



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, October 26, 2017**

Peninsula Clean Energy
2075 Woodside Road, Redwood City, CA 94061
6:30 p.m.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Anne Bartoletti, Board Clerk, at least 2 working days before the meeting at abartoletti@peninsulacleanenergy.com. Notification in advance of the meeting will enable the PCEA to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.

If you wish to speak to the Board, please fill out a speaker's slip located on the tables as you enter the Board meeting room. If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of PCEA staff who will distribute the information to the Board members and other staff.

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

This item is reserved for persons wishing to address the Board on any PCEA-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Listed on the Consent Agenda and/or Closed Session Agenda; 3) Chief Executive Officer's or Staff Report on the Regular Agenda; or 4) Board Members' Reports on the Regular Agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

As with all public comment, members of the public who wish to address the Board are requested to complete a speaker's slip and provide it to PCEA staff. Speakers are customarily limited to two minutes, but an extension can be provided to you at the discretion of the Board Chair.

ACTION TO SET AGENDA and TO APPROVE CONSENT AGENDA ITEMS

This item is to set the final consent and regular agenda, and for the approval of the items listed on the consent agenda. All items on the consent agenda are approved by one action.

REGULAR AGENDA

1. Chair Report (Discussion)
2. CEO Report (Discussion)
3. Citizens Advisory Committee Report (Discussion)
4. Audit and Finance Committee Report (Discussion)
5. Marketing and Outreach Report (Discussion)
6. Regulatory and Legislative Report (Discussion)
7. Proposed 2018 Rate Adjustment Process (Discussion)
8. Role of Out of State Wind in PCE Portfolio (Discussion)
9. Integrated Resource Plan (IRP) Update (Discussion)
10. Board Members' Reports (Discussion)

CONSENT AGENDA

11. Approval of the Minutes for the September 23, 2017 Meeting (Action)
12. Authorize the Chief Executive Officer to execute a WSPP (Western Systems Power Pool) Confirmation Letter for Purchase of Import Resource Adequacy from Calpine Energy Services, L.P. Delivery Term: January 2018 through December 2018, in an amount not to exceed \$200,000 (Action)
13. Authorize the Chief Executive Officer to execute a WSPP (Western Systems Power Pool) Confirmation Letter for Purchase of Resource Adequacy from Merced Irrigation District. Delivery Term: January 2018 through December 2018, in an amount not to exceed \$500,000 (Action)
14. Authorize the Chief Executive Officer to execute EEI (Edison Electric Institute) Confirmation for Purchase of Resource Adequacy from Pacific Gas and Electric Company. Delivery Term: January 2018 through December 2018, in an amount not to exceed \$3,200,000 (Action)
15. Authorize the Chief Executive Officer to execute a WSPP (Western Systems Power Pool) Confirmation Letter for Purchase of GHG Free electricity from Morgan Stanley Capital Group, Inc. Delivery Term: October 2017 through April 2018, in an amount not

to exceed \$200,000 (Action)

16. Authorize the Chief Executive Officer to execute a WSPP (Western Systems Power Pool) Confirmation Letter for Purchase of Resource Adequacy from Anahau Energy, LLC. Delivery Term: January 2018 through December 2018, in an amount not to exceed \$400,000 (Action)
17. Authorize the Chief Executive Officer to execute an EEI (Edison Electric Institute) Confirmation Agreement, and any necessary ancillary documents, for Purchase of PCC1 Renewable Energy from Powerex, with terms consistent with those presented, in a form approved by the General Counsel. Power Delivery Term: January 2018 through December 2018, in an amount not to exceed \$2,600,000 (Action)
18. (a) Adopt a Resolution authorizing the General Counsel to execute with the law firm of Keyes & Fox amendment(s) to the existing retention agreements or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements with Keyes & Fox do not exceed a total of \$250,000.

(b) Adopt a Resolution authorizing the General Counsel to execute with the law firm of Davis Wright Tremaine LLP amendment(s) to the existing retention agreements or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements with Davis Wright Tremaine LLP do not exceed a total of \$300,000. (Action)
19. Approve a Resolution authorizing an agreement between Maher Accountancy and the Peninsula Clean Energy Authority for the provision of accounting services, in an amount not to exceed \$130,500. (Action)

Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. The Board has designated the Peninsula Clean Energy office, located at 2075 Woodside Road, Redwood City, CA 94061, for the purpose of making those public records available for inspection. The documents are also available on the PCEA's Internet Web site. The website is located at: <http://www.peninsulacleanenergy.com>.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: October 20, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Dan Lieberman, Director of Marketing and Public Affairs
SUBJECT: Update on PCE's September/October Marketing and Outreach Activities

BACKGROUND:

The marketing team has been busy doing outreach, preparing collateral, meeting with key account customers, and preparing for fall campaigns.

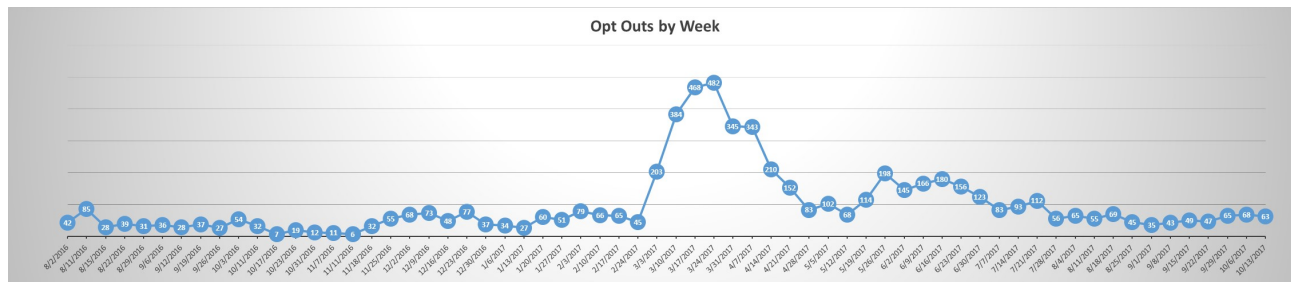
DISCUSSION:

Outreach Events

PCE continues outreach with a strategic focus on civically engaged organizations and events that draw widely from around the County. With our two new outreach staff onboard, we are able to cover more ground.

Enrollment Statistics

Weekly opt-outs have remained low, though are not at historic lows. Our overall opt-out rate is 2.1%, which is still the lowest of all California CCAs.



CITY	Eligible Accts	Total	TOTAL OPT OUT %
PORTOLA VALLEY INC	1,673	90	5.38%
SAN BRUNO INC	16,350	506	3.09%
SO SAN FRANCISCO INC	24,708	682	2.76%
PACIFICA INC	15,416	420	2.72%
HALF MOON BAY INC	4,928	117	2.37%
DALY CITY INC	33,827	803	2.37%
MILLBRAE INC	9,335	216	2.31%
UNINC SAN MATEO CO	24,322	544	2.24%
SAN CARLOS INC	14,324	297	2.07%
BELMONT INC	11,844	238	2.01%
SAN MATEO INC	43,673	845	1.93%
BRISBANE INC	2,463	46	1.87%
HILLSBOROUGH INC	4,036	72	1.78%
BURLINGAME INC	15,418	255	1.65%
REDWOOD CITY INC	34,472	557	1.62%
EAST PALO ALTO INC	7,741	125	1.61%
FOSTER CITY INC	14,475	222	1.53%
WOODSIDE INC	2,284	34	1.49%
ATHERTON INC	2,688	40	1.49%
COLMA INC	790		1.39%
MENLO PARK INC	15,448	191	1.24%
Grand Total	300,215	6,311	2.10%

There are over 4,000 accounts in ECO100.

