



SUPPLIER DIVERSITY

MARCH 1, 2023

2022
Annual
Report

2023
Annual
Plan

SAN JOSE
CLEAN ENERGY

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

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Introduction

San José Clean Energy (SJCE) is the largest single jurisdiction Community Choice Aggregator (CCA) in California. Operated by the City of San José's (City) Community Energy Department, SJCE provides residents and businesses with renewable power options at competitive rates. The City is the third largest city in California and the 10th largest city in the United States. With community support and local advocacy, SJCE was unanimously approved by the San José City Council in May 2017 and began serving most residential and commercial customers in San José in February 2019. SJCE is governed by the San José City Council, comprised of eleven elected officials, with input from a community advisory commission. SJCE serves a diverse community with a population share of 36.9% Asian, 25.5% Hispanic, 25.1% White, and 2.8% Black or African American and 9.2% multiracial or other.¹ Approximately 59% of households in San José speak a non-English language at home as their primary language.²

Since launching service in 2019, SJCE has contracted for over 500 megawatts (MW) of new renewable energy and battery storage, helping to meet climate and reliability goals while reducing electricity costs for customers. Two of SJCE's renewable energy projects are now producing enough energy to power over 250,000 San José homes annually. SJCE currently serves over 350,000 customer accounts and manages 4,000 gigawatt-hours (GWh) of load annually. By taking control of San José's power supply, SJCE is making progress towards meeting the greenhouse gas reduction goals in the City's climate action plan, Climate Smart San José, including the City's ambitious goal of communitywide carbon neutrality by 2030.³ SJCE is pursuing local priorities like equity and affordability by designing and offering community programs that increase access to the benefits of renewable energy, energy efficiency, and electrification. In addition to providing a more renewable power mix, SJCE is pursuing local priorities like equity and affordability by designing and offering community programs that increase access to the benefits of renewable energy, energy efficiency, and electrification.

The City has launched several notable diversity, equity, and inclusion initiatives. The Office of Racial Equity is responsible for advancing a citywide racial equity framework that will examine and improve the City's internal policies, practices, and systems to eradicate structural and/or institutional racism that may exist in the city government. The Office of Racial Equity will achieve this goal through community engagement, policy analysis and development, trainings, data collection, as well as stronger accountability measures for the City's departments. In 2022, all of the City's departments developed racial equity action plans to begin to operationalize changes and improve practices to support racial equity. SJCE's racial equity action plan, approved by the City's Office of Racial Equity, includes the following strategies:

- Establish racial equity as a value and an urgent priority by developing a shared understanding of the issues, terminology, and how it impacts the electric sector.
- Improve and increase community engagement, including community engagement with disadvantaged and diverse communities.
- Reduce customer disconnections of electricity service.
- Reduce low-income customer energy burden.
- Improve supplier diversity.

In 2022, the City also launched a disparity study to better understand how minority-owned, women-owned, disabled-veteran-owned, and LGBTQ+-owned businesses participate in its contracting. The City hired MGT Consulting to conduct the study to determine if there exists barriers preventing diverse businesses from working with the City or its prime contractors and to identify ways to make the contracting process more accessible and inclusive for San José businesses.

¹ <https://datausa.io/profile/geo/san-jose-ca/#demographics>

² <https://datausa.io/profile/geo/san-jose-ca/#demographics>

³ www.climatesmartsj.org

The City is inviting business owners to participate in the study, to provide first-person accounts of their experiences attempting to do business with the City or their prime vendors. The first business engagement meeting was held on November 14, 2022, and the next will be held in March 2023. Businesses will be randomly selected and invited to participate in interviews and surveys. The interviews are opportunities for businesses to have one-on-one discussions with the hired consultant regarding their experiences doing business, or attempting to do business, with the City or prime vendors contracted by the City. The voluntary business surveys gather information provided by businesses related to their demographics, capacity, and experiences doing business with the City. SJCE looks forward to reviewing the results of this study and finding ways to reduce barriers for all types of businesses to work with SJCE.

