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item 5





City Council

**Item #5: Silicon Valley Power
Quarterly Update**

RTC 23-51

February 7, 2023

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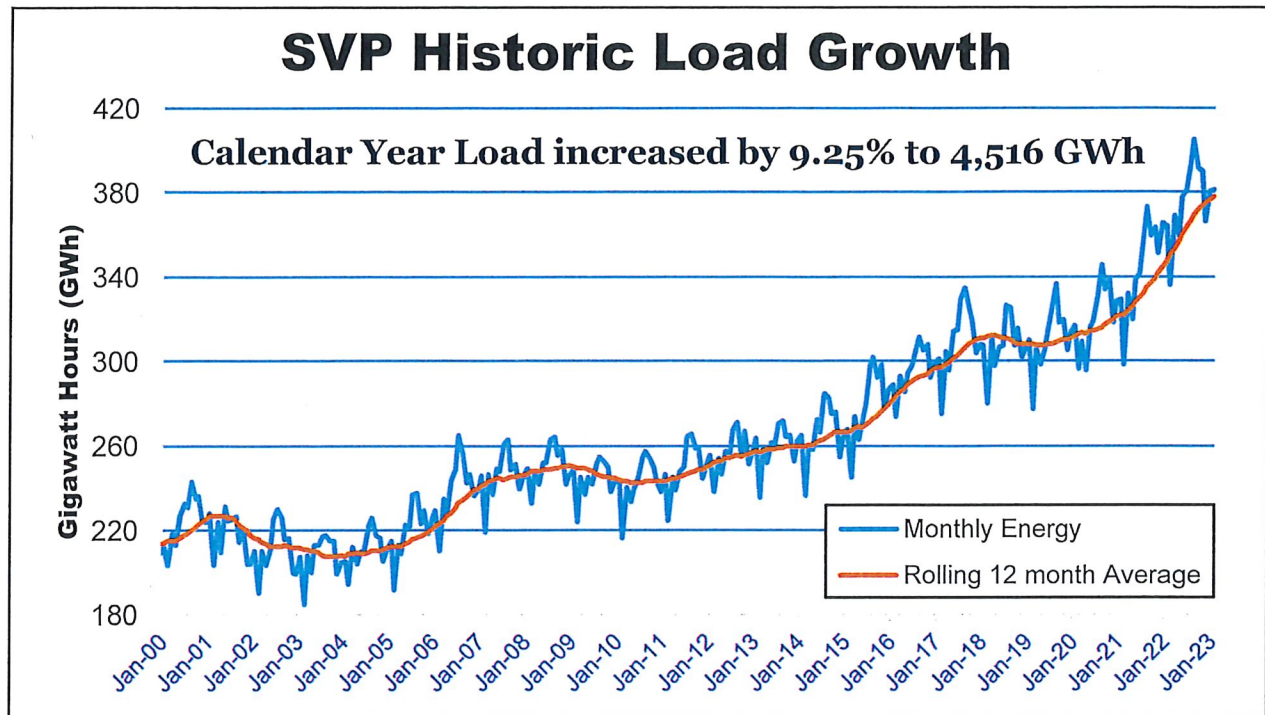
Agenda

- Load Growth
- Budget Impacts of High/Volatile Natural Gas Prices
- Winter Storm Preparation
- Progress on Key Expansion Projects
- Customer Rebate Programs and Outreach
- Potential SVP Leasing space at 900 Lafayette Building



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POST MEETING MATERIAL

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Budget Highlights

- Historically High Natural Gas Prices
 - Peaked nearly 11x higher in December than historical
 - January approximately 3.5X higher than historical
 - City's hedging strategy provided some price protection for Powerplants
 - Increased costs for Market power purchases
 - Approximately 200 MW at 100-150% higher than typical
- Other Utilities are considering double digit increases
- Financial Impacts to Date
 - Forecast FY22/23 Expenses: ~11% higher than anticipated or \$68M
 - Resource and Production Costs (Estimated \$75.0M above budget)
 - Salary and Benefits (Estimated \$5.0M below budget)
 - Materials/Services/Supplies (Estimated \$2.0M below budget)

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Budget Highlights

- Actively Tracking Budget and Options
 - Exercised Gas/Power Hedges
 - Liquidate Gas Hedges
 - Use of cash balances (Unrestricted Funds)
 - Reviewing all large expenditures (defer costs)
 - Evaluating use of reserves
- Monitoring Resource Cost
 - Higher Natural Gas Prices = Market Purchase Prices
 - Rainfall (Hydropower) reduces market purchase prices.
 - Hydropower starting in January
 - Reduced Power purchased from the Market from 200 MW (December) to 40 MW (January).
 - Tracking to be good hydropower year to reduce power costs.



NCPA Utica Dam and Reservoir – Jan.2023

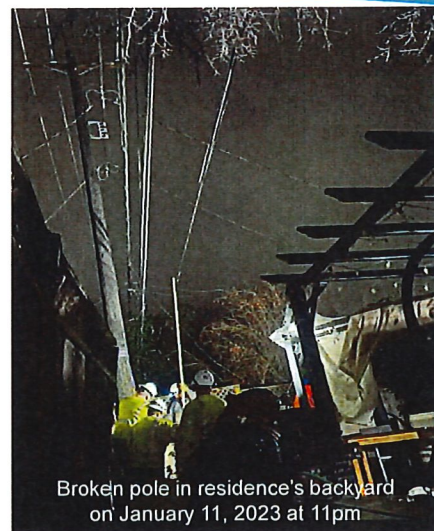
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Winter Storm Support

