

FINAL

# 2018 STRATEGIC PLAN

Silicon Valley Power



04 DECEMBER 2018

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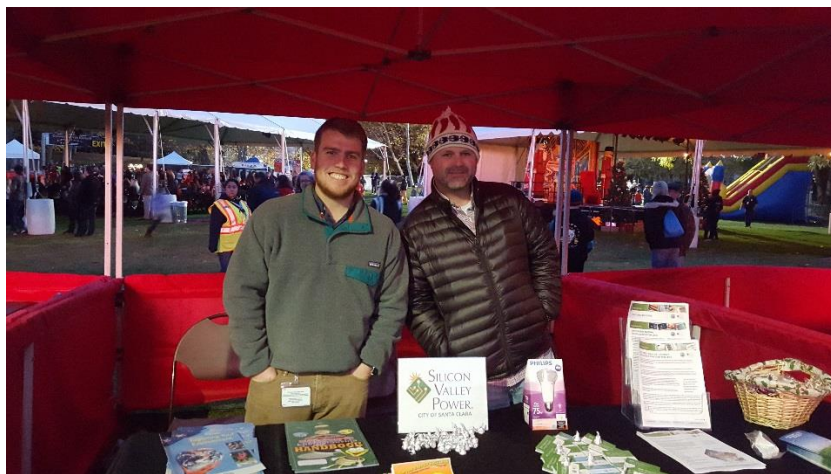
## Silicon Valley Power in the Community

On July 23, 1896, the Santa Clara Board of Town Trustees authorized the creation of the municipal electric utility. More than 120 years later—in March 1998—the electric utility took the name Silicon Valley Power (SVP). The name change was in recognition of the vital role our utility plays in serving a growing community of innovation and technology, as SVP powers some of the largest world-class high-tech companies.

Today, SVP works hard to provide our community with reliable electricity and attentive customer service. As a city-owned, not-for-profit municipal electric utility, we deliver quality power to our customers at rates averaging 15-45% lower than the rates in neighboring cities. In March 2013, we became the first electric utility in the US to provide free city-wide outdoor internet access for all residents and visitors.

As a municipal utility, we run a socially and environmentally responsible business and partner with our customers and the broader community to promote and support environmental and social goals. We currently provide more than 44% of Santa Clara's electricity from carbon-free renewable resources. In addition to using green energy from large-scale wind, solar, geothermal, and hydroelectric projects outside of the area, we employ innovative ways to produce electricity locally by capturing and burning methane gas from a closed city landfill and using power from solar generating systems on city-owned garages and vacant, unusable land.

Our close ties to the community comes from more than 120 years of successfully and reliably meeting Santa Clara's need for electricity, while implementing measures that help our customers use energy wisely and sustainability.



## Our Mission, Vision, and Values

During our 2018 strategic planning process, SVP set a new Mission and Vision for the utility moving forward.

### Mission Statement

Our Mission Statement describes what we do—our core purpose.

**We are dedicated to our community, customers, and employees. We provide safe, reliable, affordable, and sustainable energy services with exceptional customer focus.**

### Vision Statement

Our Vision Statement shows what we aspire to do and be in the future.

**Innovating creative energy solutions for a resilient and sustainable community.**

### Values

Our Values guide our goals and actions, underpinning everything we do at SVP—what we believe in.

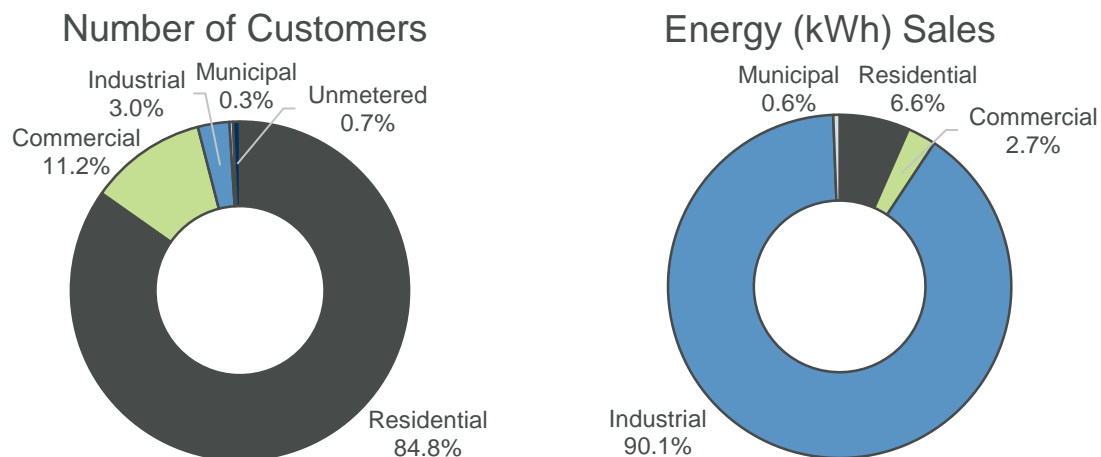
- **Reliability:** Maintaining the consistent and dependable operation of our assets to deliver electricity to our customers.
- **Safety:** Ensuring the safety of the public and our employees when conducting utility operations.
- **Customer Focus:** Promoting the needs and interests of our customers, with a commitment to providing high value utility service.
- **Accountability:** Holding each other accountable for our actions and responsible for achieving collective results.
- **Trust:** Maintaining public and employee trust.
- **Ethics:** Demonstrating the highest levels of integrity and principled conduct.
- **Collaboration:** Supporting teamwork within our organization and with our customers, and our partners.
- **Sustainability:** Championing environmental stewardship and supporting responsible economic development in our community.
- **Innovation:** Seeking and valuing new ideas that will help deliver on our Mission and Vision and meet the challenges of tomorrow.
- **Continuous Improvement:** Engaging employees to strive for operational excellence.
- **Diversity:** Recognizing and respecting a variety of perspectives, experiences, and approaches in our organization and community.
- **Communication:** Providing timely communication and outreach to employees, customers, and other key stakeholders.
- **Risk Awareness:** Understanding the balance between risk and reward when pursuing SVP's goals and objectives.

Underpinning these Values is a commitment to maintaining our financial strength, which is central to the successful adoption of our strategic plan.

# Our Business Today

## Our Customers

SVP serves approximately 55,000 customers in the City of Santa Clara. We have a unique customer makeup, as both a livable residential community and a hub for the large commercial and industrial enterprises that make Silicon Valley the thriving technology center it is today.



*SVP Utility Fact Sheet, Jan – Dec 2017*

We are also in the unique position of experiencing load growth and have been making significant investments to serve new customer demands on our electric system. As Santa Clara grows, we will continue to expand the system to meet the needs of our growing customer base.

We strive to create positive experiences for all residential and commercial customers and to allow them to flourish here in Santa Clara. We believe increased customer satisfaction results in reduced risk and operational costs, as well as more engaged and happier customers (and employees). Our exceptional customer focus is a core value of the organization.

## Our Employees

Our employees are our most valuable assets. How highly employees are valued directly affects both productivity and customer service outcomes. Programs and policies that empower and recognize employees boost morale and pride, and they are fundamental to maintaining and improving customer service and satisfaction. SVP is committed to the growth and development of our employees, so that we are prepared to meet the needs of our Santa Clara community and the challenges of a changing industry with a focused and dedicated workforce.