This report and plan describe SJCE's procurement of goods and services from woman-owned, minority-owned, disabled veteran-owned, and LGBTQ+-owned business enterprises, in accordance with Senate Bill 255 (Bradford, 2019) and the California Public Utilities Commission's (CPUC) General Order No. 156 (GO 156) Utility Supplier Diversity Program, which expanded supplier diversity reporting to include CCAs. As a California local government entity, SJCE does not give preferential treatment to bidders based on race, sex, color, ethnicity, or national origin in employment or contracting. To comply with Proposition 209,⁴ SJCE delivers a voluntary survey on supplier diversity only after contracts related to any particular solicitation are executed and the solicitation process has ended. Moreover, any responses to the voluntary survey by any responsive business are kept separate from SJCE's procurement decision-makers, so that such information does not influence any current or future solicitations or selection processes. Proposition 209 limits all government instrumentalities of or within the state, including any CCA, in the actions they can take to diversify procurement; however, CCAs can still find opportunities to support small, local, and diverse businesses within their service areas.

SJCE Commitment to Community and Workforce Development

As a government agency, SJCE reinvests its revenue into the community through competitive rates and equitable clean energy programs. SJCE prioritizes programs that promote equity and affordability such as helping customers reduce energy bills, improve energy efficiency, and access clean energy technologies.

SJCE launched its Solar Access program (Solar Access) in 2021. Solar Access offers approximately 800-900 low-income customers 100% solar energy at a 20% discount. Solar Access is SJCE's Disadvantaged Community-Green Tariff (DAC-GT) program, which is approved by the CPUC and funded through greenhouse gas allowance and public purpose program charges. Currently, power for Solar Access comes from an existing solar facility in northern California. In 2023, the program will begin drawing electricity from a newly constructed 1.78 MW solar array located in a disadvantaged community in Merced, California.

In September 2022, SJCE launched two new energy efficiency programs to provide discounts on: (i) energy-efficient appliances for moderate to low-income residents and residents that live in disadvantaged communities; and (ii) HVAC and other electrical upgrades for small businesses and schools. These programs are also approved by the CPUC and funded through public purpose program charges.

SJCE is providing \$14 million in rebates for public electric vehicle chargers through its partnership with the California Energy Commission's California Electric Vehicle Infrastructure Project (CALeVIP). At least 35% of the chargers funded through CALeVIP will be installed in low-income and disadvantaged communities. SJCE is also piloting fast charger hubs⁵

⁴ <https://law.justia.com/constitution/california/article-i/section-31/>

⁵ <https://www.sanjoseca.gov/home/showpublisheddocument/92096/638042017977830000>

in low-income and disadvantaged communities to expand access to this infrastructure as more community members adopt electric vehicles.

In 2023, SJCE increased its SJ Cares discount from 5% to 10% for customers enrolled in state electricity discount programs. SJCE's SJ Cares program will help San José's lowest income customers (i.e., customers enrolled in either the California Alternate Rates for Energy Program (CARE) or the Family Electric Rate Assistance Program (FERA) cumulatively save over \$5.5 million on their energy bills in 2023. Approximately 21% of SJCE's customers are enrolled in SJ Cares. SJCE's programs team is exploring the expansion of this discount to more SJCE customers through collaboration with the City's Housing Department and local social services agencies.

SJCE leverages and funds community partnerships to expand its pool of program applicants and deliver benefits to a diverse group of customers. SJCE provided funding to three community-based organizations (CBOs) in 2022 to assist with SJCE program outreach and enrollment. These CBOs are focused on improving the lives of their clients; they are trusted sources of information for the San José community, which means these CBOs are valuable partners for SJCE as the community reputations of these CBOs improves SJCE's relationship with SJCE's customers. These CBOs help identify the most appropriate outreach strategies for the communities they serve to help SJCE achieve diversity in program participation and ensure resources are reaching customers who need them most. In 2023, the City launched a request for proposals (RFP) for community-based organization and nonprofits to assist the City with project-based outreach and engagement efforts. The City will provide extra assistance to interested organizations through virtual and in-person workshops on how to participate in the City's RFP process. As a program operated by the City, SJCE expects to benefit from the expanded pool of outreach partners as a result of the RFP.

SJCE also invests in community and workforce development programs. Many of SJCE's long-term power purchase agreements (PPAs) include community and workforce development funds. Over the coming years, developers, with which SJCE has entered into PPAs, will invest a total of \$1,170,000 in the San José community through such funds. To date, \$275,000 of such funds have been awarded to San José Works, a youth employment initiative in partnership with [work2future](https://partners.sanjosemayor.org/education/sj-works/), to increase youth employment and expand college and career awareness among at-risk and underserved youth.⁶

SJCE is also exploring the creation a workforce development program in either calendar year 2023 or 2024 to help San José contractors become more familiar with heat pump technologies. The program would build off the workforce development program developed by Silicon Valley Clean Energy, the CCA that serves most of Santa Clara County outside the City. SJCE is considering offering an incentive for San José contractors who complete Silicon Valley Clean Energy's online training on clean energy technologies and install a heat pump water heater or heat pump HVAC, translating the training into Vietnamese (which is currently available in English and Spanish), and increasing program marketing to San José contractors, including to contractors that speak Spanish, Vietnamese, and Chinese as their primary language.