ACTIVE ACCTS BY CITY	Eligible Accts	October			
CITY	Full Territory	RES ACT	COM ACT	ACTIVE	ECO100
ATHERTON INC	2,688	2,339	198	2,537	55
BELMONT INC	11,844	10,338	933	11,271	132
BRISBANE INC	2,463	1,881	509	2,390	72
BURLINGAME INC	15,418	12,777	1,970	14,747	263
COLMA INC	790	510	280	790	
DALY CITY INC	33,827	30,531	1,976	32,507	52
EAST PALO ALTO INC	7,741	6,996	441	7,437	16
FOSTER CITY INC	14,475	12,803	843	13,646	107
HALF MOON BAY INC	4,928	4,094	585	4,679	36
HILLSBOROUGH INC	4,036	3,728	137	3,865	
MENLO PARK INC	15,448	13,031	1,746	14,777	394
MILLBRAE INC	9,335	8,261	676	8,937	88
PACIFICA INC	15,416	13,832	858	14,690	103
PORTOLA VALLEY INC	1,673	1,401	137	1,538	1,404
REDWOOD CITY INC	34,472	29,585	3,408	32,993	588
SAN BRUNO INC	16,350	14,443	1,118	15,561	70
SAN CARLOS INC	14,324	11,620	2,196	13,816	211
SAN MATEO INC	43,673	37,794	3,964	41,758	540
SO SAN FRANCISCO INC	24,708	20,433	3,275	23,708	59
UNINC SAN MATEO CO	24,322	20,310	2,900	23,210	411
WOODSIDE INC	2,284	1,978	215	2,193	44
Unallocated		136		148	
Unallocated (cust type)		253		253	
Grand Total	300,215	259,074	28,377	287,451	4,664

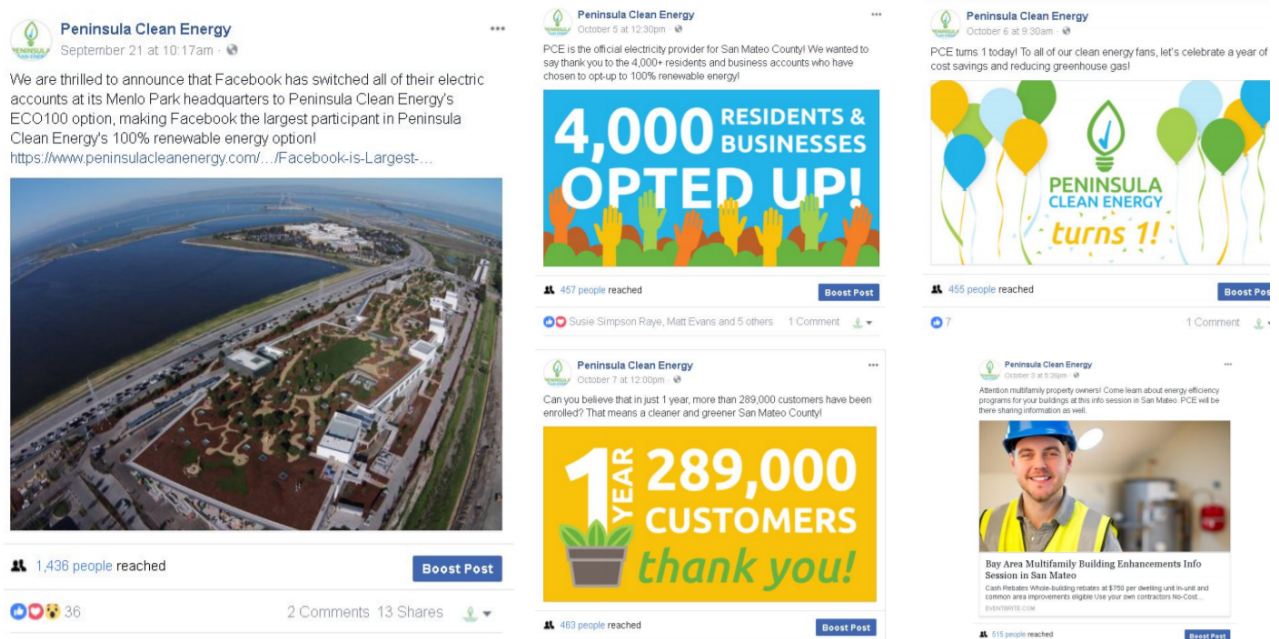
Web and Social Media

Web stats and sample social media are presented below.

Website Visits: June 21, 2016 - October 16, 2017



Social Media: September 16- October 16, 2017



Press Releases

On October 19 PCE distributed a press release projecting the environmental and financial benefits of a full year of PCE service. The press release was picked up by a variety of local media outlets, including Clean Power Exchange, Pacifica Riptide, Belmont Patch, Sound of Hope Radio, and News for Chinese.

Open House Anniversary Celebration

PCE was pleased to host a celebration of our anniversary of service in the form of an open house event at our headquarters. The event featured foods produced around the county, comments from Board Chair Dave Pine and CEO Jan Pepper, a giveaway of our newest swag item (branded water bottles), and even a music playlist with songs about clean energy.





**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: October 19, 2017

BOARD MEETING DATE: October 26, 2017

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors

FROM: Joseph Wiedman, Director of Regulatory and Legislative Affairs

SUBJECT: Update on PCE's September and October Regulatory and Legislative Activities

BACKGROUND:

September and October were busy months on the regulatory and legislative fronts. As discussed in more detail below, the end of the Legislative session lead to a flurry of activity on issues that impact CCAs. PCE filed one pleading at the California Energy Commission (CEC) and, as part of various coalitions, two pleadings were submitted at the California Public Utilities Commission (CPUC).

DISCUSSION:

CalCCA Activities

Starting on September 7th, CalCCA team has met each Thursday to coordinate our strategy in the PCIA reform docket. During these weekly meetings, we discuss budgets, discovery, development of strategy, identification of expert witnesses and other activities necessary to present a united front within the docket.

On October 4, CalCCA held its annual meeting in Riverside, CA. The day focused on providing information to emerging CCAs so they can be a success. Board members Dave Pine and Jeff Aalfs, and staff members Jan Pepper, Leslie Brown, Joe Wiedman, and Dan Lieberman attended on behalf of PCE.

Regulatory Advocacy

On September 22nd, Jan Pepper and Joe Wiedman met with Matt Friedman, from The Utility Reform Network (TURN), to discuss areas of mutual interest, areas we can collaborate on, and how to work productively with TURN.

On September 26th, Joe Wiedman met with Steve Chadima and other representatives of Advanced Energy Economy (AEE) to discuss the growth of CCAs and to provide timely and accurate data to AEE staff as they begin to understand the benefits CCAs can provide.

R.17-06-026 – PCIA Order Instituting Rulemaking (OIR) - On September 25th, the Assigned Commissioner in the PCIA OIR released a scoping memo laying out the scope and schedule of the docket. Overall the changes to the original OIR's scope were favorable to CCAs. However, the schedule is tighter than what CalCCA had proposed by about a month. Accordingly, as noted above, CalCCA has already begun to engage in discovery, meet and confer with the utilities regarding data needs, identification of witnesses, and development of overall theory of the case. We are also working collaboratively on strategy in the docket.

A.17-06-005 – PG&E ERRRA Docket – On August 28th, Sonoma Clean Power (SCP) filed opening testimony in the docket raising a number of issues in PGE's opening testimony. If the Commission accepts SCP's arguments, the PCIA would decrease from the current 2016 vintage PCIA of \$29.18/MWh to \$23.16/MWh (0.6 cents) versus PGE's proposed increase of the 2016 vintage PCIA to \$33.82/MWh. On September 8th, PG&E submitted rebuttal testimony denying the accuracy of SCP's claims. Evidentiary hearings were held on September 20th. Opening Briefs were filed on October 2nd and reply briefs were filed Oct. 16th. PCE and MCE assisted SCP with opening and reply briefs.

R.03-10-003 – CCA Bond Methodology – On August 25th, CalCCA and the IOUs filed rebuttal testimony in the docket. Parties engaged in discovery related to the rebuttal testimony, prepared for hearings, and the parties discussed settlement options. Unfortunately, settlement was not able to be reached prior to hearings. Hearings in the

docket were held October 11th and 12th. Parties continue to engage in settlement discussions after the hearings while we prepare for the filing of briefs. Dates for briefing have not been set.