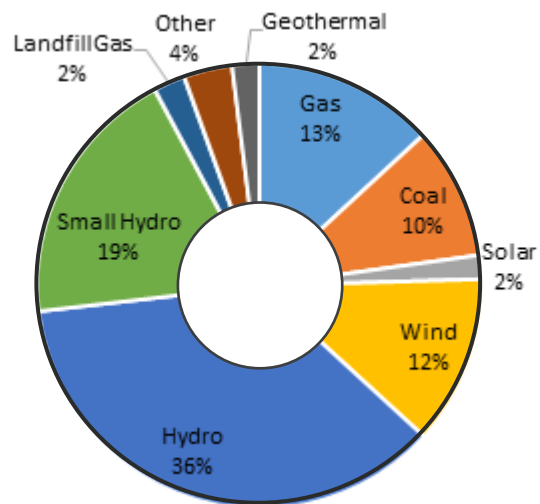
## Our Assets & Resource Mix

SVP owns and operates seven generating plants and 30 substations, in addition to contracting for a share of numerous hydro, wind, solar, and gas resources in California and neighboring states.

### Silicon Valley Power System:

- 586.6 MW peak; 3,544 GWh annual sales
- 540 miles of distribution lines
- 145-mile fiber optic backbone
- 19,000 poles and streetlights
- 5,700 transformers and other devices

### FY 2017 RETAIL SALES



\*\* At the end of 2017 we divested from coal in our power mix, enabling SVP to provide carbon-free power to all residents in Santa Clara starting January 1, 2018. The residential power content is now 100% carbon-free, consisting of 50% eligible renewable resources (which counts towards the California Renewable Portfolio Standard requirement) and 50% large hydroelectric.



# ELECTRIC RESOURCE MAP

## IN TOWN RESOURCES Santa Clara, CA



### Donald Von Raesfeld Power Plant

Ownership: Silicon Valley Power  
Size: 147 MW  
Completed: 2005



### Jenny Strand Solar PV System

Ownership: Silicon Valley Power  
Size: 100 KW  
Completed: 2012

### Cogeneration Plant #1

Ownership: Silicon Valley Power  
Size: 7 MW  
Completed: 1981

### Glanera Generating Station

Ownership: Silicon Valley Power  
Size: 49.5 MW  
Completed: 1986

### Graphics Packaging Co-gen

Ownership: Graphics (PPA)  
Size: 27.7 MW  
Completed: 2016



### Ameresco Santa Clara Landfill Gas

Ownership: Ameresco (PPA)  
Size: 750 KW  
Completed: 2009

## LEGEND



Wind



Solar



Geothermal



Hydroelectric



Landfill



Natural Gas

### M-S-R Big Horn I Wind

Location: Brickleton, WA  
Ownership: Iberdrola (PPA)  
Size: 200 MW; 105 MW to SVP  
Completed: 2006

### M-S-R Big Horn II Wind

Location: Brickleton, WA  
Ownership: Iberdrola (PPA)  
Size: 50 MW; 17 MW to SVP  
Completed: 2010

### Stony Creek Hydroelectric

Location: Stony Creek River System  
Ownership: Silicon Valley Power  
Size: 11.6 MW  
Completed: 1998

### NCPA Geothermal

Location: Sonoma/Lake county  
Ownership: NCPA (JPA)  
Size: 116 MW; 52 MW to SVP  
Completed: 1983

### Altamont Wind Re-power

Location: Alameda County, CA  
Ownership: Seawest, LLC (PPA)  
Size: 49.5 MW  
Projected: 2019

### Ameresco Vasco Landfill Gas

Location: Livermore, CA  
Ownership: Ameresco (PPA)  
Size: 4.6 MW  
Completed: 2014

### Ameresco Forward Landfill Gas

Location: Manteca, CA  
Ownership: Ameresco (PPA)  
Size: 4.6 MW  
Completed: 2014

### NCPA Combustion Turbine

Location: Alameda & Lodi, CA  
Ownership: NCPA (JPA)  
Size: 75 MW; 31 MW to SVP  
Completed: 1986

### Grizzly Hydroelectric

Location: Plumas County  
Ownership: Silicon Valley Power  
Size: 20 MW  
Completed: 1993

### G2 Landfill Gas

Location: Wheatland, CA  
Ownership: G2Energy (PPA)  
Size: 1.3 MW  
Completed: 2009

### Western Area Power Administration

Location: Sacramento, CA  
Ownership: WAPA (PPA)  
Size: multiple; 136 MW to SVP  
Completed: 1985

### Friant II Small Hydroelectric

Location: Fresno County, CA  
Ownership: Friant Power Authority (PPA)  
Size: 7 MW  
Completed: 2017

### Friant I Small Hydroelectric

Location: Fresno County, CA  
Ownership: Friant Power Authority (PPA)  
Size: 25 MW  
Completed: 2016

### Gustine Solar

Location: Merced County, CA  
Ownership: Central 40 LLC (PPA)  
Size: 40 MW  
Completed: 2020

### NCPA Lodi Energy Center

Location: Lodi, CA  
Ownership: NCPA (JPA)  
Size: 280 MW; 72 MW to SVP  
Completed: 2012

### NCPA Calaveras Hydroelectric

Location: Stanislaus River Basin  
Ownership: NCPA (JPA)  
Size: 252 MW; 91.4 MW to SVP  
Completed: 1990

### Tri-Dam Small Hydroelectric

Location: Tuolumne County, CA  
Ownership: The Tri-Dam Project (PPA)  
Size: 16.2 MW  
Completed: 2016

### Tri-Dam Large & Small Hydroelectric

Location: Tuolumne County, CA  
Ownership: The Tri-Dam Project (PPA)  
Size: 109.5 MW  
Completed: 2014

### Manzana Wind Power

Location: Kern County, CA  
Ownership: Iberdrola (PPA)  
Size: 189 MW; 50 MW to SVP  
Completed: 2012

### Rosamond Solar

Location: Kern County, CA  
Ownership: Recurrent Energy (PPA)  
Size: 20 MW  
Completed: 2013

## SVP Jointly Owned Transmission Lines

California-Oregon Transmission Project

Tesla-Midway Transmission Service

Together with our partners at M-S-R and other owners, SVP successfully divested from the San Juan coal plant on December 31, 2017.



## Our Services

### ***Electricity Delivery***

We generate and deliver reliable, low-cost power to our customers and the City of Santa Clara. We work to connect all new developments within the City to the electric grid.

### ***Energy Efficiency Programs, Rebates & Education***

Energy efficiency programs, incentives, and tips allow our customers to save money and energy. We currently offer residential rebates for attic insulation, ceiling fans, electric clothes dryers, electric heat pump water heaters, and pool pumps. We offer free home energy audits and provide a variety of energy saving tools and tips online and through community presentations.

We help businesses save energy through incentive programs for HVAC, building controls, lighting systems, food service equipment, and new construction. We also offer custom incentives for energy efficiency projects that don't fall under our standard incentive programs.

### ***Green Power***

Santa Clara Green Power is SVP's 100% renewable energy program. Launched in 2004, our EPA award-winning voluntary program allows our customers to match up to 100% of their monthly electric use with renewable energy. Santa Clara Green Power is made up of 100% solar power generated in California and the Western United States.

### ***Electric Vehicle Charging***

The City of Santa Clara supports our customers purchasing electric vehicles and together have made available public electric vehicle charging stations at the Central Park Library, Northside Library, Santa Clara Convention Center, Tasman Garage across from Levi's Stadium, and City Hall.

### ***Wi-Fi***

We provide free citywide outdoor Internet access for all residents and visitors. The service was made possible by adding a free, separate public Wi-Fi access channel to the SVP MeterConnect wireless network that will carry highly encrypted utility data to the utility when advanced meters are installed.