2022 Annual Report

Section 9.1.1: Description of Supplier Diversity Program Activities in the Previous Calendar Year

Reporting year 2022 represents SJCE's third year participating in the CPUC's Supplier Diversity Program. SJCE is proud of the work done to date and looks forward to improving supplier diversity efforts each year.

⁶ <https://partners.sanjosemayor.org/education/sj-works/>

Internal Activities

Vendor Outreach and Education

In 2022, SJCE continued to educate current SJCE suppliers about the CPUC's Supplier Diversity Program and how current suppliers can become certified suppliers via the CPUC's Supplier Clearinghouse. SJCE reached out to current suppliers about the CPUC's Supplier Diversity Program, which resulted in two additional vendors becoming certified via the CPUC's Supplier Clearinghouse. Despite ambivalence from some contractors, SJCE will continue to deliver information on supplier certification to current and prospective suppliers in 2023. SJCE has identified additional suppliers that are already certified with other diversity programs, but not the CPUC's Supplier Clearinghouse.

Updates to SJCE Website

SJCE created a new Supplier Diversity webpage (www.sanjosecleanenergy.org/supplier-diversity) that serves as a helpful tool for vendors and highlights SJCE's commitment to increasing supplier diversity. The page contains information related to the CPUC's program, purpose of the clearinghouse, how to obtain certification as a diverse supplier, the value of becoming certified, link to past reports, and additional resources, including supplier diversity workshops that are open to all current and prospective suppliers and that are hosted by MCE and Redwood Coast Energy Authority. Information about the CPUC's Supplier Diversity Program is also included on SJCE's energy procurement webpage (www.sanjosecleanenergy.org/energy-procurement).

Collecting Supplier Diversity Data

SJCE is focused on internal administrative activities to support and improve reporting under the CPUC's Supplier Diversity Program. SJCE has been working to improve data collection process, data tracking process, and the role SJCE can play to promote equity, access, and inclusion in its contracting policies and practices.

In 2022, SJCE developed a plan to make the solicitation process more inclusive, including sharing contracting opportunities and solicitations with networks to increase visibility for a broader range of suppliers. This includes posting contracting opportunities on the CPUC's Supplier Clearinghouse website, sharing solicitations with small business associations and local chambers, and including certified vendors in requests for quotes. Additionally, SJCE drafted language on voluntary supplier diversity reporting that will be included in solicitations in 2023.

In compliance with Proposition 209, SJCE does not give preferential treatment to bidders based on race, sex, color, ethnicity, or national origin. SJCE requests information from its suppliers via a voluntary survey. SJCE does not factor into its supplier selection process whether a business responds to the voluntary survey nor does SJCE, in any instances where a business responds to the voluntary survey, factor any response to the voluntary survey by a business into SJCE's supplier selection process. SJCE delivers the voluntary survey only after contracts related to any particular solicitation are executed and the solicitation process has ended. Moreover, any responses to the voluntary survey by any responsive business are kept separate from SJCE's procurement decision-makers, so that such information does not influence any current or future solicitations or selection processes. SJCE is improving its voluntary survey process to move from an annual voluntary vendor survey to requesting voluntary responses from suppliers immediately after a contract is awarded to a supplier to allow for more time and opportunity to engage and educate suppliers and prospective suppliers about becoming certified with the CPUC's Supplier Clearinghouse.

Racial Equity Training

In 2022, the City's Office of Racial Equity hosted several mandatory trainings to advance racial equity through awareness, education, and information. Topics included the importance of a shared common language, the history of systemic racial inequalities, and insight on how to obtain an evolving inclusive, empathetic, and equitable work

environment. All SJCE staff participated in the training. In addition, SJCE is prioritizing racial equity training for staff as it relates to the energy and utility sector.