R.16-02-007 – IRP Proceeding – On September 19th, the CPUC released the Preliminary Reference System Plan (RSP) for consideration by parties in the docket. The RSP lays out the results of preliminary updated modeling coming out of the RESOLVE model after it was updated based on a prior round of parties' comments. The Preliminary RSP provides details on the timing and quantity of resources the RESOLVE model believes will lead to the lowest possible costs to reach various scenarios being modeled in the docket. For example, to reach a 42 MMT GHG target, the RESOLVE model shows the need to procure approximately ~1 gigawatts (GW) of in-state wind resources, ~9 GW of solar resources, a small amount of geothermal and also approximately ~3500 MW of storage above what is already required for each of these resources. PCE is coordinating with other CCAs via CalCCA to assess the RSP as it relates to our procurement autonomy and approach to the case. Joe Wiedman attended workshops on the RPS on September 25th and 26th with other members of CalCCA to ask questions about the RSP. The CalCCA team is developing comments and strategy in the docket in light of this new development in the docket. Comments on the Preliminary RSP are due October 26th. Reply Comments are due November 9th. An All-Party Meeting to discuss the RSP will be held November 2nd in San Francisco.

Docket No. 16-OIR-05 – AB 1110 Implementation – PCE continues to coordinate with CalCCA team regarding our concerns with staff's initial strawman proposal that was served to interested parties in the docket. To that end, PCE filed comments with the CEC opposing PG&E's proposed methodology for implementing AB 1110. A formal proposal based on informal feedback taking place this fall is expected in the spring. At present, CalCCA is working to build a coalition of like-minded organizations that share our concerns.

(no docket yet) - Low-Carbon Fuel Standard (LCFS) – PCE has joined a coalition of charging entities – eMotorworks, Sonoma Clean Power, MCE Clean Energy, Lancaster Clean Energy, Silicon Valley Clean Energy, Honda Motors, Volta Charging, Chanje Energy, EDF Renewable Energy, and WattTime – to support expansion of the entities that are able to receive LCFS credits. At present, only the state's electrical distribution utilities receive credits for electric vehicle (EV) charging despite the fact that a growing percentage of energy (which is often cleaner than IOU supplied energy) is being provided by third parties. As CCAs and other business models emerge, there is growing consensus that other entities, such as CCAs, should be able to receive credits for the energy they provide to charge EVs. While the value of the credits is not enormous, over time the additional funds can be used to support further programs. On October 6th, the coalition filed comments in a preliminary docket providing staff with detailed redlines of the regulations that would need to change to support a broader group of stakeholders receiving credits. The comments also provided information on the benefits to stakeholders from expanding credits.

Legislative Advocacy

At the end of the legislative session, major developments threatened to negatively impact CCAs.

First, AB 726/AB 813 were gutted and problematic language was inserted. That language would have authorized advanced procurement of renewable energy resources to meet GHG goals, required the three large investor-owned utilities (IOUs) to procure all of the energy, and then authorized the Commission to impose a non-bypassable charge on all other LSEs for the cost of the energy procured by the IOUs. CalCCA's legislative team engaged quickly with the author's office and our allies to make three needs known – CCAs must be allowed to procure their own resources should advance procurement be required, CCAs who are engaged in their own procurement should not be assessed any non-bypassable charge, and emerging CCAs should be allowed to engage in their own procurement if they provided the Commission with a clear notice that they would do so. We also asked that the legislation be amended to require clear findings by the Commission that ratepayers would save money by having this procurement undertaken. Ultimately, the two bills drew consistent and sustained opposition from a variety of parties and were, therefore, shelved for the session.

Secondly, SB 100 was amended very late in the session to require IOU ownership of distributed energy resources (DERs) that decrease the need for distribution and transmission assets (no third-party providers). Because this change would upend the current market for DERs in CA and potentially undermine decades of DER policy, this change in SB 100 garnered widespread and deep opposition from many, many organizations – environmental groups, DER providers, CCAs, solar/wind developers, etc. Ultimately, SB 100 was shelved for the session due to opposition.

CalCCA Legislative Committee is working this fall to coordinate and plan legislative advocacy for the coming session.

FISCAL IMPACT:

Not applicable.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: October 17, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Proposed 2018 Rate Adjustment Process

RECOMMENDATION:

Staff recommends that PCE Board of Directors plan to approve 2018 rate adjustments at the November Board meeting.

BACKGROUND:

On January 1, 2017 PG&E implemented a rate adjustment which resulted in an increase in the PCIA charge such that Peninsula Clean Energy customers were no longer receiving a 5% discount while receiving service under the ECOplus rate. PCE staff and Board worked quickly to evaluate the impact and calculate an appropriate rate adjustment, subsequently lowering the PCE ECOplus rate to maintain the 5% discount. While the Board was swift in its action approving the rate adjustment at the end of January, because of the lag time between the approval and subsequent programming and testing required to implement a rate adjustment by PCE's billing agent, the newly adjusted rates were not implemented until March 15, 2017.

PG&E will again be adjusting rates on January 1, 2018. The actual rate adjustments for each specific rate class will not be publicly known until they are in effect on January 1, 2018. However the initial ERRA forecast filings indicate that there will be an increase in the PCIA and likely a decrease in the generation rate from PG&E which will put further downward pressure on PCE's generation rate in order to maintain the 5% discount for the ECOplus program.

DISCUSSION:

To avoid a gap in the rate adjustment, staff is proposing that the Board plan to vote on PCE's 2018 rates at the November board meeting. Staff will present a proposed set of rates based on the information available from PG&E's ERRA (Energy Resource Recovery Account) proceedings and the latest information from their November update.

FISCAL IMPACT:

The fiscal implications are unknown at this time. More information will be available after PG&E files their November update with the CPUC in the 2018 ERRA proceeding.



Item No. 08

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: October 17, 2017

BOARD MEETING DATE: October 26, 2017

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Discussion on Role of Out of State Wind in PCE Portfolio

BACKGROUND:

The Power Resources team will present on the potential benefits and drawbacks of incorporating out of state wind resources into the PCE power supply portfolio.



Item No. 9

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: October 17, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Integrated Resource Plan (IRP) Update

BACKGROUND:

The Power Resources team will present on the progress of PCE's Integrated Resources Plan, and next steps of same.



**SPECIAL MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Saturday, September 23, 2017
MINUTES**

Peninsula Clean Energy
2075 Woodside Road, Redwood City, CA 94061
9:00 a.m.

CALL TO ORDER

Meeting was called to order at 9:05 a.m.

ROLL CALL

Present: Dave Pine, County of San Mateo, *Chair*
Jeff Aalfs, Town of Portola Valley, *Vice Chair*
Rick DeGolia, Town of Atherton
Donna Colson, City of Burlingame
Rae P. Gonzalez, Town of Colma
Carlos Romero, City of East Palo Alto
Harvey Rarback, City of Half Moon Bay
Elizabeth Cullinan, Town of Hillsborough
Catherine Carlton, City of Menlo Park
Wayne Lee, City of Millbrae
John Keener, City of Pacifica
Ian Bain, City of Redwood City
Marty Medina, City of San Bruno
Cameron Johnson, City of San Carlos
Rick Bonilla, City of San Mateo
Pradeep Gupta, City of South San Francisco
Daniel Yost, Town of Woodside

Absent: County of San Mateo-Groom
City of Belmont
City of Brisbane
City of Daly City
City of Foster City

Staff: Jan Pepper, Chief Executive Officer
Jay Modi, Director of Finance and Administration
George Wiltsee, Director of Power Resources
Siobhan Doherty, Manager of Contracts

Joseph Wiedman, Director of Regulatory and Legislative Affairs
Dan Lieberman, Director of Marketing and Public Affairs
Leslie Brown, Manager of Customer Care
Kirsten Andrews-Schwind, Communications and Outreach Manager
Eric Wiener, Renewable Energy Analyst
David Silberman, General Counsel
Nirit Eriksson, Associate General Counsel
TJ Carter, Marketing Associate

A quorum was established.

