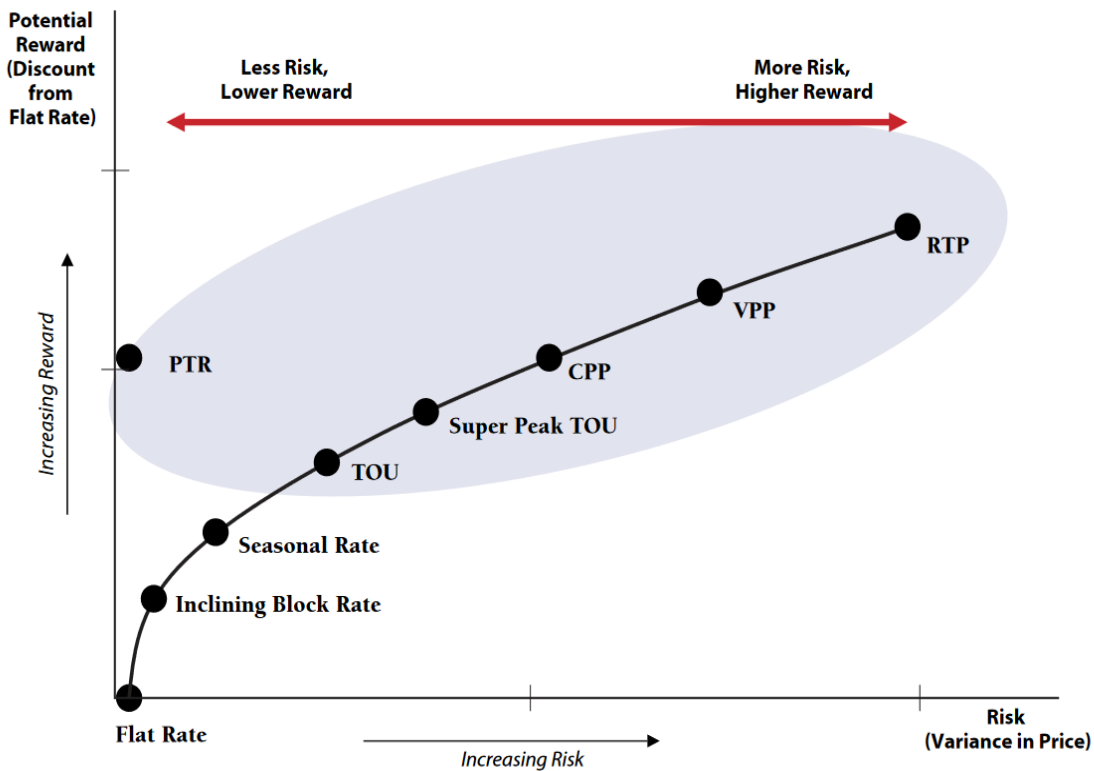
- Current Summer Non-Residential Peak
- Proposed Year Round Non-Residential Peak*

*Under consideration at CPUC

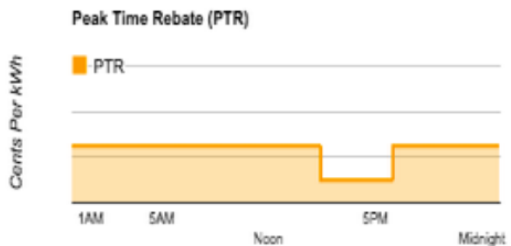
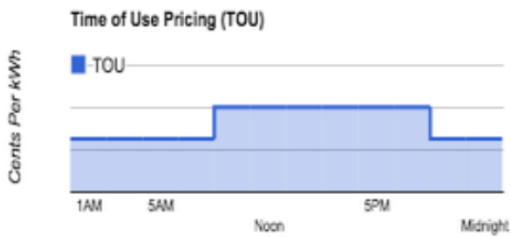
Detailed description of PG&E's GRC Marginal Energy Cost Model is in Chapter 2 testimony in Exhibit PG&E-9, Vol 1, available by searching for GRC Phase II Testimony from PG&E filed on 12/02/16 at <https://pgeca.scpnp.wshotes.net/Regulation/search>