### ***Dark Fiber***

We provide dark fiber through the SVP Dark Fiber Enterprise Program to businesses, schools, and data centers in the City of Santa Clara, allowing them to connect their facilities.

### ***Street lighting***

We provide street lighting to the City of Santa Clara and maintain the traffic signals for the City.

### ***24/7 Dispatch and Support***

We provide dispatch services to all City departments, excluding public safety departments, such as Police and Fire. We also provide electrician support for all City departments, and our electric control operators handle water system operations as well.



## Tomorrow's Opportunities

The power sector is undergoing a fundamental transformation, shifting from a centralized resource grid toward an increasingly decentralized electrical grid that makes use of distributed energy resources with significantly more renewables, shifting variability in supply, and greater customer choice.

To maintain competitive advantage, respond to the changing landscape, and deliver an outstanding customer experience, SVP must continue to go beyond our traditional electric service. We will focus on offering products and services that are innovative, intuitive, and engaging. We will take advantage of clean energy and emerging technologies while building stronger customer partnerships, to realize our vision of a sustainable and resilient community.

## Utility Transformation

Four key trends underpin the utility industry's transformation:

- Increased policy and regulations to reduce carbon emissions
- Greater customer choice, demand for sustainable energy options, and deeper engagement in the purchase and sale of energy
- Increased digitalization, data availability, and communications infrastructure for the advanced digitalization and automation of the grid
- Replacement of old infrastructure and transition toward an increasingly clean and decentralized grid architecture with distributed energy resources

In the changing market, utilities also face increased competition from third parties offering energy solutions to customers. SVP will be working towards a new role in this ecosystem, which will require creativity, innovation, end-to-end strategy, and a strengthening of our existing operations.

## California Policy

The future of energy-related policy at the federal level is uncertain, but the energy transformation continues to take hold across the United States. State governments, utilities, and customers are driving the momentum. The State of California is a clean energy policy leader, having set requirements to reduce greenhouse gas emissions 40% below 1990 levels by 2030. Currently, utilities must increase their procurement of renewable energy resources to 50% by 2030. Even further, SB 100 will require eligible renewable energy resources and zero-carbon resources to supply 60% of retail electricity sales in 2030 and 100% in 2045.

Governor Brown also established an overall goal of adding 20,000 MW of renewable capacity by 2020, including 12,000 MW of renewable distributed generation. And in 2012, he set a long-term goal of reaching 1.5 million zero emissions vehicles on roadways by 2025. The State is also implementing policies that encourage the electrification of other appliances and building, along with transportation.

SVP is committed to meeting California's Renewable Portfolio Standard. We are energized to pursue solutions that benefit our customers and the environment.

## Regulatory & Market Trends

The current regulatory sphere poses a major challenge for utilities. There is a growing need to reform the utility business model, including the alignment of investments, rates, and financial incentives. Trends include reforming net energy metering rules, reforming customer rates to send price signals and integrate electric vehicle charging, and other business model adaptations. Regulatory trends across the country have also focused on distribution system planning, grid modernization, and greater investments in renewables.

Across the United States, use of coal power is in decline. **SVP divested from its coal plant in December 2017, making our electricity supply coal-free in 2018 and beyond.** The generation mix nationwide is forecasted to include significantly more gas-fired and renewable generation over the next 15 years. The California generation mix is forecasted to dramatically increase in solar and wind energy.



### **In 2018, SVP enters in 20-year Power Purchase Agreement for 200MW New Mexico Wind**

With the changing generation mix and increased renewable resources, grid operating conditions pose a challenge. So far, fast ramping gas-fired generation has been the most common cure for the steep demand ramping. But to accommodate more rapidly changing operating conditions, flexible distributed energy resources, and likely also energy storage, need to be integrated into grid system planning as well. These requirements will have financial impacts on utilities and customers to achieve the traditional reliability requirements of the grid system.

In Santa Clara, the local customer landscape is further growing and evolving. Mixed-use and industrial developments dominate new construction in Santa Clara, and the data center industry remains strong as demand for data infrastructure continues to grow. In this market, we will explore new opportunities, such as customer-sited energy storage, that benefit both customers and SVP's grid operations.

## Technology Trends

The utility industry is experiencing rapid changes in technology that contribute to the need for new investments and business models. From high-voltage transmission developments in California for large-scale renewable energy, to the spread of intermittent distributed generation and with the rise of electric vehicles, technology introduces many new opportunities and threats to utilities.

Distributed solar, energy storage systems, electric vehicles, demand response, and other distributed generation such as fuel cells are all forecasted to grow over the next 10 years. Many utilities are facing declining load as customers turn to energy efficiency, demand management, and on-site energy resources. While SVP is in the unique position of customer load growth and low electricity prices, we also have a proactive, tech-savvy customer base that is increasingly interested in both onsite distributed generation and offsite renewable energy. At the same time, competition with third parties to provide energy solutions to customers is increasing.

Additionally, advanced meter deployment is becoming more common among small and publicly-owned utilities, while large investor-owned utilities are already pursuing advanced smart grid applications to improve the reliability and maintenance of the grid. Smart grid technologies and connected IT solutions are also critical for integrating a high penetration of distributed energy resources. SVP's advanced meter rollout will be complete in 2019, which will allow us to provide more insight into our customers' energy usage and our own operations.

There have also been significant technological advances in building sensors, data storage, and computing services, which drive the popularity of smart buildings and smart home devices. As the City of Santa Clara continues to see major development growth, there are new opportunities for energy optimization and integrated building systems (energy, water, communication, security, emergency, and more). The Internet of Things (IoT) is increasing energy management capabilities on the customer side of the meter. With this, more customers expect a connected, digital experience. The SVP MeterConnect® program and our new online customer portal (under development) are two examples of ways we are connecting with our customers in the digital world.

## Our Readiness

Structural changes in the utility sector are driving utilities to build plans and design programs that re-imagine significant aspects of the traditional utility business model. These disruptive forces are driving utilities to assess the mix of products and services that will be delivered in the future. Importantly, as utility products and services evolve, so too must long-standing ways of working. Legacy business processes, organizational designs, workforce and talent management practices, and other facets of operations and human capital must be revisited to successfully deliver on transformation goals.

A SWOT analysis—examining **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats—is a valuable planning tool that supported our self-assessment on these topics. A SWOT analysis facilitates thinking on how best to achieve future objectives.