- Large Scale Preparations began December 30th
- SVP Personnel working around the clock during Storm Events
- Customer Service monitoring status and communicating outage response with Customers
- Field Operations staff pre-positioned for Storm response
 - System Control Operators, Troubleshooters, T&D Distribution crews, Substation Electricians, Tree Trimmers, Engineering
- 2,100+ hours worked by staff outside of normal schedule to support Storm Events



Broken pole in residence's backyard on January 11, 2023 at 11pm

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Winter Storm Effect in Santa Clara

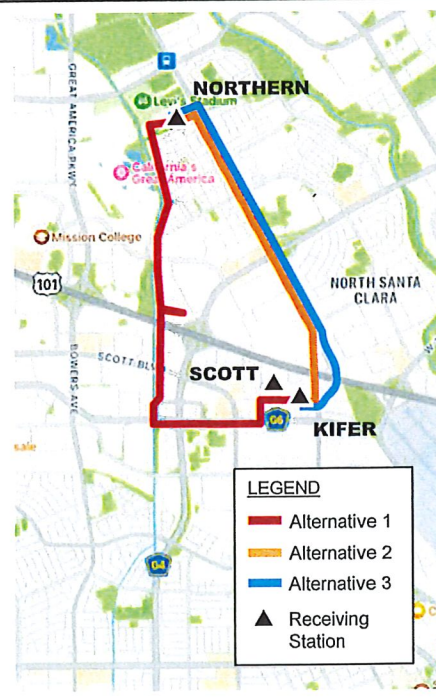
- 25 Outages between December 28th through January 12th
- 56% Outages were under 100 customers
- 40% of outages resolved under 1 hour
- 72% of outages resolved under 4 hours
- Approximately 623 customers had long outages (8+ hours)
- Longest outage 14 hours affecting 17 customers



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Status of Key Expansion Projects

- Kifer and Scott Receiving Stations
 - Completed draft Switchgear Specifications. 30% design in February, Full design to be completed late 2023
- Northern Receiving Station (NRS) Upgrades
 - Proceeding with design packages for Breaker 412 & 392 mitigation design packages
- NRS-KRS New 115kV Transmission Line
 - Completed field visit for three route alignment alternatives. CEQA consultant completed draft environmental screening report.
- **Critical Path Items:**
 - Transformer Procurement Package (20+ transformers – RFP release)
 - Develop Switchgear Procurement Package
 - Finalizing 60kV Reconductor Planning Packages



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Supply Chain Issues – Doubling Lead Times

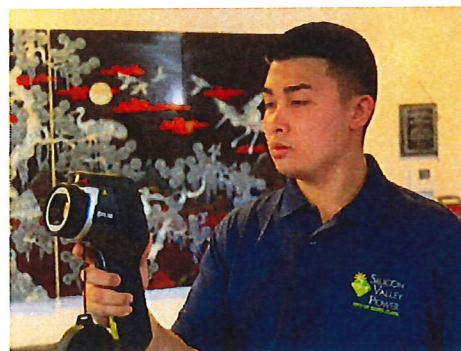
- Transformers and Switchgear–12-24+ month lead time
- Customer Meters – 12-month lead time
- Electric Vehicles – City/SVP was to replace 33 fossil fuel vehicles with electric in 2022 and 2023. Orders were cancelled by the auto manufacturers. City Fleet is working to secured 10 EV replacement vehicles to date
- Customers are communicating similar impacts for supply chain
- Mitigation Strategy – procure long lead items in bulk and earlier procurement, e.g., RFQ for bulk transformer purchase in February 2023

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Residential and Commercial Rebates

- 30 residential and commercial rebates, programs and grants available
- Proactively target various customer segments and demographics
- Re-evaluation program offerings annually
- **NOTE: IN PERSON ENERGY AUDITS ARE BACK!**
 - How are we promoting? – website, news item, social media and it is offered to customers with high bill concerns
 - Postponed during COVID
 - Due to staffing levels, can only schedule 2 a week, booked through March.



SVP Energy Auditor holding thermal imaging camera

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Rebates and Program Outreach - 2022

- Bill Inserts, Envelopes, Channel 15 Slide, eNewsletters - Monthly
- Newsletters – The Outlet and Inside Santa Clara – 4-6 Times a Year
- Direct Mail (Residential and Commercial) – 5 Post Cards/9 Flyers
- Social Media (Facebook, Twitter) -291 Posts/17,150 Subscribers
- News Releases and News Blasts (GovDelivery - City and SVP) – 25 News Items Posted/22,342 Subscribers (Includes City, SVP, EV, Sustainability, and SVP Business News)
- Other Outreach
 - Community Events – Art & Wine, Senior Health Fair, Arbor Day, Tree Lighting, etc.
 - Webinars – EV Infrastructure for Commercial and Multi-Family Housing
 - Sponsored Classes - Induction Cooking Class
 - Education Videos
 - Library Partnership – Energy Books and Tool Lending

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900 Lafayette

- SVP currently rents office space at 801 Martin Ave
- Lease expires in 10/31/2025
- Staff would like to **explore** 900 Lafayette
- Long - term plans for the building
 - Major capital improvements needed
 - City not staffed for long-term lease
 - Downtown Precise Plan
- SOQ for Engineering Study
 - Roofing, electrical, HVAC, Plumbing, etc.
 - Architectural and Environmental
 - First floor options
- Downtown Task Force - February 16 meeting



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Upcoming Items

- Monitoring budget and seeking opportunities for savings, deferral of projects, increased revenue.
- Next 6 months highlights
 - Community solar survey results – March/April 2023
 - Multiple system expansion contract awards
 - Completion of solicitations and master agreements for critical services supporting existing infrastructure (power plants, substations, transmission and distribution.)
 - Battery Storage
 - Integrated Resources Plan (IRP) – RFP issued, vendor to be awarded, due to council Q4 2023

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