PUBLIC COMMENT:

No public comment

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: Lee / Bonilla

Motion passed 14-0 (Absent: County of San Mateo-Pine, County of San Mateo-Groom, Atherton, Belmont, Brisbane, Daly City, Foster City, San Bruno.)

REGULAR AGENDA

- 1. Approve Resolution delegating authority to the Chief Executive Officer to execute an Amended and Restated Power Purchase Agreement with Wright Solar Park, LLC, a Delaware Limited Liability Company, and any other necessary ancillary documents. Power Delivery Term: 25 years. Not to exceed \$550,000,000.**

George Wiltsee—Director of Power Resources—reported that Peninsula Clean Energy (PCE) initially signed a 20-year PPA with Wright Solar Park, LLC, on January 26, 2017, and that additional negotiations took place to complete a mutually beneficial deal after the project developer sought financing. He reported that the amended and restated PPA will be extended to 25 years.

Motion Made / Seconded: Lee / Carlton

Motion passed 14-0 (Absent: County of San Mateo-Groom, Atherton, Belmont, Brisbane, Daly City, Foster City, San Bruno. Abstain: Woodside)

- 2. Review of Strategic Goals**

Jan Pepper—Chief Executive Officer—reviewed progress on PCE’s Strategic Goals including PCE’s greenhouse gas free content mix, building financial reserves, and providing cost savings to customers.

PUBLIC COMMENT:

Bruce Karney, Carbon Free Mountain View

3. Integrated Resource Plan

Siobhan Doherty –Manager of Contracts–provided background information on California’s energy market. George Wiltsee reviewed a 2-phase approach for PCE’s Integrated Resource Plan (IRP), with Phase 1 being short-term energy procurement and initial startup, and Phase 2 being long-term planning. Eric Wiener–Renewable Energy Analyst– provided background information on work by PCE’s consultant Energy & Environmental Economics (E3), and outlined their energy portfolio analysis model which will assist PCE in building its future supply portfolio.

PUBLIC COMMENT:

Bruce Karney, Carbon Free Mountain View
Emily Leslie, PCE Citizens Advisory Committee

4. Local Energy Program Evaluation

Kirsten Andrews-Schwind—Communication and Outreach Manager—reported on PCE’s process for developing future energy programs and the criteria for evaluating which local programs to pursue that would help PCE meet its policy and strategic goals.

PUBLIC COMMENT:

Janet Creech, PCE Citizens Advisory Committee

5. Marketing Strategy

Dan Lieberman –Director of Marketing and Public Affairs–announced that Facebook opted up and is now PCE’s largest ECO100 customer. He provided an overview of marketing efforts over the past year, and Dan, Kirsten, and Leslie Brown–Manager of Customer Care–outlined goals for upcoming year including providing superior customer experience, developing PCE brand awareness, and identifying key outreach activities. Dan introduced three new marketing team members: Tj Carter, Charlsie Chang, and Alejandra Posada, and he announced that PCE’s next marketing campaign will be “You have Great Energy”.

6. PCE Organization and Staffing Plan

Jan Pepper reviewed PCE’s organizational chart and announced that George Wiltsee has decided to change his role to a consultant, and Siobhan Doherty will take his place as the Director of Power Resources. She reported on recent new hires, including a Marketing Associate and two Communications & Outreach Fellows. PCE plans to hire for 7 new full-time positions for a total of 19 PCE employees by June 2018, plus consultants and contractors, as needed.

ADJOURNMENT

Meeting was adjourned at 2:41 p.m.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: October 17, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Resource Adequacy (Calpine Energy Services, L.P.)

RECOMMENDATION:

Approve Resolution to Authorize the Chief Executive Officer to execute a WSPP (Western Systems Power Pool) Confirmation Letter for Purchase of Import Resource Adequacy from Calpine Energy Services, L.P. Delivery Term: January 2018 through December 2018, in an amount not to exceed \$200,000 (Action)

BACKGROUND:

The CPUC has explained Resource Adequacy as follows:

The CPUC adopted a Resource Adequacy (RA) policy framework (PU Code section 380) in 2004 to in order to ensure the reliability of electric service in California. The CPUC established RA obligations applicable to all Load Serving Entities (LSEs) within the CPUC's jurisdiction, including investor owned utilities (IOUs), energy service providers (ESPs), and community choice aggregators (CCAs). The Commission's RA policy framework – implemented as the RA program -- guides resource procurement and promotes infrastructure investment by requiring that LSEs procure capacity so that capacity is available to the CAISO when and where needed. The CPUC's RA program now contains three distinct requirements: System RA requirements (effective June 1, 2006), Local RA requirements (effective January 1, 2007) and Flexible RA requirements (effective January 1, 2015). System requirements are determined based on each LSE's CEC adjusted forecast plus a 15% planning reserve margin. Local requirements

are determined based on an annual CAISO study using a 1-10 weather year and an N-1-1 contingency. Flexible Requirements are based on an annual CAISO study that currently looks at the largest three hour ramp for each month needed to run the system reliably. There are two types of filings; Annual filings (filed on or around October 31st) and monthly filings (filed 45 calendar days prior to the compliance month).

For the annual filings, LSEs are required to make an annual System, Local, and Flexible compliance showing for the coming year. For the System showing, LSEs are required to demonstrate that they have procured 90% of their System RA obligation for the five summer months the coming compliance year. Additionally each LSE must demonstrate that they meet 90% of its Flexible requirements and 100% of its local requirements for each month of the coming compliance year. For the monthly filings LSEs must demonstrate they have procured 100% of their monthly System and Flexible RA obligation. Additionally, on a monthly basis from May through December, LSEs must demonstrate they have met their revised (due to load migration) local obligation.

This is a regulatory requirement. PCEA is not purchasing actual energy. It is paying to ensure that there is enough generation on the grid to ensure reliability. Further, because the regulatory requirements evolve over time, PCEA is frequently having to go to market to purchase RA to ensure the regulatory requirements are met and PCEA receives the most competitive prices possible.

DISCUSSION:

As part of the year-ahead resource adequacy process, PCE was assigned import RA allocations at Malin/COB by the CAISO, which means that PCE can purchase 2018 import RA that supplements a portion of the overall generic north system requirement, but at a discount from the price of in-state RA. Import RA transactions do not have a specific resource tied to them, instead, both buyer and seller report the intertie to the CAISO and CPUC as the resource for compliance purposes.

PCE, working with its consultant PEA, solicited proposals to supply import RA up to its allocated amount to meet a portion of its generic North System RA for its 2018 needs (January-December). Proposals were received from three different suppliers.

Calpine Energy Services, L.P. offered a competitive response to provide RA to meet a portion of PCE's RA requirements for 2018.

The Confirmation Letter for this transaction is in substantially the same form as others negotiated for RA.

