



**SILICON VALLEY
CLEAN ENERGY**

Financing for Silicon Valley Clean Energy

Sunnyvale City Council
August 9, 2016

Update on Silicon Valley Clean Energy

- New Joint Powers Agency – March 2016
- 12 communities in Santa Clara County
- Board of Directors – each community represented
- CEO – Tom Habashi



- Rod Sinks, Chair
City of Cupertino
- Rob Rennie, Vice Chair
Town of Los Gatos
- Liz Gibbons
City of Campbell
- Daniel Harney
City of Gilroy
- Jeannie Bruins
City of Los Altos
- John Harpootlian
Town of Los Altos Hills
- Burton Craig
City of Monte Sereno
- Steve Tate
City of Morgan Hill
- John McAlister
City of Mountain View
- Joe Simitian
County of Santa Clara
- Howard Miller
City of Saratoga
- Jim Griffith
City of Sunnyvale

SVCE Initial Guiding Policies

1) Customer Enrollment Period

- in three phases between April and October 2017

2) Electricity Generation Rates

- 1% below PG&E generation rates as adopted in January 2017
- optional 100% RENEWABLE offering at modest premium

3) Financial Structure

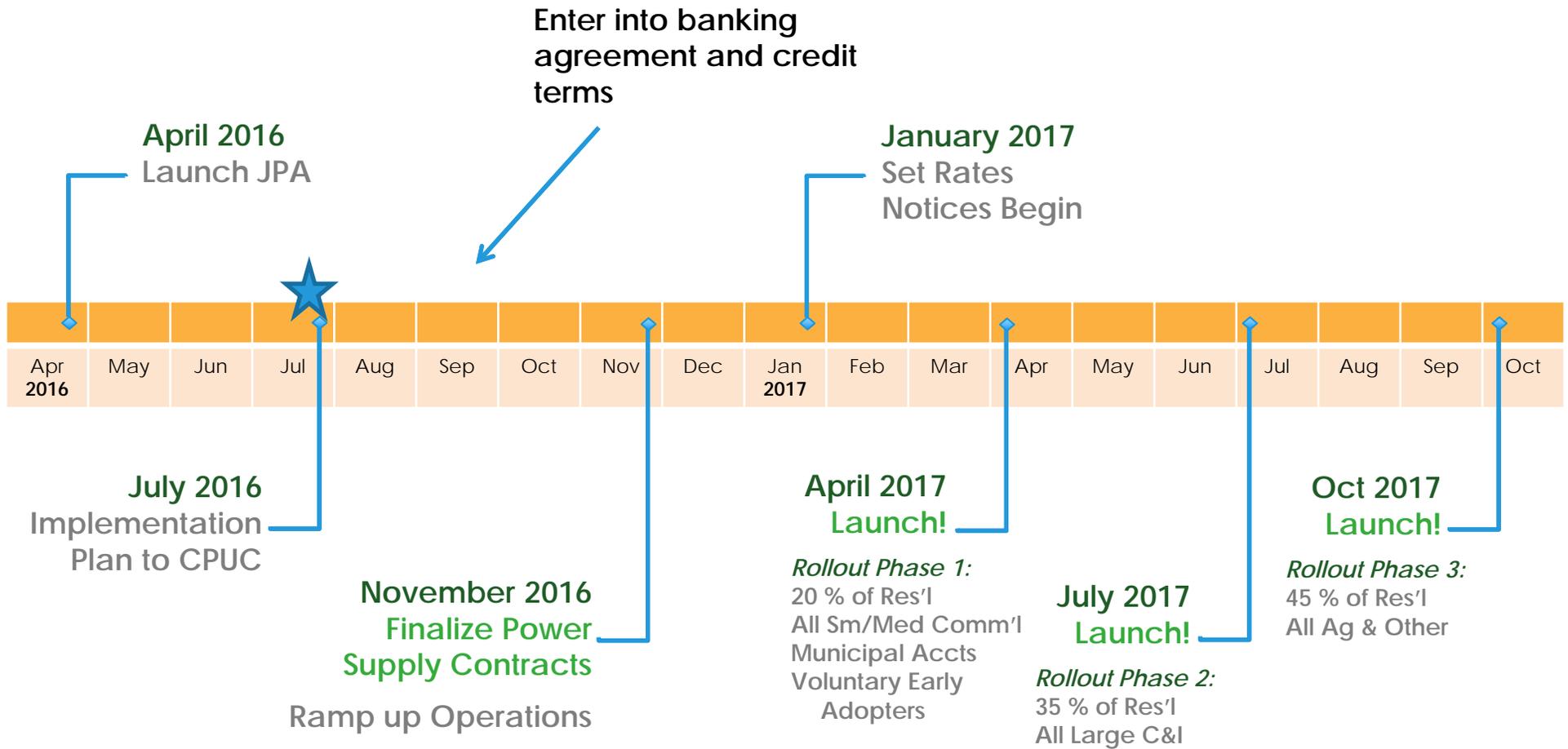
- Rapidly build strong financial reserve to provide additional rate stability, minimize financing costs

4) Power Resource Preferences

- Target 100% GHG free for procurement = 50% Renewable Energy, 50% Large Hydro



The Path Ahead . . .



Financing Options

1) Financing

- Two phases: pre-launch and post launch
- Initial \$2-3M pre-launch credit, \$20M working capital between launch and revenue
- First phase likely to require a guaranty

2) Participant financing

- One or more member agencies provides funding for both pre and post launch credit

3) Bank Financing – still requires JPA member involvement

- One or more member agencies provides a guaranty – more agencies complicates structure and process

3) Sunnyvale

- Role yet to be determined but primary participant with Mountain View and Cupertino in establishing banking and financing



Banking and Credit Partner

- RFP Process conducted. A single provider selected for negotiation.
- Terms significantly better than estimated:
 - *\$20M Line of Credit with no guaranty and no interest for unused credit*
 - *\$2-3M Term loan with equivalent guaranty*
 - *Also providing banking services*
 - *Experience in CCE programs*
 - *Committed to supporting program success*



For Council Discussion

- Should Sunnyvale participate in providing a guaranty or financing?
- Is risk to Sunnyvale acceptable?
- Recommendation: Authorize staff to negotiate terms for a guaranty or loan of up to \$1.3M



Questions/Discussion



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