



**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



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# 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

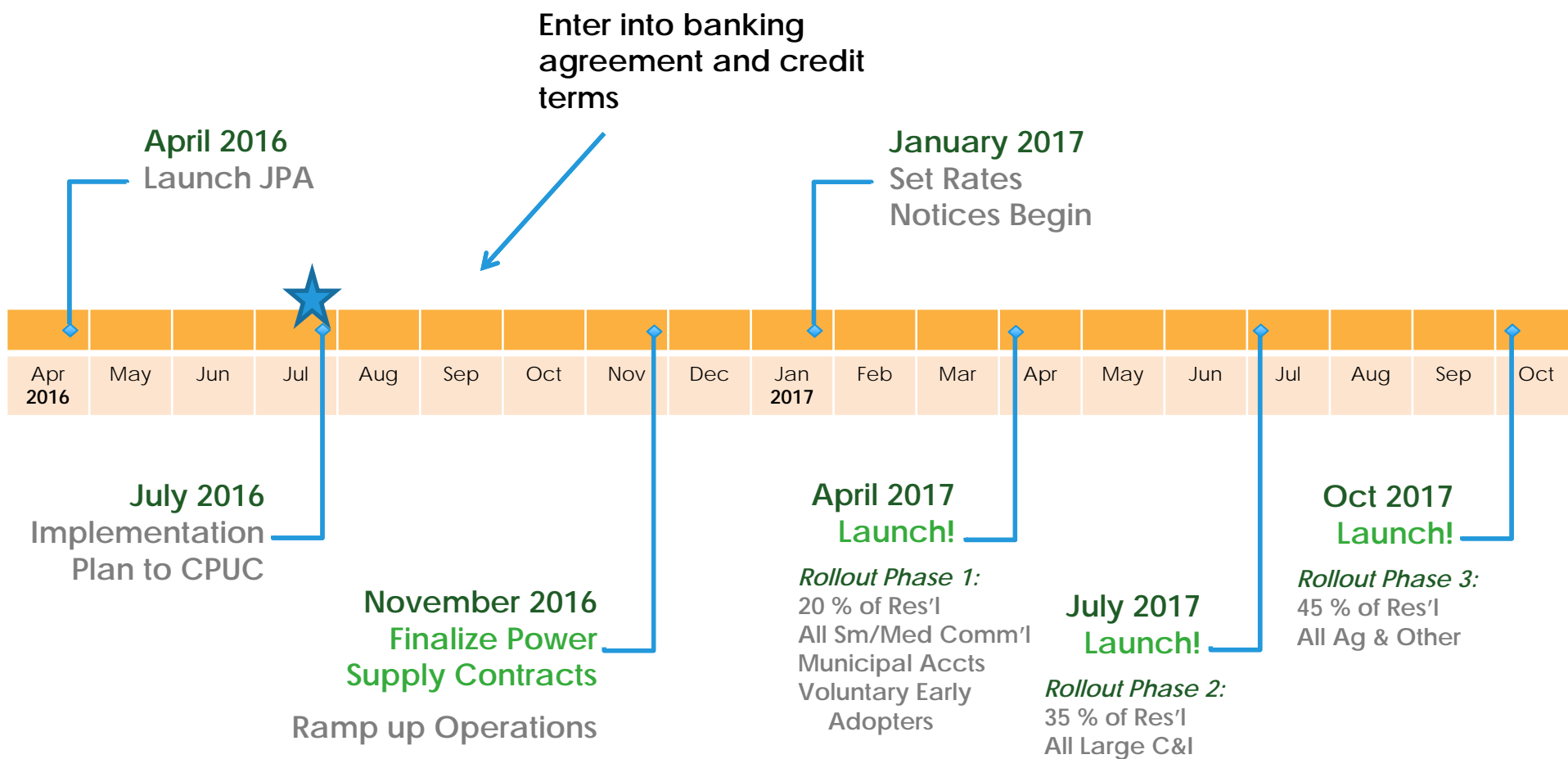
## 3) Financial Structure

- 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 . . .



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# 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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