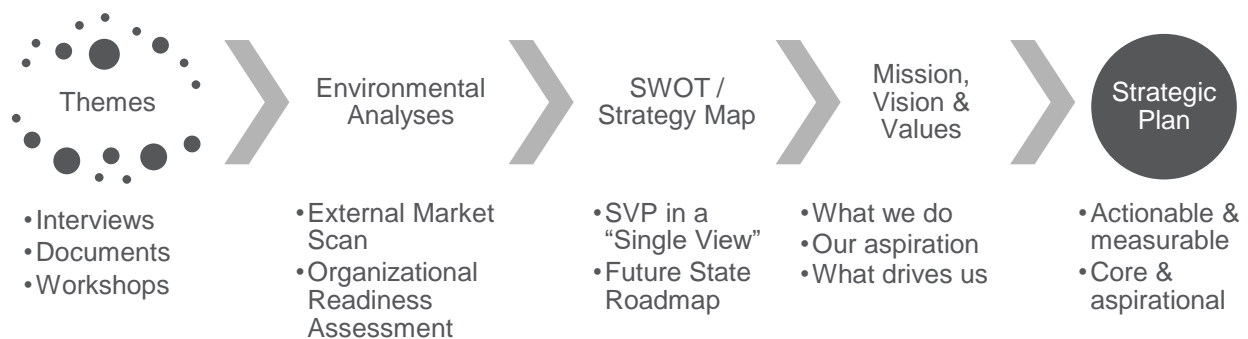
	Helps Achieve the Objectives	Hinders Achieving the Objectives
Internal Origin	<ul style="list-style-type: none"> <li>Customer service focus and strong customer relationships</li> <li>Knowledgeable and committed workforce</li> <li>Respected and trusted leadership</li> <li>Comparatively low electric rates in California</li> <li>Small urban service area</li> <li>Record of reliable electric service</li> <li>Portfolio of renewable energy projects and carbon-free residential power</li> <li>Unique Fiber Enterprise serving the community</li> <li>Strong brand and relationships with other City departments</li> <li>Long history as a fiscally-responsible and financially-stable city department</li> <li>Agent of community growth and development</li> </ul>	<ul style="list-style-type: none"> <li>Influx of new development limits resources dedicated to maintaining existing assets</li> <li>Need to assess and improve core business processes and policies</li> <li>Business processes and organizational efficiency impacted by current technology infrastructure</li> <li>Continuous improvement culture is not institutionalized</li> <li>Challenges with recruiting and hiring processes, and lack of proactive succession planning</li> <li>Need for formal project/program management and innovation frameworks</li> <li>Need to expand/strengthen internal and external communication channels</li> <li>Internal organizational silos lead to a lack of clarity in roles, responsibilities, and decision-making protocols</li> <li>Need for structured employee development, training, and performance management</li> </ul>
External Origin	<ul style="list-style-type: none"> <li>Expand communication and collaboration with customers and stakeholders to align goals and needs, coordinate long-term planning, and launch joint initiatives</li> <li>Develop innovative SVP-sponsored products and services for customers</li> <li>Forge new partnerships with third-party energy product/service providers</li> <li>Leverage data to provide actionable insights for customers and SVP</li> <li>Take a leadership role in energy-related Smart City initiatives</li> <li>Evaluate and innovate rate designs to effectively manage customer-side energy consumption and generation resources, and adapt to the impacts of emerging technology and renewables on the grid</li> <li>Grow the Fiber Enterprise to meet customer demand for connectivity</li> <li>Build stronger relationships with local and regional colleges and universities</li> <li>Leverage Northern California Power Agency and other valuable Joint Action Agencies to address common challenges</li> <li>Continue to support Santa Clara's strong economic growth and attractiveness to residents and businesses</li> </ul>	<ul style="list-style-type: none"> <li>Lack of customer diversity and vulnerability to large customer migration</li> <li>Lack of proactive product/service development for large customers and continued push from large customers for self-generation</li> <li>Competitive threats from new service providers</li> <li>Pressure to increase rates</li> <li>Organizational resilience to meet growth objectives and maintain service levels</li> <li>Recruiting challenges due the rising cost of living and competition for talent</li> <li>City business processes and protocols for hiring, contracting, customer billing, and other activities hinder SVP's ability to evolve and be nimble; SVP does not control all the activities required for the utility</li> <li>Regulatory uncertainty and challenging policy requirements</li> <li>New demands for greater transparency and performance reporting</li> <li>Cyber and physical security threats; business continuity threats</li> </ul>

## Our Strategic Plan

We are committed to actions that will improve our internal operations, as well as actions to take advantage of a rapidly evolving marketplace. Our Strategic Plan has been formulated to maintain alignment between our Mission, Vision, and Values – and the initiatives we will pursue to achieve our objectives. In addition, we are focused on measuring our outcomes, and actively managing our performance.

### The Planning Process

We engaged broadly with our employees, customers, and City stakeholders to determine the strategic direction of SVP. Much of this outreach and interaction occurred at the beginning of the planning process (shown below) as we gathered the “themes” informing the Strategic Plan through many interviews and meetings. Throughout the entire process, we brought together a core team of employees to help develop and provide feedback on the components of the Plan, and communicated our progress to the rest of SVP and City leadership along the way. In addition to looking closely at SVP and how we operate today, we examined trends in the industry to understand how we need to change to prepare for the future.



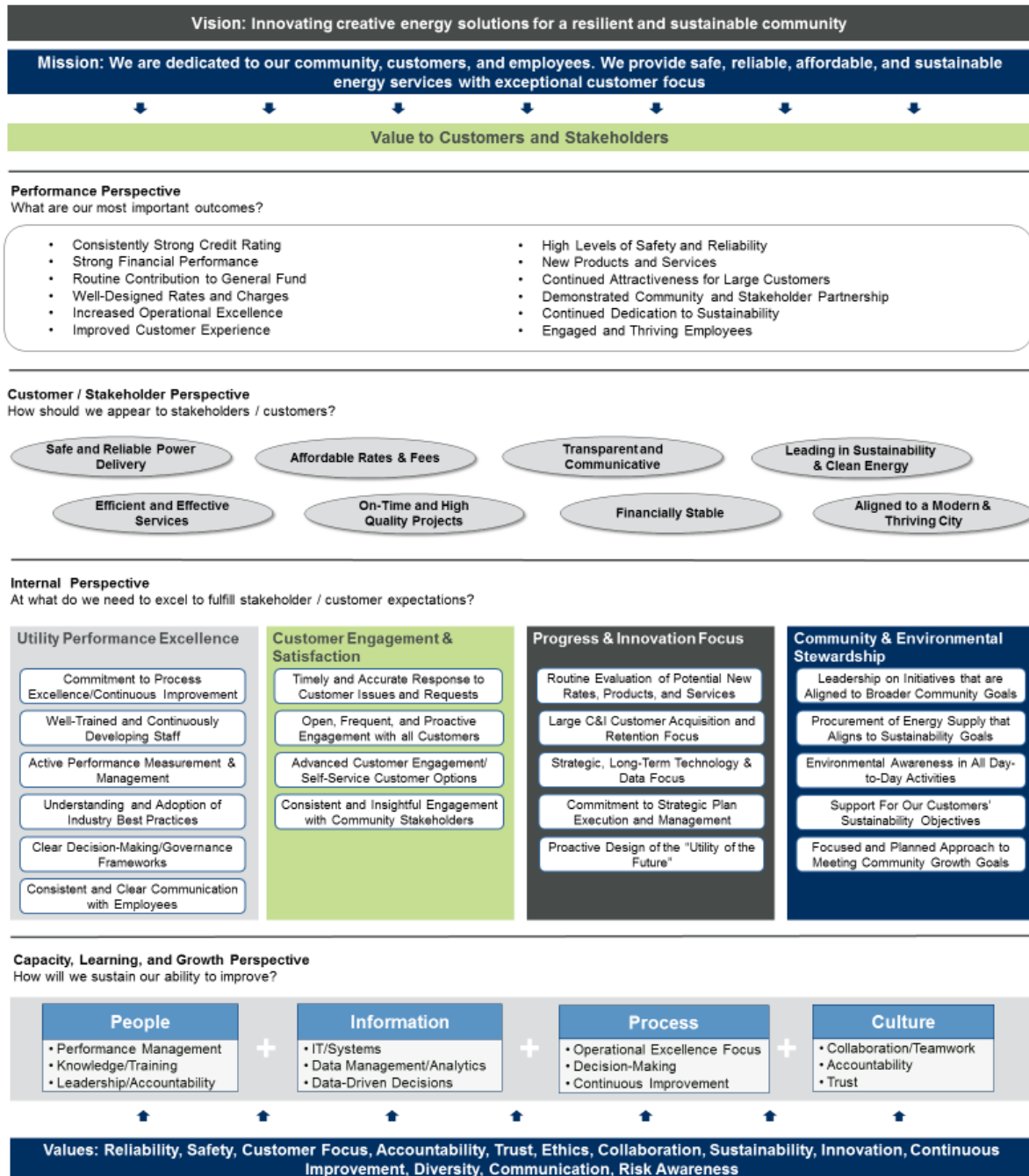
### The Strategy Map

A Strategy Map is a powerful management tool that describes key business objectives and strategy delivery requirements on a single page. Strategy Maps provide a visual depiction of what an organization wishes to accomplish and how it aims to deliver on its goals.