SJCE Racial Equity Action Plan

As mentioned in the introduction of this report, SJCE created a Racial Equity Action Plan at the direction of the City's Office of Racial Equity. The plan establishes goals and objectives to advance racial equity within the workforce and services that SJCE provides. The plan is regularly updated and includes improving supplier diversity as a key strategy. The tactics planned to improve supplier diversity are highlighted at the end of this report in Section 10.1.2.

External Activities

San José is one of the most ethnically and economically diverse cities in the US, with approximately 59% of residents speaking a non-English language, including Spanish (approximately 22%) and Vietnamese (approximately 11%) speakers. SJCE's website is available in Spanish and Vietnamese and all outreach material is translated and reviewed for cultural relevancy. SJCE will start expanding translated materials to Chinese in 2023. To increase awareness of SJCE's programs and services among underserved communities, including non-English speaking communities, SJCE finds opportunities to work with community-based organizations and other trusted community leaders.

Like the rest of the Bay Area, income inequality is rising steadily in San José, and many low-income communities are disproportionately burdened by environmental pollution⁷ and high energy bills. Overall, 21% of SJCE customers received income-qualified rate discounts in 2022. As the City does more to ensure that low-income residents and disadvantaged communities have greater access to City programs and services, SJCE conducts outreach and designs programs to increase equity and access to the benefits of renewable energy, energy efficiency, electrification, and clean energy technologies. For example, customers enrolled in the state's electricity discount programs receive an additional 10% discount off the generation portion of their bill through SJCE's SJ Cares program. SJCE also offers Solar Access, which provides approximately 800-900 low-income customers in disadvantaged communities 20% off their bill for 100% solar energy. Furthermore, SJCE offers two energy efficiency programs designed to help customers save energy and reduce their bills.

San José Small Business Advisory Task Force

In October 2022, SJCE presented its supplier diversity efforts to the San José Small Business Advisory Task Force for the second time. The task force is chaired by the City's Vice Mayor and includes members from ethnic chambers of commerce, nonprofits that provide small business services, and small business owners registered and located in San José. SJCE staff looks forward to returning to the task force annually to foster good working relationships with its members and San José's small business community. During the presentation, SJCE shared information about the CPUC's Supplier Diversity Program and the Supplier Clearinghouse certification process. The members of the task force shared their willingness to connect SJCE with their network and provided feedback and insight on conducting outreach to small businesses. Feedback included reaching out directly to the local chambers of commerce and highlighting the benefits of certification to businesses.

CPUC Webinar "Doing Business with Community Choice Aggregators"

SJCE promoted the CPUC's webinar "Doing Business with Community Choice Aggregators" held in November 2022. SJCE suppliers were invited to attend the webinar in order to obtain an understanding of the Supplier Diversity Program and

⁷ For information on income inequality, see: <https://calbudgetcenter.org/resources/inequality-economic-security-silicon-valley/#:~:text=The%2020th%20percentile%20household%20income,percent%20in%20San%20Mateo%20County.&text=These%20trends%20mean%20that%20there,households%20than%2025%20years%20ago>

For information on pollution burden in disadvantaged communities, see: <https://www.cpuc.ca.gov/discom/>

how they can learn about contracting opportunities and what it's like to do business with a CCA. SJCE attended the event to obtain information that can be shared with suppliers who weren't able to join the webinar and to inform SJCE's own supplier diversity outreach and education.

Community-Based Organizations

SJCE prioritized outreach through relationships and contracts with several community-based organizations. SJCE contracted with three different organizations in FY 21-22 and two in FY 22-23 with strong ties in underserved communities in San José, including in underserved communities with large Spanish-speaking and Vietnamese-speaking populations. These contracts totaled nearly \$45,000 with community-based organizations. SJCE will continue to discuss the certification process with them and encourage them to become certified.

Disparity Study

As mentioned in the introduction of this report, the City is conducting a disparity study to better understand how minority-owned, women-owned, disabled-veteran-owned, and LGBTQ+-owned businesses participate in its contracting policies and practices.⁸ The goal of the study, which is expected to be completed in 2023, is to share the findings as well as provide equitable opportunities to do business with the City. A consultant is holding workshops, engaging in interviews, and conducting surveys to understand if discrimination poses barriers for businesses to work with the City and, if so, how best to eliminate that discrimination and remedy its effects. SJCE looks forward to reviewing the study's findings and implementing recommendations from the consultant.