Conceptual Representation of the Risk-Reward Tradeoff in Time-Varying Rates



Source: Faruqi et al., 2011





Title	SVCE GHG Inventory Data and Metrics	
Program Class	Foundational	
Alignment	Required to support Strategic Plan Goal #5: Work with the community to achieve energy and transportation-related GHG reductions of 30% from 2015 baseline by 2021	
Strategy	Strategy 5.1: Utilize local GHG data and key 'clean electric' operating measures to guide SVCE program activities 1) Document 2015 baseline GHG inventory data related to energy and transportation for the SVCE service territory, by January 2018; 2) Identify and document common Climate Action Plan (CAP) goals and measurement methods relevant to SVCE, and quantify penetration of related 'clean electric' infrastructure by Q1 2018; 3) Establish and document an initial set of SVCE 'clean electric' operating metrics and targets, where related to an SVCE program by Q1 2018; 4) Support local GHG accounting efforts and customer GHG accounting (e.g. Power Content Label)	
Market	For use by SVCE, and partnering jurisdictions	
Est. Launch	10/1/17	
Goal	Establish baseline energy and transportation-related emissions data and key metrics for the service territory, and processes for ongoing annual tracking	
Description	Retain expert consulting services to support initial definition of required inventory and metrics data, identification of activity data sources; tools and processes for annual collection, analysis, reporting and archiving; and development of initial datasets for 2015 baseline, and calendar year 2017.	
Stakeholder Engagement	Sustainability Managers, Public Works, Developers, Architects	
Budget	Thru Dec 2017: \$50,000 Thru Dec 2018: \$50,000	
Metrics	GHG emissions, storage capacity, DG, charging stations	
Exit Strategy	Ongoing need throughout SVCE service life	
Criteria	GHG Reduction: n/a Unit Cost: n/a Grid Stability: n/a	Comm. Engagement: Medium Mrkt Transformation: Medium Time to Value: Medium
Resources		
Program manager	0.25 FTE	
Marketing/outreach		
IT	Tools for developing and maintaining inventory data	
Accounting	Process contract with third parties, vendor payments	
Approvals	Board	



SVCE CANDIDATE PROGRAM SUMMARIES

Electrification

Multi-Unit Dwelling (MUD)/Workplace EV Charging Assist

Goal: Implement 200 charging points at 20 sites that are vetted for meter location, parking location, ADA, and feasibility.

Summary: PG&E is offering a "make-ready" EV charging program starting January 2018. MUDs and Workplaces will have to qualify for this program to participate. SVCE would like to maximize investment within our service area. Release Request for Qualifications (RFQs) for contractors capable of vetting customer locations for PG&E EV charge station program feasibility. SVCE will also offer assistance to customers in completing PG&E applications. Expected cost of \$1500-2000 per assessment, with an expected 50 sites participating.

Projected Budget: \$20,000 (2017); \$80,000 (2018)

Heat Pump Water Heater Accelerator

Goal: Install 200 Electric Heat Pump Water Heaters in 2018.

Summary: Phase 0 -- Investigate the existing barriers to market adoption of electric heat pump water heaters in both new construction and retrofit markets. Given existing economic benefits to forego natural gas, developers consistently install more expensive natural gas water heating systems. Residential market typically replaces gas unit with another gas unit. Develop program to install additional 200 units of HPWH in 2018.

Projected Budget: \$80,000 (2017); \$400,000 (2018)

EV Accelerator

Goal: Reduce GHG emissions and increase the market share of Electric Vehicles within our service area.

Summary: Phase 0 – Investigate existing barriers to adoption of both new and used electric vehicles from the dealer perspective as well as both market-rate and income-limited market segments. Develop program to escalate purchasing/leasing of new and used electric vehicles including managed charging potential.

Projected Budget: \$20,000 (2017); \$1,200,000 (2018)

eBike Accelerator

Goal: Increase usage of electric bikes for commuting and other purposes within our service area to reduce single occupancy vehicle usage.

Summary: Phase 0 – Investigate existing barriers to adoption of electric bicycles. Communicate with manufacturers, bike share companies, users and companies to understand potential solutions to increase market share of electric bicycles.

Projected Budget: \$30,000 (2017); \$50,000 (2018)

EV Seed Initiative

Goal: Increase adoption of electric vehicles in under-represented markets.

Summary: Phase 0 – Investigate addressable market and market adoption barriers for EV drivers outside of the market-rate, single family residences that lead EV adoption. These include Multi-Unit Dwellings, mobile homes, disadvantaged areas, and longer commute requirements. Develop program to address these markets.