The areas – or “perspectives” – reflected in our Strategy Map include:

- **Performance Perspective:** What are our most important outcomes?
- **Customer / Stakeholder Perspective:** How should we appear to customers / stakeholders?
- **Internal Perspective:** At what do we need to excel to fulfill customer / stakeholder expectations?
- **Capacity, Learning, and Growth Perspective:** How will we sustain our ability to improve?

These focus areas, when combined with our Mission, Vision, and Values, anchor and build alignment across our strategic planning effort. At the highest level, our Strategy Map reflects how we will convert our assets into desired outcomes. We have identified a series of specific and pragmatic initiatives that make our strategy actionable.



## Strategic Initiatives

After forming a clear picture of our *Customer / Stakeholder Perspective* and *Performance Perspectives*, we developed the *Internal Perspective*, which captures critical organizational objectives (as shown above in the Strategy Map).

Strategic initiatives have been designed in each of the four *Internal Perspective* areas – Utility Performance Excellence, Delighted Customers & Stakeholders, Progress & Innovation Focus, and Community & Environmental Stewardship. Our plan is defined by clear specification of over 30 initiatives, which are focused primarily on the first five years of the planning horizon. The following table includes each initiative with a brief description and the actions required to deliver, and performance measures.



## STRATEGIC INITIATIVES

Initiative	Description	Actions	Performance Measure
<b>Utility Performance Excellence</b>			
(1) Improve and Document Targeted Business Processes (Years 0-3)	Effective Business Process Management (BPM) is central to continuous improvement. SVP is seeking to evaluate, enhance, and document critical “to-be” business processes.	<ul style="list-style-type: none"> <li>Identify business processes for improvement</li> <li>Confirm business process “owners” for selected business processes</li> <li>Create business process improvement work plans</li> <li>Complete business process documentation, socialization, and implementation</li> <li>Design a recurring business process review protocol</li> </ul>	<ul style="list-style-type: none"> <li>Number of documented “to-be” business processes</li> <li>Additional BPM effort (Phase II)</li> </ul>
(2) Continuous Improvement Program (Years 3-5)	Continuous Improvement (CI) is an organized company effort to achieve the long-term betterment of business results. CI programs are becoming commonplace in the utility industry, and are a natural follow-on as BPM practices mature.	<ul style="list-style-type: none"> <li>Define the organizational, business process, technology, and other characteristics of a CI program</li> <li>Identify the CI tools and techniques to be used (Lean, Six Sigma)</li> <li>Confirm pilot CI projects and target outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Program design and launch</li> <li>Initial Pilot defined and executed</li> <li>Achieve target metric for identified Pilot</li> </ul>
(3) Evaluate Organizational Design Alternatives (Years 0-1)	The utility’s organizational design should be investigated to ensure it aligns to optimal service delivery, resource optimization, and staff development.	<ul style="list-style-type: none"> <li>Identify entities for peer review (public power)</li> <li>Identify broader utility organizational practices (IOU, water, gas)</li> <li>Review Best Practice literature for organizational design (cross-sector)</li> </ul>	<ul style="list-style-type: none"> <li>Study design and launch</li> <li>Organizational alternatives identified</li> <li>Organizational analysis conducted (strengths, weaknesses)</li> <li>Recommendation and action plan defined</li> </ul>
(4) Design and Launch an Employee Communication Initiative (Years 0-1)	How the utility communicates with employees is an important factor when considering how best to build awareness of and support for Strategic Plan and other initiatives.	<ul style="list-style-type: none"> <li>Assess current state communication protocols</li> <li>Confirm desired future state communication strategies (including methods, frequency, drivers)</li> <li>Confirm accountability and oversight for employee communications</li> <li>Document communications plan and protocols</li> </ul>	<ul style="list-style-type: none"> <li>Communication plan design and documentation</li> <li>Program design and launch</li> <li>Communications with employees</li> </ul>
(5) Evaluate and Join a Utility Benchmarking Program (Years 0-1)	Benchmarking is a core aspect of on-going continuous improvement. Participation in utility benchmarking has evolved from “one-off” studies to long-term involvement	<ul style="list-style-type: none"> <li>Identify desired scope of benchmarking effort</li> <li>Confirm benchmarking company options</li> <li>Conduct review of benchmark partners</li> <li>Select one or more benchmarking partners</li> </ul>	<ul style="list-style-type: none"> <li>Benchmarking partners identified and evaluated</li> <li>Benchmarking partner(s) selected</li> </ul>

## STRATEGIC INITIATIVES

Initiative	Description	Actions	Performance Measure
(6) Develop a Utility Maintenance Plan and Program (Years 1-3)	A codified Maintenance Plan and Program is a core feature of prevailing utility practice. These plans and programs are comprised of multiple activities that aim to minimize the occurrence – and mitigate the impact of – asset failure.	<ul style="list-style-type: none"> <li>• Define Maintenance Program Charter &amp; Key Activities</li> <li>• Create Centralized Maintenance Leader (align to Organizational initiative)</li> <li>• Define Program Components &amp; Implementation Roadmap</li> <li>• Create Centralized Maintenance Plan</li> <li>• Define and Standardize Key Metrics and Data</li> <li>• Standardize MWO Processes &amp; Practices</li> <li>• Conduct Training</li> </ul>	<ul style="list-style-type: none"> <li>• Plan design and documentation</li> <li>• Program design and launch</li> </ul>
(7) Assess & Improve Project Management Capabilities (Years 1-3)	Complex project management is a core capability for utilities in today's environment. Designing a program to assess and improve current state project management acumen is key, given the utility's future state goals.	<ul style="list-style-type: none"> <li>• Evaluate employee competencies in project management (certifications and practical experience)</li> <li>• Evaluate project management “enablers” (governance and decision-making protocols)</li> <li>• Design project management training track, including training vendor (integrate with Training initiative)</li> <li>• Identify and enroll cohort in project management training</li> <li>• Examine hiring options for experienced project managers</li> </ul>	<ul style="list-style-type: none"> <li>• Project Management “current state” analysis</li> <li>• Project Management training options identified</li> <li>• Project Management training and capabilities enhancement recommendation and action plan defined</li> <li>• SVP employees enrolled in / completed training</li> <li>• Assess hiring option (integrate with Workforce Development initiative)</li> </ul>
(8) Design a Project Management Office (PMO) (Years 3-5)	The PMO structure has become more important across the utility sector, as the number and complexity of strategic initiatives has increased. A PMO is an entity that resides between upper management and project/initiative managers that helps to ensure alignment between individual initiatives and broader corporate objectives.	<ul style="list-style-type: none"> <li>• Confirm the scope of the PMO</li> <li>• Design the structure, leadership, and process related to the PMO</li> <li>• Confirm metrics, reports, and any tools required for the PMO</li> </ul>	<ul style="list-style-type: none"> <li>• Plan design and documentation</li> <li>• Program design and launch</li> </ul>