Supplier Diversity En Banc and Quarterly Meetings with CPUC Staff

SJCE staff also benefited from attending the CPUC's Supplier Diversity En Banc and quarterly meetings held by CPUC staff and fellow CCAs, which provide opportunities to review and discuss best practices in developing supplier diversity programs.

Section 9.1.2: Supplier Diversity Spend Results (Goods and Services)

SJCE sends a voluntary supplier diversity survey to suppliers to collect data on certification status and other metrics. SJCE received a modest response rate in 2022 and hopes to increase response in future reports. In addition to the survey, SJCE manually verifies that its suppliers are Supplier Clearinghouse certified. SJCE contracted with several suppliers that are certified women-owned and minority-owned businesses that are not yet in the CPUC Supplier Clearinghouse. SJCE also identified businesses that self-report they are eligible for certification but that find the CPUC's Supplier Clearinghouse certification process too time consuming or burdensome. SJCE will continue working with existing and prospective suppliers to encourage Supplier Clearinghouse certification.

In 2022, SJCE spent \$115,461 with nine certified small and/or certified diverse businesses. SJCE spent \$38,039 with five Supplier Clearinghouse certified suppliers and an additional \$59,730 with certified women-owned and minority-owned businesses not yet in the Supplier Clearinghouse. SJCE spent \$27,422 with certified small and local businesses.⁹ Overall, SJCE spent \$13,717,080 to support program development and business operations in 2022.¹⁰ These expenses do not include power supply costs.

⁸ <https://www.sanjoseca.gov/your-government/departments-offices/finance/disparity-study>

⁹ These businesses are CA Department of General Services certified small businesses and also meet the requirements of the City of San Jose's Local and Small Business Preference Policy.

¹⁰ SJCE spent \$12,947,076 on legal services, technical consulting and other professional services and \$770,003 on goods such as printing, computers, software, and data subscriptions.

Table 1 – Supplier Diversity Results of Goods and Services (non-power purchases) if Procured

2022 Supplier Diversity Results of Goods and Services (non-power purchases) if Procured											
		Direct Spend ¹ \$	Sub Spend ² \$	Total \$	%	Product Spend \$	%	Service Spend \$	%	Total \$	%
Minority Male	African American	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Asian Pacific American	\$ 1,248.19	\$ -	\$ 1,248.19	0.01%	\$ -	0.00%	\$ 1,248.19	0.01%	\$ 1,248.19	0.01%
	Hispanic American	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Native American	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Total Minority Male	\$ 1,248.19	\$ -	\$ 1,248.19	0.01%	\$ -	0.00%	\$ 1,248.19	0.01%	\$ 1,248.19	0.01%
Minority Female	African American	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Asian Pacific American	\$ 12,061.40	\$ -	\$ 12,061.40	0.09%	\$ 12,061.40	1.57%	\$ -	0.00%	\$ 12,061.40	0.09%
	Hispanic American	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Native American	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Total Minority Female	\$ 12,061.40	\$ -	\$ 12,061.40	0.09%	\$ 12,061.40	1.57%	\$ -	0.00%	\$ 12,061.40	0.09%
Total Minority Business Enterprise (MBE)		\$ 13,309.59	\$ -	\$ 13,309.59	0.10%	\$ 12,061.40	1.57%	\$ 1,248.19	0.01%	\$ 13,309.59	0.10%
Women Business Enterprise (WBE)		\$ 18,015.97	\$ -	\$ 18,015.97	0.13%	\$ 978.46	0.13%	\$ 17,037.51	0.13%	\$ 18,015.97	0.13%
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		\$ 6,713.50	\$ -	\$ 6,713.50	0.05%	\$ -	0.00%	\$ 6,713.50	0.05%	\$ 6,713.50	0.05%
Disabled Veteran Business Enterprise (DVBE)		\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Persons with Disabilities Business Enterprise (DBE)		\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
8(a)*		\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Total Supplier Diversity Spend		\$ 38,039.06	\$ -	\$ 38,039.06	0.28%	\$ 13,039.86	1.69%	\$ 24,999.20	0.19%	\$ 38,039.06	0.28%
Net Procurement**						\$ 13,717,079.86					
Net Product Procurement						\$ 770,003.57					
Net Service Procurement						\$ 12,947,076.29					
Total Number of Diverse Suppliers that Received Direct Sp						5					

Notes:

* 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).

** Net Procurement includes purchase orders, non-purchase orders, and credit card dollars.

1 Direct - Means Direct Procurement: when a CCA directly procures from a supplier.

2 Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor to fulfil its contractual obligation(s).