Projected Budget: \$50,000 (2017); \$100,000 (2018)

Demand Management

Commercial Demand Management

Goal: Provide interested SVCE commercial customers with an interim alternative to Peak Day Pricing (PDP), and build longer-term SVCE capabilities to provide economic motivation to customers for usage that matches clean energy supply.

Summary: Via Opt-in only, SVCE customers may select the same Peak Day Pricing (PDP) mechanism previously offered by PG&E. Customers responding to event notices receive price reductions. SVCE Cost to supply electricity during peak events also reduces. SVCE will offer price protection to alleviate potential concerns if customer would have saved more than what SVCE's fully discounted rate would offer. Allow participation upon request from any non-residential customer who participated in PDP.

Projected Budget: \$300,000 (2017); \$300,000 (2018)

Managed EV Charging

Goal: Reduce GHG while improving grid stability by managing the demand of electric vehicle charging through smart Electric Vehicle Supply Equipment (ESVE).

Summary: Through one or more 3rd parties, promote, rebate and enlist a user-friendly automated home and workplace EVSE to shift charging demand away from peak periods.

Projected Budget: \$60,000 (2017); \$180,000 (2018)

Connected Home Energy and Demand Management

Goal: Reduce peak electricity demand during summer months, and natural gas use during winter months.

Summary: Through one or more 3rd party programs, enable existing smart thermostats in homes and small businesses to automatically make small adjustments to heating settings during the winter, and cooling settings during the summer – to reduce energy demand and associated carbon emissions, and to save participants money. Initial pilot program with Nest can begin as early as August 2017.

Projected Budget: \$100,000 (2017); \$130,000 (2018)

Large Scale Storage Study

Goal: Investigate and understand various storage strategies.

Summary: Commission a study to understand impacts of placing storage at various grid locations – generation facility, substation, circuit-level, transformer and at customer site. Information gathered will be used for future SVCE storage opportunities.

Projected Budget: \$100,000 (2018)

Foundational Programs

DA Local Customer Pilot

Goal: Enlist local Direct Access customers to SVCE generation service to increase market share and improve businesses' clean electricity content.

Summary: Establish new SVCE service model for providing electricity to DA customers, allowing customers to maintain their current DA status and vintage; DA service model may include new/distinct processes for data management, billing, partner participation (PG&E, SVCE suppliers and vendors), contracting and contractual obligations.

Estimated Cost: \$50,000 (2017); \$50,000 (2018)

SVCE GHG Inventory Data and Metrics

Goal: Establish baseline energy/transportation related emissions data and key metrics to improve/support ongoing annual GHG tracking.

Summary: Retain expert consulting services to support initial definition of required inventory and metrics data, identification of activity data sources; tools and processes for annual collection, analysis, reporting and archiving; and development of initial datasets for 2015 baseline, and calendar year 2017. Collect metrics on distributed generation, charging stations and storage throughout SVCE territory.

Projected Budget: \$50,000 (2017); \$50,000 (2018)

Model Ordinances Adoption

Goal: Draft template ordinances focused on electrification and decarbonization for our member communities to more easily adopt.

Summary: Enlist 3rd party expert to aid in the drafting of ordinances focused on regulations in the building and transportation sectors that will aid the adoption of green technologies and practices. Leveraging SVCE Board and member communities' Sustainability Managers; establish mechanism for ongoing evaluation and development.

Projected Budget: \$20,000 (2017); \$100,000 (2018)

Commercial Education and Community Building

Goal: Create a knowledge-sharing group of energy professionals on best practices and new tech to help make their businesses more efficient and carbon-free.

Summary: Host workshop series quarterly to share information about available or new technologies to improve energy efficiency, demand management and fuel-switching. The workshops consist of presentations, discussions and tours of projects and facilities of interest.

Projected Budget: \$5,000 (2017); \$20,000 (2018)

Residential Education and Community Building

Goal: Increase awareness and support of SVCE by residential customers.

Summary: Develop an education and engagement plan for residential customers on energy efficiency, energy management, and strategic electrification. Deliver key messaging to our communities through a variety of channels to ensure broad levels of general energy and sustainability knowledge and to facilitate local nodes focused on deeper levels of understanding.

Projected Budget: \$10,000 (2017); \$30,000 (2018)