The Board is being asked to approve execution of the Confirmation Letter with Calpine Energy Services, L.P., in a form approved by General Counsel.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

*** * * * ***

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE A CONFIRMATION LETTER WITH CALPINE ENERGY SERVICES,
L.P. WITH TERMS CONSISTENT WITH THOSE PRESENTED, IN A FORM
APPROVED BY THE GENERAL COUNSEL AND FOR A DELIVERY TERM OF
JANUARY 1 THROUGH DECEMBER 31, 2018, IN AN AMOUNT NOT TO EXCEED
\$200,000;**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority (“Peninsula Clean Energy” or
“PCEA”) was formed on February 29, 2016; and

WHEREAS, launch of service for Phase I occurred in October 2016, and launch
of service for Phase II occurred in April 2017; and

WHEREAS, Peninsula Clean Energy has ongoing regulatory commitments to
purchase Resource Adequacy (“RA”); and

WHEREAS, in August 2017, consistent with its mission of reducing greenhouse gas emissions and offering customer choice at competitive rates, Peninsula Clean Energy administered a competitive process to select one or more RA supply contractors; and

WHEREAS, one of the providers selected by Peninsula Clean Energy through this competitive process is **CALPINE ENERGY SERVICES, L.P.** ("Contractor"), based on its desirable offering of products, pricing, and terms; and

WHEREAS, staff is presenting to the Board for its review the negotiated Confirmation Letter, reference to which should be made for further particulars; and

WHEREAS, the Board wishes to delegate to the Chief Executive Officer authority to execute the aforementioned Confirmation Letter for said purchase of RA from the Contractor.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to execute the Confirmation Letter with the Contractor with terms consistent with those presented, in a form approved by the General Counsel and for a delivery term of January 1 through December 31, 2018, in an amount not to exceed \$200,000.

* * * * *

[CCO-113499]



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: October 17, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Resource Adequacy (Merced Irrigation District)

RECOMMENDATION:

Approve Resolution to Authorize the Chief Executive Officer to execute a WSPP (Western Systems Power Pool) Confirmation Letter for Purchase of PG&E Other Resource Adequacy from Merced Irrigation District. Delivery Term: January 2018 through December 2018, in an amount not to exceed \$500,000 (Action)

BACKGROUND:

The CPUC has explained Resource Adequacy as follows:

The CPUC adopted a Resource Adequacy (RA) policy framework (PU Code section 380) in 2004 to in order to ensure the reliability of electric service in California. The CPUC established RA obligations applicable to all Load Serving Entities (LSEs) within the CPUC's jurisdiction, including investor owned utilities (IOUs), energy service providers (ESPs), and community choice aggregators (CCAs). The Commission's RA policy framework – implemented as the RA program -- guides resource procurement and promotes infrastructure investment by requiring that LSEs procure capacity so that capacity is available to the CAISO when and where needed. The CPUC's RA program now contains three distinct requirements: System RA requirements (effective June 1, 2006), Local RA requirements (effective January 1, 2007) and Flexible RA requirements (effective January 1, 2015). System requirements are determined based on each LSE's CEC adjusted forecast plus a 15% planning reserve margin. Local requirements

are determined based on an annual CAISO study using a 1-10 weather year and an N-1-1 contingency. Flexible Requirements are based on an annual CAISO study that currently looks at the largest three hour ramp for each month needed to run the system reliably. There are two types of filings; Annual filings (filed on or around October 31st) and monthly filings (filed 45 calendar days prior to the compliance month).

For the annual filings, LSEs are required to make an annual System, Local, and Flexible compliance showing for the coming year. For the System showing, LSEs are required to demonstrate that they have procured 90% of their System RA obligation for the five summer months the coming compliance year. Additionally each LSE must demonstrate that they meet 90% of its Flexible requirements and 100% of its local requirements for each month of the coming compliance year. For the monthly filings LSEs must demonstrate they have procured 100% of their monthly System and Flexible RA obligation. Additionally, on a monthly basis from May through December, LSEs must demonstrate they have met their revised (due to load migration) local obligation.

This is a regulatory requirement. PCEA is not purchasing actual energy. It is paying to ensure that there is enough generation on the grid to ensure reliability. Further, because the regulatory requirements evolve over time, PCEA is frequently having to go to market to purchase RA to ensure the regulatory requirements are met and PCEA receives the most competitive prices possible.

DISCUSSION:

PCE, working with its consultant PEA, solicited proposals to supply RA for a portion of its 2018 needs (January-December).

Merced Irrigation District offered a competitive response to provide RA to meet PCE's outstanding generic North System RA requirements for January through December 2018.

The Confirmation Letter for this transaction is in substantially the same form as others negotiated for RA. Consistent with PCE policy, the confirmation includes an exclusion that no coal resources will be used to provide the RA or replacement RA.

The Board is being asked to approve execution of the Confirmation Letter with Merced Irrigation District, in a form approved by General Counsel.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE A CONFIRMATION LETTER WITH MERCED IRRIGATION DISTRICT
WITH TERMS CONSISTENT WITH THOSE PRESENTED, IN A FORM APPROVED
BY THE GENERAL COUNSEL AND FOR A DELIVERY TERM OF JANUARY 1
THROUGH DECEMBER 31, 2018, IN AN AMOUNT NOT TO EXCEED \$500,000;**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority (“Peninsula Clean Energy” or
“PCEA”) was formed on February 29, 2016; and

WHEREAS, launch of service for Phase I occurred in October 2016, and launch
of service for Phase II occurred in April 2017; and

WHEREAS, Peninsula Clean Energy has ongoing regulatory commitments to
purchase Resource Adequacy (“RA”); and

WHEREAS, in September 2017, consistent with its mission of reducing
greenhouse gas emissions and offering customer choice at competitive rates, Peninsula

Clean Energy administered a competitive process to select one or more RA supply contractors; and

WHEREAS, one of the providers selected by Peninsula Clean Energy through this competitive process is **MERCED IRRIGATION DISTRICT** (“Contractor”), based on its desirable offering of products, pricing, and terms; and

WHEREAS, staff is presenting to the Board for its review the negotiated Confirmation Letter, reference to which should be made for further particulars; and

WHEREAS, the Board wishes to delegate to the Chief Executive Officer authority to execute the aforementioned Confirmation Letter for said purchase of RA from the Contractor.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to execute the Confirmation Letter with the Contractor with terms consistent with those presented, in a form approved by the General Counsel and for a delivery term of January 1 through December 31, 2018, in an amount not to exceed \$500,000.

* * * * *

[CCO-113499]

**MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER - RESOURCE ADEQUACY
BETWEEN
MERCED IRRIGATION DISTRICT
AND
PENINSULA CLEAN ENERGY AUTHORITY**

This Confirmation Letter ("Confirmation") confirms the Transaction between, **Merced Irrigation District**, a California irrigation district ("Seller"), and **Peninsula Clean Energy Authority**, a California joint powers authority ("Buyer"), each individually a "Party" and together the "Parties", dated as of October 17, 2017 (the "Confirmation Effective Date") in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Confirmation.

This Transaction is governed by the Western System Power Pool Agreement, effective as of June 20, 2017, as amended from time to time (the "WSPP Agreement"). The WSPP Agreement and this Confirmation shall be collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the WSPP Agreement or the Tariff (defined herein below).

