Peninsula Clean Energy
Board of Directors Meeting
November 16, 2017
Agenda

Call to order / Roll call

Public Comment

Action to set the agenda and approve consent items
1. Chair Report (Discussion)
2. CEO Report (Discussion)
Recruiting Update

• New Job Postings – open until filled
  – Key Accounts Executive
  – Power Resources Manager
  – Creative Content Designer (part-time)

• Next Job Posting – coming soon
  – Energy Programs Manager or Director
  – Senior Regulatory Analyst (re-posting)
  – Legislative Analyst
Other Updates

• CalCCA Board meeting and Legislative Retreat last Thursday
  – CalCCA will be proactively posting Op-Eds

• Community Choice Energy Summit this week in Santa Clara
  – Dan, Siobhan, and Jan spoke on 3 different panels

• PCE Meeting with Senator Jerry Hill on Friday

• Next “Deeper Dive” on technical issues of 100% renewable resources on the grid:
  – January 5th or 12th, 2:30 to 4:30 pm

• Creating an online application for Local Projects and Programs
3. Citizens Advisory Committee Report (Discussion)
4. Marketing and Outreach Report (Discussion)
5. Regulatory and Legislative Report (Discussion)
Regulatory and Legislative Report
November 16, 2017

Joseph Wiedman
Senior Regulatory/Legislative Analyst
– Filings

• Coalition of CCAs filed protests to PG&E Advice Letters 5151-E (October 23rd) and 5146-E (October 18th).

• On October 26th, all active parties in the PCIA docket filed a Joint Status Report on discovery matters (R.17-06-026).

• CalCCA filed an Opening Brief (November 6th) and a Reply Brief (November 11th) in the Bond Methodology docket (R.03-10-003).

• CalCCA filed Opening Comments (October 26th) and Reply Comments (November 9th) on the IRP Reference System Plan (R.16-02-007).
– Other Regulatory Activities

• Jan Pepper presented at the CPUC’s California Customer Choice workshop in Sacramento on October 31. Joe Wiedman, Rick DeGolia and Pradeep Gupta also attended.

• Joe Wiedman facilitated a CCA-Solar “summit” on November 1.

• Joe Wiedman participated in an All-Party Meeting at the CPUC for the Integrated Resource Planning docket (R.16-02-007) on November 2.
– Jan Pepper and Joe Wiedman attended a CalCCA legislative retreat in San Francisco on November 9th.
6. Approval of New Rates (Action)
PCE 2018 Rate Adjustment
November 16, 2017

Leslie Brown
Manager of Customer Care
PCE 2018 Rate Adjustment

- June 2017: PG&E files 2018 Energy Resource Recovery Account (ERRA) Application with projected revenue requirements
- August 2017: PG&E files Annual Electric True-up (AET) with projected 2018 rates based on updates to date from June data
- November 2017: PG&E files ERRA update with revenue adjustments including PCIA and FFS figures
PCE 2018 Rate Adjustment

• PCIA and FFS are both increasing
• Overall PG&E Generation rates are projected to increase, however shifting costs between different rate schedules and TOU periods will cause variations amongst them
• PCE is committed to maintaining a 5% discount in 2018
• **How Does PCE Currently Calculate Rates?**
  – PG&E Generation Rate x 95%
  – Subtract PCIA
  – Subtract FFS
  – Result = PCE Generation Rate

**PCE Generation Savings = 5%**
• Staff consulted with PEA to project PG&E January 1, 2018 rates based on best information available
• The projected PG&E rate increase appears to offset the PCIA and FFS increase in most cases with PCE maintaining a 5%+ discount
PCE 2018 Rate Adjustment

• A small subsection of rates are projected to have less than 5% discount on January 1 (Winter)
  – E6, EV, ETOU, and various AG rates
  – See handout for details

• Other Winter rates are projected to have at least 5% discount and can be adjusted after actual PG&E rates are known on January 1, 2018

• All other rates (including Summer rates) will be adjusted after publication of PG&E’s rates on January 1, 2018
• Action requested tonight:
  – Adjust selected rates now to maintain 5% discount on January 1, 2018

• Action to be requested in December:
  – Authorize staff to adjust all rates as needed after final PG&E rates are published on January 1, 2018 to maintain 5% discount across the board
7. Approve Endorsement of Citizens Climate Lobby (Action)
8. Integrated Resource Plan (IRP) Update (Discussion)
Agenda

- Strategic Goals and Policies
- Regulatory Requirements
- PCE Daily Load
- Procurement Guidelines
  - Open Position
  - Additionality
  - Term Length
  - Size
  - Ownership
  - Technology
  - Location
- Next Steps
Strategic Goals and Policies

- Strategic Goals
  - 80% GHG Free in 2017; increasing by 5% per year to 100% GHG Free in 2021
  - 100% Renewable in 2025
    - Matching generation portfolio to load profile
  - 20 MW of new local power by 2025
  - Maintain rates below PG&E
  - Stimulate development of RE in SMC
  - Priority on local hiring and workforce development
  - Invest in local programs
  - Maximize customer participation
  - Build a financially stable organization

- Policies
  - Sustainable Workforce Policy
  - No unbundled RECs
Regulatory Requirements