## STRATEGIC INITIATIVES

Initiative	Description	Actions	Performance Measure
(9) Create a Workforce Development Plan (Years 1-3)	The strategic planning process provides a unique opportunity to create a workforce plan focused on resource management and enhanced employee development.	<ul style="list-style-type: none"> <li>Identify components of a workforce development planning process</li> <li>Confirm components of a workforce development plan</li> <li>Evaluate current state development features (including career paths, training, span of control, etc.) (Integrate with Organizational Design, Training, and Performance Management Initiatives)</li> <li>Document future state workforce development plan</li> </ul>	<ul style="list-style-type: none"> <li>Plan design and documentation</li> <li>Program design and launch</li> </ul>
(10) Lead a Corporate Policy & Documentation Initiative (Years 2-3)	A collection of guiding business policies defines utility operations. These policies (ranging from areas such as Procurement to Health and Safety to Information Security) provide important guidance on expected behaviors, governance, and decision-making.	<ul style="list-style-type: none"> <li>Identify desired scope of policy and protocol effort</li> <li>Identify policy samples/examples</li> <li>Confirm governance over policy and protocol framework</li> <li>Draft and ratify new business policies and protocols</li> </ul>	<ul style="list-style-type: none"> <li>Number of documented policies and protocols</li> </ul>
(11) Refresh and Launch Corporate Training Program (Years 2-3)	Reviewing the current training programs and committing SVP to a comprehensive technical and leadership training curriculum is a key aspect of building the next generation utility.	<ul style="list-style-type: none"> <li>Confirm current training policies and available training</li> <li>Review training policies and procedures</li> <li>Review Strategic Plan and other future state utility requirements</li> <li>Evaluate current state workforce characteristics</li> <li>Identify and recommend steps to resolve gaps in current state training</li> </ul>	<ul style="list-style-type: none"> <li>Design and launch evaluation</li> <li>Training “current state” analysis</li> <li>Training alternatives identified</li> <li>Recommendation and action plan defined</li> </ul>
(12) Refresh and Provide Training on the Performance Management Program (Years 2-3)	A comprehensive Performance Management framework (aligned to utility goals and objectives) is central to establishing expectations, driving accountability, and clarifying career development pathways.	<ul style="list-style-type: none"> <li>Confirm current Performance Management policies</li> <li>Evaluate current state Performance Management program characteristics, strengths, and weaknesses</li> <li>Describe aspects of Performance Management that are “owned” and controllable by SVP</li> <li>Identify and recommend steps to improve Performance Management</li> <li>Recommit to end-to-end Performance Management monitoring, to ensure accountability</li> </ul>	<ul style="list-style-type: none"> <li>Design and launch evaluation</li> <li>Performance Management “current state” analysis</li> <li>Performance Management options identified</li> <li>Recommendation and action plan defined</li> </ul>

## STRATEGIC INITIATIVES

Initiative	Description	Actions	Performance Measure
(13) Develop and Launch an Enterprise Risk Management (ERM) Program (Years 2-3)	Enterprise Risk Management (ERM) programs are commonplace across the utility sector. "Best Practice" standards are evolving to recommend a formal link between strategic planning and ERM assessment efforts	<ul style="list-style-type: none"> <li>Define the parameters of the ERM effort</li> <li>Define the organizational, policy, business process, technology, and other characteristics of an ERM program</li> <li>Identify the ERM management tools and techniques to be used (OTS system or Excel-based)</li> <li>Align ERM effort to organizational design / roles and responsibilities initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Program design and launch</li> </ul>
<b>Customers &amp; Stakeholders Engagement</b>			
(1) Partner with other departments to Drive Successful Deployment of the Customer Portal (Years 0-1)	SVP aims to enhance methods of customer engagement. Working with other departments, SVP will continue to drive the successful deployment of an enhanced customer portal.	<ul style="list-style-type: none"> <li>Confirm portal Review workplans and SVP "level of effort" contributed to portal initiative</li> <li>Supplement joint working team with additional resources, as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Timing of customer portal implementation</li> <li>Functionality of customer portal</li> </ul>
(2) Design, Document, and Propose a City Stakeholder Engagement Plan (Years 0-1.5)	Routinely engaging City stakeholders in a variety of contexts is an important facet of municipal utility operations. Increasing the frequency and nature of communications is important at this moment in the utility's history.	<ul style="list-style-type: none"> <li>Identify the components of a stakeholder engagement plan</li> <li>Confirm key stakeholders to be considered as part of the plan</li> <li>Specify methods and frequency of engagement</li> <li>Document plan and prepare briefing for City stakeholders</li> <li>Iterate and finalize plan</li> </ul>	Program design and launch
(3) Design and Document a Customer Engagement Plan (Years 0 -1.5)	Enhanced customer engagement has become a significant focus for utilities over the last several years. Momentum from the Strategic Plan communication strategy provides SVP a unique opportunity to reimagine approaches to on-going and routine engagement with customers.	<ul style="list-style-type: none"> <li>Identify leading practices in customer engagement and management</li> <li>Conduct focus groups and outreach with residential and small business customers to confirm desired areas and methods of partnership</li> <li>Document, socialize, and launch strategy</li> </ul>	Program design and launch

## STRATEGIC INITIATIVES

Initiative	Description	Actions	Performance Measure
(4) Create a Large Customer Partnership Strategy (Years 1.5-2)	Identifying proactive and innovative approaches to collaborating with SVP's largest customers is one method of further enhancing the utility's relationship with a key group.	<ul style="list-style-type: none"> <li>Identify leading practices in large customer engagement and management</li> <li>Conduct outreach with large customers to confirm desired areas and methods of partnership</li> <li>Integrate effort with Innovation and Sustainability Initiatives</li> <li>Document, socialize, and launch strategy</li> </ul>	Program design and launch
<b>Progress &amp; Innovation Focus</b>			
Report On & Review the Strategic Plan (ongoing)	The Strategic Plan is a living document that must be updated regularly. This includes reporting on the progress of current initiatives, re-assessing planned initiatives, and communicating with key stakeholders.	<ul style="list-style-type: none"> <li>Complete the balanced scorecard</li> <li>Confirm Mission, Vision, and Values</li> <li>Update strategic initiatives</li> <li>Report to stakeholders on the Communications Plan schedule</li> </ul>	<ul style="list-style-type: none"> <li>Balanced scorecard</li> <li>Strategic Plan stakeholder meetings</li> </ul>
(1) Design and Roll Out an Innovation "Think Tank" (Years 0.5-1.5)	SVP is renewing its focus on innovation and therefore dedicating staff resources to filter and evaluate creative project ideas on a regular basis, ultimately generating actionable plans.	<ul style="list-style-type: none"> <li>Select team and establish oversight committee</li> <li>Meet monthly to generate and evaluate/screen project concepts</li> <li>Prepare and present business case for vetted project concepts</li> <li>Hand off approved projects to functional lead</li> </ul>	<ul style="list-style-type: none"> <li>Project concepts generated</li> <li>Project concepts eliminated</li> <li>Projects concepts approved</li> </ul>
(2) Create a 5-Year Utility Technology Strategic Plan (Years 1-2)	Technology is critical for positioning SVP to deliver on its goals. SVP needs a comprehensive plan and roadmap focusing on utility technology deployments that will improve day-to-day operations and enable the integration of emerging technology on the grid.	<ul style="list-style-type: none"> <li>Convene a cross-cutting group dealing with IT, operational systems, and emerging technology</li> <li>Evaluate current systems and future needs</li> <li>Develop a technology vision for SVP</li> <li>Detail a 5-year technology deployment roadmap</li> </ul>	<ul style="list-style-type: none"> <li>Technology Strategic Plan document</li> </ul>