ARTICLE 1. DEFINITIONS

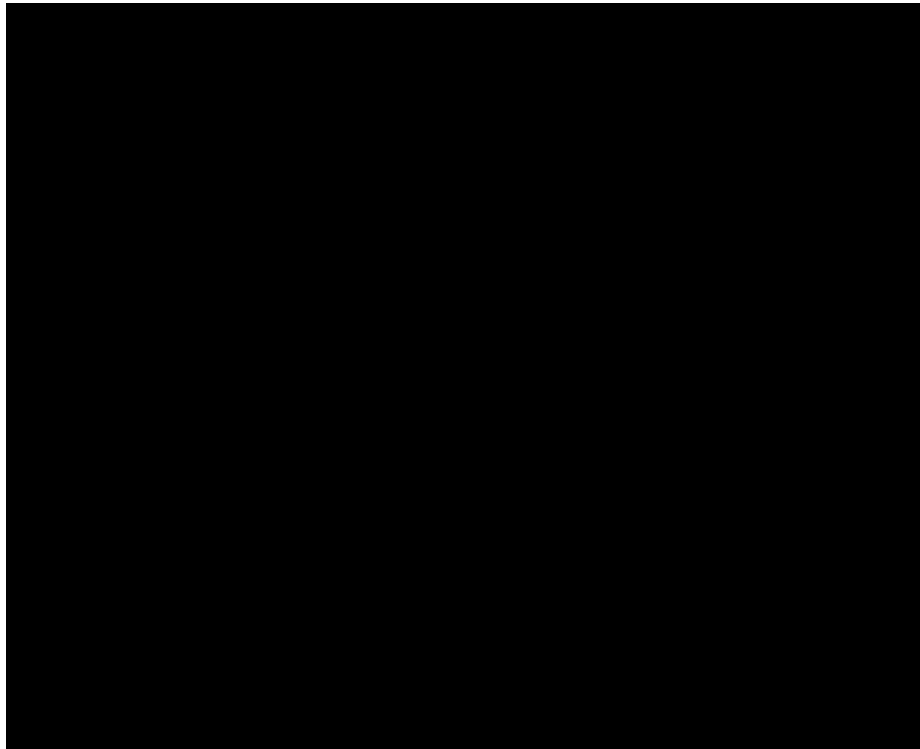
- 1.1 "Alternate Capacity" means any replacement Product which Seller has elected to provide to Buyer from a Replacement Unit in accordance with the terms of Section 4.5 (and subject to the restrictions specified therein).
- 1.2 "Applicable Laws" means (i) any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body of competent jurisdiction over one or both Parties or this Transaction, and (ii) the Tariff.
- 1.3 "Availability Incentive Payments" has the meaning specified in the Tariff.
- 1.4 "Availability Standards" shall mean the availability standards set forth in Section 40.9 of the Tariff.
- 1.5 "Buyer" has the meaning specified in the introductory paragraph hereof.
- 1.6 "CAISO" means the California Independent System Operator Corporation or its successor.
- 1.7 "Capacity Replacement Price" means (a) the price actually paid for any Replacement Capacity purchased by Buyer pursuant to Section 4.7 hereof, plus costs reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of any Replacement Capacity, the market price for such Designated RA Capacity not provided at the Delivery Point. The Buyer shall determine such market prices in a commercially reasonable manner. For purposes of Section 4 of the WSPP Agreement, "Capacity Replacement Price" shall be deemed to be the "Replacement Price."
- 1.8 "Confirmation" has the meaning specified in the introductory paragraph hereof.
- 1.9 "Confirmation Effective Date" has the meaning specified in the introductory paragraph hereof.
- 1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.2 hereof.
- 1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified for such Monthly Delivery Period in the "RA Capacity Price Table" set forth in Section 4.9.
- 1.12 "Contract Quantity" means, with respect to each day of each Showing Month of the Delivery Period, the amount of Product (in MWs) set forth in table in Section 4.3 which Seller has agreed to provide to Buyer from the Unit for such Showing Month.
- 1.13 "CPUC Decisions" means, to the extent still applicable, CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, 15-06-063, and 16-06-045 and subsequent decisions related to resource adequacy as issued from time to time by the CPUC.

- 1.14 "CPUC Filing Guide" means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE's to demonstrate compliance with the CPUC's resource adequacy program.
- 1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.
- 1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.
- 1.17 "Designated RA Capacity" shall be equal to, with respect to any particular Showing Month of the Delivery Period, the Contract Quantity of Product (including any Alternate Capacity) for such Showing Month, minus (i) any reductions to Contract Quantity made by Seller pursuant to Section 4.4 and for which Seller has not elected to provide Alternate Capacity; and (ii) any reductions resulting from an event other than a Non-Excusable Event.
- 1.18 "Flexible RA Attributes" means any and all flexible resource adequacy attributes, as may be identified at any time during the Delivery Period by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward Flexible RAR, exclusive of any RA Attributes and LAR Attributes.
- 1.19 "Flexible RAR" means the flexible resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.20 "Flexible RAR Showing" means the Flexible RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.21 "Governmental Body" means (i) any federal, state, local, municipal or other government; (ii) any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (iii) any court or governmental tribunal.
- 1.22 "LAR" means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the CPUC Decisions, or by another LRA of competent jurisdiction over the LSE. LAR may also be known as local resource adequacy, local RAR, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.23 "LAR Attributes" means, with respect to a Unit, any and all local resource adequacy attributes (or other locational attributes related to system reliability), as they are identified as of the Confirmation Effective Date by the CPUC, CAISO, LRA, or other Governmental Body of competent jurisdiction, associated with the physical location or point of electrical interconnection of such Unit within the CAISO Control Area, that can be counted toward LAR, exclusive of any RA Attributes and Flexible RA Attributes. For clarity, it should be understood that if the CAISO, LRA, or other Governmental Body, defines new or re-defines existing local areas, then such change will not result in a change in payments made pursuant to this Transaction.
- 1.24 "LAR Showings" means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction over the LSE.
- 1.25 "Local RAR" means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.26 "LRA" means Local Regulatory Authority as defined in the Tariff.
- 1.27 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).
- 1.28 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.
- 1.29 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.
- 1.30 "Net Qualifying Capacity" has the meaning set forth in the Tariff.

- 1.31 "Non-Excusable Event" means any event, other than a Planned Outage and those events described under the definition of "Service Schedule B Commitment Service" in the WSPP Agreement that excuse Seller's performance, that causes Seller to fail to perform its obligations under this Confirmation, including, without limitation, any such event resulting from (a) the negligence of the owner, operator or Scheduling Coordinator of a Unit, or (b) Seller's failure to comply, or failure to cause the owner, operator or Scheduling Coordinator of the Units to comply, with the terms of the Tariff with respect to the Units providing RA Attributes, Flexible RA Attributes or LAR Attributes, as applicable.
- 1.32 "Notification Deadline" has the meaning specified in Section 4.5 hereof.
- 1.33 "Outage" means any CAISO approved disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff.
- 1.34 "Planned Outage" means, subject to and as further described in the CPUC Decisions, a CAISO-approved, planned or scheduled disconnection, separation or reduction in capacity of the Unit that is conducted for the purposes of carrying out routine repair or maintenance of such Unit, or for the purposes of new construction work for such Unit.
- 1.35 "Product" has the meaning specified in Article 3 hereof.
- 1.36 "RA Attributes" means, with respect to a Unit, any and all resource adequacy attributes, as they are identified as of the Confirmation Effective Date by the CPUC, CAISO or other Governmental Body of competent jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes and Flexible RA Attributes.
- 1.37 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR or LAR and, if applicable, Flexible RAR purposes for the Delivery Period, as determined by the CAISO or other Governmental Body authorized to make such determination under Applicable Laws. RA Capacity encompasses the RA Attributes, LAR Attributes, and if applicable, Flexible RA Attributes of the capacity provided by a Unit.
- 1.38 "RAR" means the resource adequacy requirements (other than Local RAR or Flexible RAR) established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body of competent jurisdiction.
- 1.39 "RAR Showings" means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the CPUC Decisions, or to an LRA of competent jurisdiction.
- 1.40 "Replacement Capacity" has the meaning specified in Section 4.7 hereof.
- 1.41 "Replacement Unit" has the meaning specified in Section 4.5.
- 1.42 "Resold Product" has the meaning specified in Section 9 hereof.
- 1.43 "Resource Category" shall be as described in the CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.
- 1.44 "Scheduling Coordinator" has the same meaning as in the Tariff.
- 1.45 "Seller" has the meaning specified in the introductory paragraph hereof.
- 1.46 "Shortfall Capacity" has the meaning specified in Section 4.11 hereof.
- 1.47 "Showing Month" shall be the calendar month during the Delivery Period that is the subject of the RAR Showing, as set forth in the CPUC Decisions. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.
- 1.48 "Supply Plan" means the supply plan, or similar or successor filing, that a Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other applicable Governmental Body pursuant to Applicable Laws in order for the RA Attributes or LAR Attributes of such RA Capacity to count.