% - Percentage of Net Procurement.

Description of Diverse Suppliers with Majority Workforce in California

SJCE has three certified Supplier Clearinghouse suppliers with the majority of their workforce in California.

Supporting Small and Local Businesses

The City is committed to promoting opportunities with local and small businesses. Effective June 18, 2004, the City adopted Ordinance 27136, which established a Local and Small Business Preference Policy¹¹ for the procurement of supplies, materials, equipment, and services. To qualify as a local business, suppliers must have a current San José Business Tax Certificate number and have an office with at least one employee in Santa Clara County. Suppliers can qualify for the small business preference if they qualify as a local business enterprise and have no more than 35 employees. Per the policy's eligibility requirements, in 2022, SJCE spent \$80,646 with small and local San José businesses.¹² SJCE spent \$27,422 with three Department of General Services (DGS) certified small businesses located in Santa Clara County.

¹¹ <https://www.sanjoseca.gov/your-government/departments/finance/purchasing/local-and-small-business>

¹² This spend figure includes a vendor that qualifies as a diverse business

Section 9.1.3: Supplier Diversity Program Expenses

The table below shows expenses from SJCE staff hours spent to review the program, attend workshops, conduct outreach, and prepare the report.

Table 2 - Summary of Program Expenses

Expense Category	2022 (Actual)
Wages	\$9,701
Other Employee Expenses	-
Program Expenses	-
Reporting Expenses	-
Training	-
Consultants	-
Other	-
TOTAL	\$9,701

Section 9.1.5: Description of Prime Contractors Utilization of Diverse Subcontractors

SJCE was unable to collect data on Supplier Clearinghouse certified subcontractors from our prime contractors. SJCE requested this information in a voluntary survey sent to all suppliers, but received no responses related to subcontractor data through the survey. SJCE will explore other ways to collect and track spend from certified subcontractors so that this spend can be captured in future reports.

Section 9.1.6: List of Supplier Diversity Complaints Received and Current Status

SJCE received no complaints from diverse suppliers in 2022.

Section 9.1.9: Description of Supplier Diversity Activities and Progress in Power (Energy) Procurement

SJCE recognizes the importance of increasing supplier opportunities in the electric utility industry, which has had traditionally low representation from historically disadvantaged businesses. In decision D.22-04-035, the CPUC acknowledges the fact that energy procurement represents the majority of expenses for a typical community choice aggregator and “as such, the business model for community choice aggregators provides fewer opportunities to contract with all suppliers.”¹³ SJCE spent the majority (96%) of its budget on electricity, reliability, and renewable energy products. Acknowledging that electricity sector providers are dominated by large corporations that are traditionally not diverse in ownership or leadership, SJCE can nonetheless focus on improving access to contracting opportunities for

¹³ D. 22-04-035" "Decision Revising General Order 156 Supplier Diversity Program to Implement Senate Bill 255, Adopt a Voluntary Procurement Goal for LGBT Business Enterprises, Incorporate Persons with Disabilities Business Enterprises, and Other Updates” , p. 16.

other goods and services. Additionally, several of SJCE’s power procurement solicitations included language on the Supplier Diversity Program reporting that encourages eligible suppliers to become certified with the CPUC’s Supplier Clearinghouse.

SJCE conducted outreach to power suppliers on certification eligibility and will continue to work with them in 2023.

Table 3 – Supplier Diversity Results in Power (Energy) Procurement

		Direct Power Purchases \$		Direct Fuels for Generation \$			Totals \$ ¹			% ²
		Renewable and Non-Renewable Power Products	Diesel	Nuclear	Natural Gas	Direct ³	Sub ⁴	Total \$ ⁵	%	
Minority Male	African American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
	Asian Pacific American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
	Hispanic American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
	Native American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
	Total Minority Male	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
Minority Female	African American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
	Asian Pacific American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
	Hispanic American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
	Native American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
	Total Minority Female	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
Total Minority Business Enterprise (MBE)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
Women Business Enterprise (WBE)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
Disabled Veteran Business (DVBE)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
Persons with Disabilities Business Enterprises (DBE)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
8(a) ⁶		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
Total Supplier Diversity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%	
Net Power Procurement		\$235,703,382								
Net Direct Power Purchases		\$235,703,382								
Net Direct Fuels for Generation		\$0								
Total Number of Diverse Suppliers		0								

Notes:
 1 Excludes purchases from the California Independent System Operator (CAISO), utilities, federal entities, state entities, municipalities and cooperatives.
 2 % - Percentage of Net Procurement.
 3 Includes Direct Power Purchases and Direct Fuels for Generation. Direct - Means Direct Procurement: when a CCA directly procures from a supplier.
 4 Sub - Means Subcontractor Procurement: when a prime contractor, in contract with a CCA, procures from a subcontractor to fulfil its contractual obligation(s).
 5 "Total" does not include pre-commercial development (COD) subcontracting values.
 6 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).