## STRATEGIC INITIATIVES

Initiative	Description	Actions	Performance Measure
(3) Design and Implement New Rate Structures (Years 2-3)	Electric rates are being re-evaluated across the industry as new resources are integrated into the grid, especially customer-owned resources for both power generation and demand management. SVP will look at new rate designs to treat customers fairly and maintain its financial integrity.	<ul style="list-style-type: none"> <li>• Conduct a cost of service study</li> <li>• Evaluate current rates</li> <li>• Design new customer rates</li> </ul>	<ul style="list-style-type: none"> <li>• Formal rate study</li> </ul>
(4) Design Future Products/Services for Large Customers (Years 3-4)	SVP's large commercial and industrial customers increasingly want on-site energy solutions such as distributed generation and energy storage. SVP will design SVP-sponsored products and services for these customers with guidance from the Customer Engagement Plan.	<ul style="list-style-type: none"> <li>• Generate product/service concepts in the Innovation "Think Tank"</li> <li>• Survey and communicate with key customer accounts</li> <li>• Design SVP-branded products and services aligned with customer needs</li> </ul>	<ul style="list-style-type: none"> <li>• Formalized SVP product/service lines</li> </ul>
(5) Formalize the System Capacity/ Reliability Plan (Years 2-3)	SVP is facing increasing capacity challenges as load growth in Santa Clara continues, and will document a formal plan to meet customer and system needs and maintain a high level of reliability.	<ul style="list-style-type: none"> <li>• Document current capacity and reliability planning efforts</li> <li>• Update to include the latest system load forecasts and identify system constraints</li> </ul>	<ul style="list-style-type: none"> <li>• System Capacity / Reliability Plan document</li> </ul>
(6) Develop AMI Data Analysis Capability (Years 2.5-4)	SVP is scheduled to complete the AMI deployment in 2019, and will need new data analytics capabilities to use the large amount of data to help improve operations and meet customer needs.	<ul style="list-style-type: none"> <li>• Ensure analytics tools are in the Utility Technology Strategic Plan</li> <li>• Identify AMI data applications / use cases</li> </ul>	<ul style="list-style-type: none"> <li>• AMI data use cases (e.g., outage management, load planning / demand response, consumer profile analysis, etc.)</li> </ul>

## STRATEGIC INITIATIVES

Initiative	Description	Actions	Performance Measure
(7) Design a Future Workforce Development Plan (Years 2.5-4)	SVP's Workforce Development Plan will establish baseline staffing and skills for SVP. This future-oriented update will focus on skills and capabilities needed for the transformation of the industry; for example, the integration of emerging technology and the rise of big data (i.e., the need for a data scientist).	<ul style="list-style-type: none"> <li>Align the Workforce Development Plan with the Utility Technology Strategic Plan</li> <li>Update the Workforce Development Plan with a "Future Workforce" addendum</li> </ul>	<ul style="list-style-type: none"> <li>Future Workforce Plan</li> </ul>
(8) Evaluate Grid Automation Improvements (Years 4-10)	The smart grid will consist of digital, two-way communication and controls and automation working to respond to grid needs.	<ul style="list-style-type: none"> <li>Evaluate new grid technology aligned with the Utility Technology Strategic Plan</li> <li>Align projects with the System Capacity / Reliability Plan</li> <li>Prepare automation projects' business cases</li> </ul>	<ul style="list-style-type: none"> <li>Prioritized grid automation improvements</li> </ul>
<b>Community &amp; Environmental Stewardship</b>			
(1) Initiate a Smart City Planning Partnership with other City departments (Years 0.5-2)	This is a long-term initiative to partner with other City departments that should begin in the near-term with a joint Smart City planning effort.	<ul style="list-style-type: none"> <li>Organize a formal Smart City collaboration across SVP and other City departments</li> <li>Identify areas to contribute and create a resource plan</li> </ul>	<ul style="list-style-type: none"> <li>Launch the Joint Smart City Collaboration</li> <li>SVP-led Smart City projects</li> </ul>
(2) Develop the Electric Vehicle (EV) Blueprint (Years 0-1)	Our City received grant funding from the California Energy Commission through the Alternative and Renewable Fuel and Vehicle Technology Program to develop an EV blueprint plan for the City and County of Santa Clara.	<ul style="list-style-type: none"> <li>Evaluate the City's EV charging infrastructure and future needs</li> <li>Document the blueprint plan</li> </ul>	<ul style="list-style-type: none"> <li>EV Blueprint</li> </ul>
(3) Document a Long-Term Integrated Resource Plan (IRP) Exceeding California Policy Goals (Years 0-0.5)	SVP updates its IRP on a 2-year cycle, and going forward will ensure there are renewable resources to meet and exceed RPS compliance, and examine the integration of other technology such as large-scale energy storage on the grid.	<ul style="list-style-type: none"> <li>IRP planning and modeling process</li> <li>IRP report</li> <li>Communication with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>IRP update including scenarios for 50% RPS by 2030</li> </ul>