- 1.49 "Tariff" means the tariff and protocol provisions of the CAISO, as amended or supplemented from time to time. For purposes of Article 5, the Tariff refers to the tariff and protocol provisions of the CAISO as they exist on the Confirmation Effective Date.
- 1.50 "Transaction" for purposes of this Agreement means the Transaction that is evidenced by this Agreement.
- 1.51 "Unit" or "Units" shall mean the generation assets described in Article 2 hereof (including any Replacement Units), from which RA Capacity is provided by Seller to Buyer.
- 1.52 "Unit EFC" means the effective flexible capacity that is or will be set by the CAISO for the applicable Unit.
- 1.53 "Unit NQC" means the Net Qualifying Capacity set by the CAISO for the applicable Unit. The Parties agree that if the CAISO adjusts the Net Qualifying Capacity of a Unit after the Confirmation Effective Date, that for the period in which the adjustment is effective, the Unit NQC shall be deemed the lesser of (i) the Unit NQC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Net Qualifying Capacity.
- 1.54 "WSPP Agreement" has the meaning specified in the introductory paragraph hereof.

ARTICLE 2. UNIT INFORMATION



ARTICLE 3. RESOURCE ADEQUACY CAPACITY PRODUCT

For each day of each Showing Month that is part of the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Agreement, RA Attributes or LAR Attributes and, if applicable, Flexible RA Attributes for a Contingent Firm RA Product, as specified in Section 3.2 below (the "Product"). The Product does not confer to Buyer any right to the electrical output from the Units. Rather, the Product confers the right to include the Designated RA Capacity in RAR Showings, LAR Showings, Flexible RAR Showings, if applicable, and any other capacity or resource adequacy markets or proceedings as specified in this Confirmation. Specifically, no energy or ancillary services associated with any Unit is required to be made available to Buyer as part of this Transaction and Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Confirmation. Seller retains the right to sell any RA Capacity from a Unit in excess of that Unit's Contract Quantity and any RA Attributes, LAR Attributes or Flexible RA Attributes not otherwise transferred, conveyed, or sold to Buyer under this Confirmation.

3.1 RA Attributes, LAR Attributes and Flexible RA Attributes

Seller shall provide Buyer with the Designated RA Capacity of RA Attributes, LAR Attributes and, if applicable, Flexible RA Attributes from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

3.2 Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units. If those Units are not available to provide the full amount of the Contract Quantity as a result of a Non-Excusable Event, then, subject to Section 4.4, Seller shall have the option to notify Buyer in writing by the Notification Deadline that either (a) Seller will not provide the full Contract Quantity during the period of such non-availability; or (b) Seller will supply Alternate Capacity to fulfill the remainder of the Contract Quantity during such period. If Seller fails to provide Buyer with the Contract Quantity as a result of a Non-Excusable Event and has failed to notify Buyer in writing by the Notification Deadline that it will not provide the full Contract Quantity during the period of such non availability as provided in Section 4.4, then Seller shall be liable for damages and/or required to indemnify Buyer for any resulting penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof. Notwithstanding anything herein to the contrary, if Seller provides less than the full amount of the Contract Quantity for any reason other than a Non-Excusable Event or in accordance with Section 4.4, Seller is not obligated to provide Buyer with Alternate Capacity or to indemnify Buyer for any resulting penalties or fines. The Product is a Contingent Firm RA Product. "Contingent Firm" shall have the same meaning as "Service Schedule B Unit Commitment" in the WSPP Agreement.

3.3 ☐ Flexible RA Product

Seller shall provide Buyer with Designated RA Capacity of Flexible RA Attributes from the Unit(s) in the amounts set forth in Section 4.3.

ARTICLE 4. DELIVERY AND PAYMENT

4.1 Delivery Period

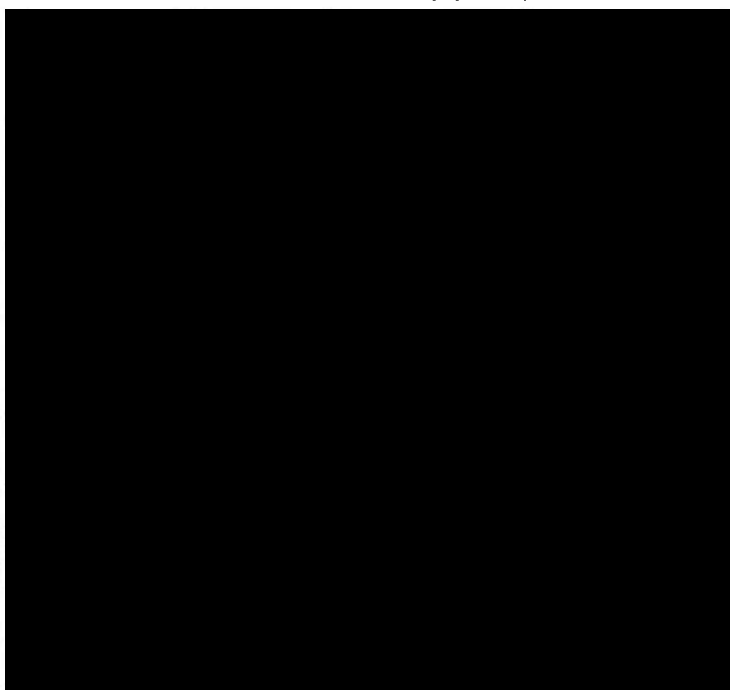
The Delivery Period shall be: January 1, 2018 through December 31, 2018, inclusive.

4.2 Delivery Point.

The Delivery Point for each Unit shall be the CAISO Control Area, and if applicable, the LAR region in which the Unit is electrically interconnected.

4.3 Contract Quantity. The Contract Quantity for each Monthly Delivery Period shall be:

Contract Quantity (MWs)



4.4 Adjustments to Contract Quantity

- (a) **Planned Outages:** Seller's obligation to deliver the Contract Quantity for each day of each Showing Month may be reduced by the amount of any Planned Outage which exists during the applicable Showing Month for the applicable days of such Planned Outage; provided, Seller notifies Buyer, no later than fifteen (15) Business Days before the relevant deadlines for the corresponding RAR Showings, LAR Showings and/or Flexible RAR Showings applicable to that Showing Month, of the amount of Product from the Unit Buyer is permitted to include in Buyer's RAR Showings, LAR Showings, and/or FCR Showings applicable to that month as a result of such Planned Outage.

If Seller is unable to provide the applicable Contract Quantity for a portion of a Showing Month due to a Planned Outage of a Unit, then Seller shall have the option, but not the obligation, upon written notice to Buyer by the Notification Deadline, to either (a) reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month; or (b) provide Alternate Capacity up to the Contract Quantity for the affected days of such Showing Month.

- (a) **Invoice Adjustment:** In the event that the Contract Quantity is reduced due to a Planned Outage as set forth in Section 4.4(a) above, then the invoice for such month(s) shall be adjusted to reflect a daily pro rata amount for the duration of such reduction.
- (b) **Reductions in Unit NQC and/or Unit EFC:** Seller's obligation to deliver the applicable Contract Quantity for any Showing Month may also be reduced if the Unit experiences a reduction in Unit NQC and/or Unit EFC as determined by the CAISO. If the Unit experiences such a reduction in Unit NQC and/or Unit EFC, then Seller has the option, but not the obligation, upon written notice to Buyer by the Notification Deadline, to provide the applicable Contract Quantity for such Showing Month from (i) the same Unit, provided the Unit has sufficient remaining and available Product, and/or (ii) Alternate Capacity.

4.5 Notification Deadline and Replacement Units

- (a) The "**Notification Deadline**" in respect of a Showing Month shall be fifteen (15) Business Days before the earlier of the relevant deadlines for (a) the corresponding RAR Showings, Flexible RAR

Showings and/or LAR Showings for such Showing Month, and (b) the CAISO Supply Plan filings applicable to that Showing Month.