• Regulatory Requirements
  – Renewable Portfolio Standard
  – 65% of RPS requirement from long-term contracts by 2021
  – Storage equal to 1% of peak load; contracts in place by 2020 and projects in place by 2024
What is an 8760 profile?
- A data set submitted by a project developer that shows, on an hourly basis, the energy production of their solar/wind/hydro/etc. facility for a specific year.
- Called an 8760 profile because there are 8760 hours in a typical year.
Additionality

- Additionality means that a project or activity would not have happened without the buyer.
- Recommendation: Minimum 50% of portfolio from “New” projects v. existing projects.
- New: Means projects that PCE causes to be built or repowered.
  - For example, Wright and Mustang 2 would both be considered new projects and count towards this guideline.
- Repowered: For repowered facilities to count towards our new goal, would require a significant investment in the repowering.
Open Position & Term Length

- Current portfolio by term length and open position

Procured Energy by Contract Length

- Short (<1 year)
- Medium (1-4 years)
- Intermediate (5-10 years)
- Long (>10 years)
- Open
We recommend the following contracting guidelines for fixed price contracts:

- Forward contracts increase cost certainty
- Maintain flexibility and ensure portfolio diversification

Annual procurements to meet 15-25% of load (550 – 950 GWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Year</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>Year 2</td>
<td>75%</td>
<td>90%</td>
</tr>
<tr>
<td>Year 3</td>
<td>65%</td>
<td>80%</td>
</tr>
<tr>
<td>Year 4 and Beyond</td>
<td>55%</td>
<td>70%</td>
</tr>
</tbody>
</table>
Term Length

- SB 350 requires that CCAs have at least 65% of their RPS procurement under contracts of 10 years or longer starting in 2021.

Long Term Contract Requirement (% of Retail Sales)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPS Req’t</td>
<td>35%</td>
<td>36%</td>
<td>38%</td>
<td>40%</td>
<td>42%</td>
</tr>
<tr>
<td>LT Req’d (%)</td>
<td>23%</td>
<td>24%</td>
<td>25%</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>Retail Sales (GWh)</td>
<td>3,768</td>
<td>3,787</td>
<td>3,806</td>
<td>3,825</td>
<td>3,844</td>
</tr>
<tr>
<td>LT Req’d (GWh)</td>
<td>850</td>
<td>896</td>
<td>942</td>
<td>989</td>
<td>1,037</td>
</tr>
</tbody>
</table>
Term Length

- Recommendation:
  - Target 50% of portfolio from long term contracts
  - Fill remainder of portfolio with diversity of contract lengths

Long Term Contract Requirement (% of Portfolio)

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<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT Required (per SB350)</td>
<td>23%</td>
<td>24%</td>
<td>25%</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>LT Add’l</td>
<td>27%</td>
<td>26%</td>
<td>25%</td>
<td>24%</td>
<td>23%</td>
</tr>
<tr>
<td>Total LT (&gt;10 yrs)</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Short (&lt;1 yr)</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Medium (1-4 yrs)</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Interm. (5-10 yrs)</td>
<td>17.5%</td>
<td>17.5%</td>
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<td>17.5%</td>
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Guideline

Pursue diversity of project sizes

No one project output makes up more than 15% of GWh load

Percentage of Load by Project 2021

- Shiloh (Wind) - 7.33%
- Mustang Two (Solar) - 7.61%
- Wright (Solar) - 14%
- Hatchet (Small Hydro) - 0.42%
- Open - 70.6%
Ownership

- Limit exposure to any one developer / owner
- Ensure developer / owner has experience to develop / operate project

**Guideline**

| No more than 15% of GWh load from any one owner |
| Experience developing & operating similar size projects |
| Financing plan and successful track record with finance organizations |
| Don’t work with owners that oppose CCAs |
| Financially stable organization |
Resource / Technology Mix

- Limit exposure to any one technology or supplier
- Match our generation profile to our load profile

Guideline

<table>
<thead>
<tr>
<th>Procure from diverse set of technologies to match supply to load</th>
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<tbody>
<tr>
<td>No more than 15% of load from any one technology supplier</td>
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</table>
Location

- Limit exposure to price differentials between our service territory and project locations
- Limit exposure to any one pricing node
- Diversify generation profiles to aggregate portfolio to match load
### Guideline

<table>
<thead>
<tr>
<th>Guideline</th>
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<tbody>
<tr>
<td>Prioritize projects / locations to minimize congestion pricing</td>
</tr>
<tr>
<td>No more than 15% of load from one LMP / interconnection point</td>
</tr>
<tr>
<td>Prioritize SMC, 9 Bay area counties, etc.</td>
</tr>
<tr>
<td>Supports PCE’s Sustainable Workforce Policy</td>
</tr>
<tr>
<td>Evaluate environmental impacts</td>
</tr>
<tr>
<td>Prioritize projects that help to match supply to load</td>
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Location – Out-of-State Wind Update

• We are continuing to research and requested additional information from developers
• We do not have substantive developments to report
• Recommend including out of state wind in RFP in January and requiring information in line with our Sustainable Workforce Policy
  – This will allow us to collect specific information on labor policy and pricing to compare to in-state projects
Next Steps

• PCE will share a draft IRP document with the board approximately one week prior to the December 14th Board Meeting
  – This document will incorporate the guidelines discussed above
• Adopt IRP at December Board Meeting
• Publish request for proposals for renewable energy projects in early January
• Evaluate offers against these guidelines
• Negotiate and execute contracts to continue to build a diverse portfolio
9. Board Members’ Reports (Discussion)
Adjourn