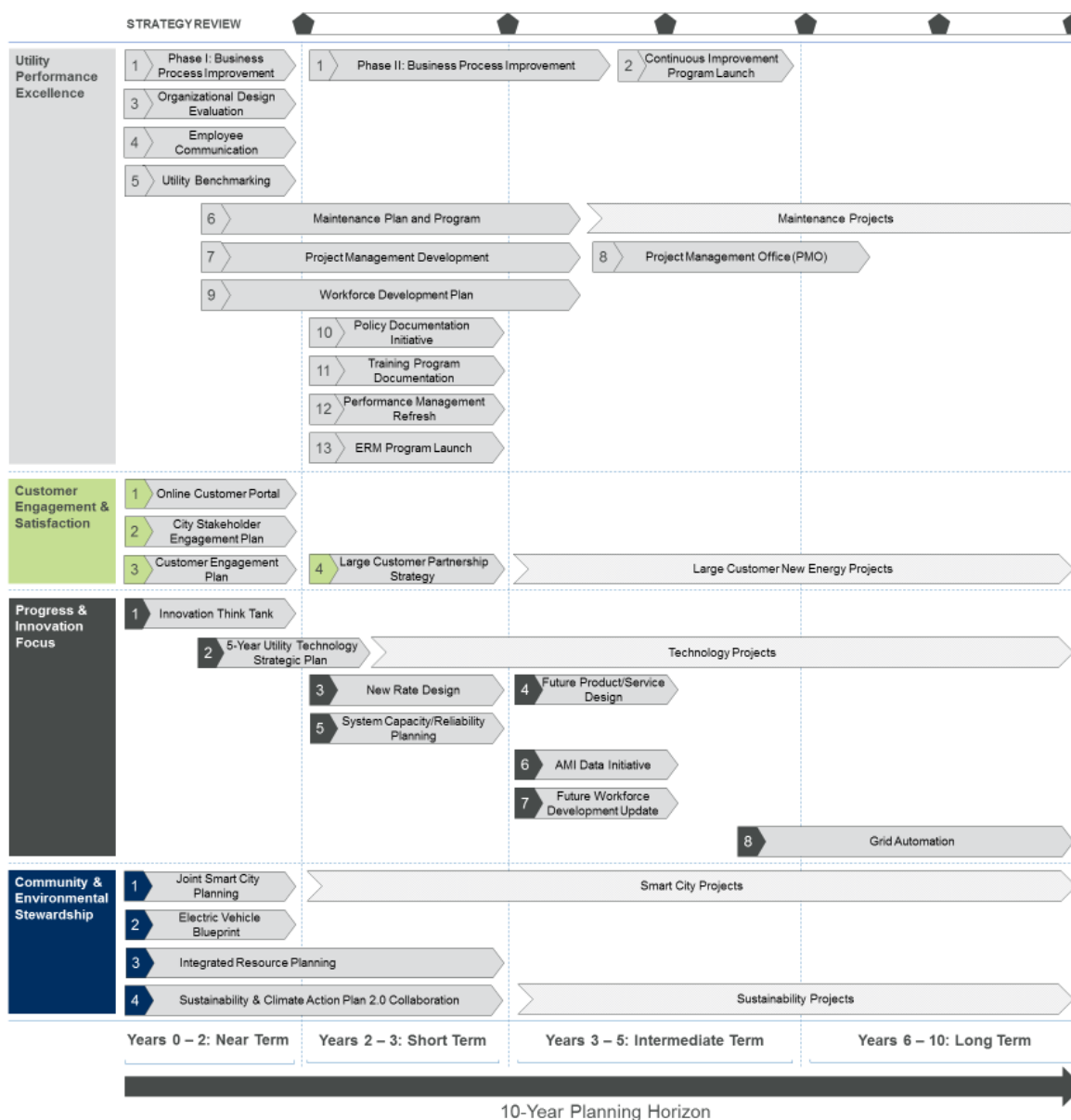
## STRATEGIC INITIATIVES

Initiative	Description	Actions	Performance Measure
(4) Collaborate on the Climate Action Plan 2.0 (Years 0-2.5)	Our City adopted the original Climate Action Plan (CAP) in 2013, defining the path toward a more sustainable and livable community with reduced greenhouse gas emissions. SVP will work with other City departments to produce the CAP 2.0 and on related sustainability initiatives.	<ul style="list-style-type: none"> <li>• Meet with the Planning Division</li> <li>• Contribute to the CAP 2.0 formulation</li> <li>• Communicate to City leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Action Plan 2.0</li> <li>• SVP-led sustainability initiatives</li> </ul>

## Implementation Roadmap

The planning team considered many factors when identifying, designing, and sequencing initiatives. The most critical actions to achieve our objectives were prioritized, with a focus given to considering the key interdependencies between each of the proposed initiatives, the benefits potential, alignment to our Mission, Vision, and Values, implementation risks, time to achieve benefits, and other factors.

Our Implementation Roadmap envisions an aggressive sequence of actions that, when executed in a coordinated and focused manner, will help us achieve our strategic vision.

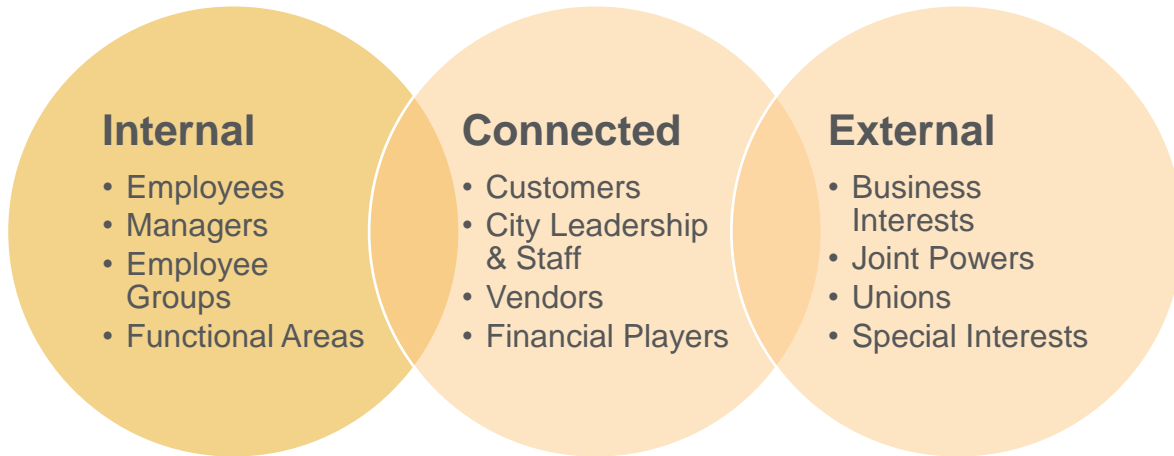


## Tracking and Communicating Our Performance

### Communicating Our Progress – Incorporating Your Feedback

The goal of stakeholder engagement and public outreach is to create a consistent, two-way communication channel, through which SVP can deliver information to – and receive information from – our many stakeholder groups and receive information from stakeholders regarding strategic objectives, accomplishments, or challenges.

SVP's strategic planning stakeholders include:



Our Communication Plan establishes touchpoints with each of these major stakeholder groups and enables SVP to monitor and communicate progress of the Strategic Plan through a variety of techniques, tools, and approaches. We believe that communicating and engaging with our stakeholders is particularly important in the very near-term to build awareness of the plan and our overarching Mission, Vision, and Values. The following figure reflects our long-term communication plan.

#### Long-Term Communications Plan

Activity	Description	Begin	Frequency
All-Staff Email	All-staff updates, including actions/progress over time	Immediately	<ul style="list-style-type: none"> <li>Quarterly</li> <li>As-relevant, given milestones</li> </ul>
External Email	Targeted emails to external stakeholders	With authorization of the Plan by Council	<ul style="list-style-type: none"> <li>Q1 2019</li> <li>As-relevant, given milestones</li> </ul>
Formal Meetings	Structured all-staff meetings/ community meetings focused on the Plan	With authorization of the Plan by Council	<ul style="list-style-type: none"> <li>Q2 2019</li> <li>Annually (internally and externally)</li> </ul>
Open Door Meetings	Informal meetings and Q&A between SVP staff and leadership	Immediately	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
Town Hall / Key Customer Meetings	Discussions with customers regarding accomplishments, challenges, and “course corrections”	Q2 2019	<ul style="list-style-type: none"> <li>Half-yearly</li> </ul>
Workshops	Small focused staff meetings to discuss a more specific/ technical aspect of the Plan	As required to gain buy-in from staff, scope initiatives, or provide training	<ul style="list-style-type: none"> <li>Aligned to implementation of specific Plan components</li> </ul>
Social Media	Updates to SVP’s digital presence (Facebook, Twitter)	With authorization of the Plan by Council	<ul style="list-style-type: none"> <li>At least monthly</li> <li>As-relevant, given milestones</li> </ul>
Web Page	Updates to utility web page	With authorization of the Plan by Council	<ul style="list-style-type: none"> <li>Q1 2019</li> <li>As-relevant, given milestones</li> </ul>
Surveys	“Flash” survey efforts with both internal and external stakeholders	Late-2019 (both internally and externally)	<ul style="list-style-type: none"> <li>Annually</li> </ul>
Newsletters	Leverage recurring City publications	With authorization of the Plan by Council	<ul style="list-style-type: none"> <li>Annually</li> <li>As relevant given milestones</li> </ul>
Recurring Updates (City Leadership)	Updates to City Manager and potentially City Council	Immediately	<ul style="list-style-type: none"> <li>Quarterly/Half-Yearly</li> <li>As-relevant, given milestones</li> </ul>

## Delivering on Our Strategy

SVP is growing and evolving, and so will our Strategic Plan as a living document. Our leadership team will regularly review the Plan, refresh performance metrics, and, if needed, revise the Plan to reflect our accomplishments and make sure it points us in the right direction. Over the 10-year planning horizon, we expect some significant changes as the utility industry continues to adapt to emerging technology and new ways of doing business. We believe the Strategic Plan positions us to meet these challenges.

You will see our strategic plan progress report every year to show status against the Plan, and we will also be presenting regular updates to the City of Santa Clara. We are excited to share our future successes with you. Please visit us at [www.siliconvalleypower.com](http://www.siliconvalleypower.com) for more information and updates.