2023 Annual Plan

Section 10.1.2: Supplier Diversity Program Activities Planned for the Next Calendar Year

While we do not express nor exhibit preference to diverse suppliers, per California law, SJCE recognizes the importance of increasing opportunities for all suppliers in the utility industry, including supplies certified via the CPUC's Supplier Clearinghouse. The City's and SJCE's programs that remove barriers to supplier diversity will be included in SJCE's annual strategic planning process and will be integrated into how SJCE does business over time. SJCE will focus on inclusive outreach efforts to supporting local, small, and diverse businesses participation within the scope of the law. In 2023, SJCE will conduct the following activities:

Internal Activities

- Continue to evaluate barriers to entry for small, local, and diverse suppliers and develop policies or programs to help reduce barriers; including reviewing preliminary and final results of the City's disparity study to improve SJCE's contracting policies and practices for small, local, and diverse suppliers.
- Continue to collaborate with the City's Office of Racial Equity and Office of Equality Assurance to learn best practices to improve the City's equity programs and expand SJCE's efforts to remove barriers to supplier diversity.
- Refine and implement activities in SJCE's Racial Equity Action Plan.
- Develop technical assistance and capacity building opportunities for small and local businesses.
- Track supplier diversity spend on a quarterly basis.
- Implement improved data collection processes and inclusion and access in SJCE contracting opportunities.
- Form an internal equity committee to oversee SJCE's Racial Equity Action Plan. Participants will include SJCE staff who will more closely coordinate with the City's Office of Racial Equity to help guide the goals and objectives of the plan, including improving supplier diversity.
- Continue to prioritize and advance equity in SJCE programs and services.

External Activities

- Continue to educate current and prospective suppliers about the CPUC's Supplier Diversity Program and the CPUC's Supplier Clearinghouse.
- Return to the City's Small Business Advisory Task Force to report on supplier diversity progress and receive feedback on how to improve efforts.
- Continue to engage and collaborate with small and local businesses via various chambers of commerce, including the LGBTQ+ chambers of commerce, local business districts, community-based organizations, diversity leaders, diverse communities, and advocacy groups.
- SJCE is a member of several energy associations that value diversity, equity and inclusion in the energy industry. These include the Association of Women in Water, Energy and Environment, Asians in Energy, the American Association of Blacks in Energy, and Hispanics in Energy. Staff will participate in association events and network to advance SJCE's supplier diversity efforts.
- Collaborate with other CCAs and share equity and diversity program best practices among CCAs.

Section 10.2: Plans for Encouraging Primes to Subcontract Diverse Suppliers

To the extent permitted by law, SJCE will encourage prime contractors to subcontract with diverse business. SJCE will continue to request information from prime contractors regarding their use of diverse suppliers via the voluntary supplier diversity survey. SJCE can also provide information about the CPUC's Supplier Diversity Program to encourage prime contractors to report their contracts with diverse suppliers.

Section 10.2: Plans for Complying with the Supplier Diversity Program Guidelines

SJCE plans to comply with the Supplier Diversity Program reporting guidelines as outlined in the SB 255 and GO 156. SJCE follows the reporting guidance and template for CCAs provided by CPUC program staff. CPUC Decision D. 22-04-035 incorporates CCAs' participation in the CPUC's Supplier Diversity Program to implement SB 255. In the decision, the CPUC finds that "Pub. Util. Code § 366.2(m)(1) requires community choice aggregators to submit annual plans that include opportunities for increasing procurement from 'small, local, and diverse business enterprises,' but not necessarily from specific business enterprises."¹⁴ SJCE plans to continue to develop its supplier diversity program to further engage and support our small, local, and diverse business community and promote greater equity and inclusion in procurement practices.

¹⁴ <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/decision-2204035-4182022-rulemaking-2103010-with-attachement-b.pdf>