- (b) If Seller desires to provide the Contract Quantity of Product for any Showing Month from a generating unit other than the Unit (a "Replacement Unit"), then Seller may, at no additional cost to Buyer, provide Buyer with Product from one or more Replacement Units, up to the Contract Quantity, for the applicable Showing Month;

Seller shall notify Buyer in writing of such Replacement Units no later than the Notification Deadline. If Seller notifies Buyer in writing as to the particular Replacement Units and such Units meet the requirements of this Section 4.5, then such Replacement Units shall be automatically deemed a Unit for purposes of this Confirmation for the remaining portion of that Showing Month. If Seller notifies Buyer in writing of its intent to provide Alternate Capacity pursuant to this Section 4.5 and Buyer is unable to utilize the Alternate Capacity under Tariff rules governing the substitution or replacement of capacity products, then Seller shall reimburse Buyer for any and all costs or charges incurred by Buyer from the CAISO for Buyer's inability to utilize the Alternate Capacity.

- (c) If Seller fails to provide Buyer the Contract Quantity of Product or Alternate Capacity for a given Showing Month during the Delivery Period, or if Buyer is unable to utilize the Alternate Capacity for reasons identified in the last sentence of subpart (a) above, then (i) Buyer may, but shall not be required to, purchase Product from a third party; and (ii) Seller shall not be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof if such failure is the result of (A) a reduction in the Contract Quantity for such Showing Month in accordance with Section 4.4, or (B) an event other than a Non-Excusable Event and Seller notified Buyer no later than the Notification Deadline of Seller's intent not to provide Alternate Capacity in an amount equal to the Contract Quantity of that Showing Month, unless Buyer is unable to utilize the Alternate Capacity for reasons identified in the last sentence of subpart (a) above.

4.6 Delivery of Product

- (a) Seller shall provide Buyer with the Designated RA Capacity of Product for each day of each Showing Month.
- (b) Seller shall submit, or cause the Unit's Scheduling Coordinator to submit, by the relevant deadlines for submission of the Supply Plans applicable to that Showing Month (i) Supply Plans to the CAISO, LRA, or other applicable Governmental Body identifying and confirming the Designated RA Capacity to be provided to Buyer for the applicable Showing Month, unless Buyer specifically requests in writing that Seller not do so (it being understood that any Designated RA Capacity subject to such a request from Buyer will be deemed to have been provided to Buyer for all purposes under this Confirmation); and (ii) written confirmation to Buyer that Buyer will be credited with the Designated RA Capacity for such Showing Month per the Unit's Scheduling Coordinator Supply Plan.

4.7 Damages for Failure to Provide Designated RA Capacity

If Seller fails to provide Buyer with the Designated RA Capacity of Product for any Showing Month, and such failure is not excused under the terms of the Agreement, then the following shall apply:

- (a) Buyer may, but shall not be required to, replace any portion of the Designated RA Capacity not provided by Seller with capacity having equivalent RA Attributes, LAR Attributes and, if applicable, Flexible RA Attributes as the Designated RA Capacity not provided by Seller; provided, however, that if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having solely RA Attributes and no LAR Attributes or Flexible RA Attributes, and no such RA Capacity is available, then Buyer may replace such portion of the Designated RA Capacity with capacity having any applicable Flexible RA Attributes and/or LAR Attributes ("Replacement Capacity") by entering into purchase transactions with one or more third parties, including, without

limitation, third parties who have purchased capacity from Buyer so long as such transactions are done at prevailing market prices. Buyer shall use commercially reasonable efforts to minimize damages when procuring any Replacement Capacity.

- (b) Seller shall pay to Buyer an amount equal to the positive difference, if any, between (i) the sum of (A) the actual cost paid by Buyer for any Replacement Capacity plus costs and expenses incurred by Buyer in purchasing such Replacement Capacity, and (B) each Capacity Replacement Price times the amount of the Designated RA Capacity neither provided by Seller nor purchased by Buyer pursuant to Section 4.7(a); minus (ii) the Designated RA Capacity not provided for the applicable Showing Month times the Contract Price for that month. If Seller fails to pay these damages, then Buyer may offset those damages owed it against any CAISO revenues or future amounts it may owe to Seller under this Confirmation pursuant to the WSPP Agreement.
- (c) In the event that Seller fails, or fails to cause a Unit's Scheduling Coordinator, to notify Buyer of a Planned Outage with respect to such Unit in accordance with Section 4.5(a), Seller agrees that it shall reimburse Buyer for the backstop capacity costs, if any, charged to Buyer by the CAISO due to Seller's failure to provide such notice, provided that the amount that Seller is required to reimburse pursuant to this Section 4.7(c) shall in no event exceed the amount actually charged to Buyer by the CAISO pursuant to the Tariff for such failure.

4.8 Indemnities for Failure to Deliver Contract Quantity

Subject to any adjustments made pursuant to Section 4.4 and requests from Buyer pursuant to Section 4.6(b)(i), Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, to the extent not otherwise paid by Seller to Buyer under Section 4.7(b), resulting from any of the following:

- (a) Seller's failure to provide any portion of the Designated RA Capacity for any portion of the Delivery Period due to a Non-Excusable Event;
- (b) Seller's failure to provide notice of the non-availability of any portion of Designated RA Capacity for any portion of the Delivery Period as required under Sections 3.2, 4.4 and 4.5; or
- (c) A Unit Scheduling Coordinator's failure to timely submit accurate Supply Plans that identify Buyer's right to the Designated RA Capacity purchased hereunder for each day of the Delivery Period.

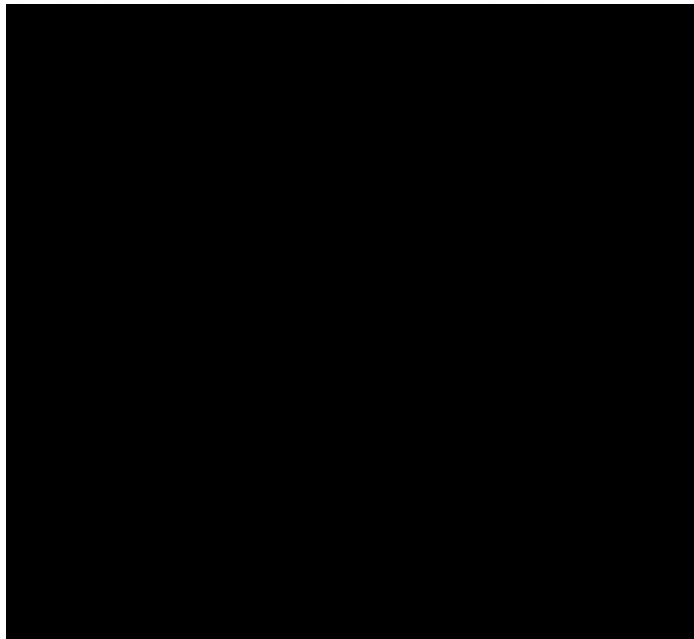
With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties and fines. If Seller fails to pay the foregoing penalties, fines or costs, or fails to reimburse Buyer for those penalties, fines or costs, then Buyer may offset those penalties, fines or costs against any future amounts it may owe to Seller under this Confirmation.

4.9 Monthly RA Capacity Payment

In accordance with the terms of Section 9 of the WSPP Agreement with respect to each Showing Month, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit by the later of (i) ten (10) Calendar Days after Buyer's receipt of Seller's invoice and (ii) the twentieth (20th) of the month following the Monthly Delivery Period, or if the twentieth (20th) is not a Business Day the next following Business Day. Each Unit's Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000, rounded to the nearest penny (i.e., two decimal places); provided, however, that the Monthly RA Capacity Payment shall be prorated to reflect any portion of Designated RA Capacity that was not delivered pursuant to Section 4.4 at the time of the CAISO filing for the respective Showing Month.

RA CAPACITY PRICE TABLE

A large black rectangular box redacting the content of the RA Capacity Price Table.



4.10 Allocation of Other Payments and Costs

Seller shall be entitled to receive and retain all revenues that Buyer is not expressly entitled to receive pursuant to this Agreement, including all revenues that Seller may receive from the CAISO or any other third party with respect to any Unit for (a) start-up, shut-down, and minimum load costs, (b) revenue for ancillary services, (c) energy sales, (d) revenues for black start or reactive power services, or (e) the sale of the unit-contingent call rights on the generation capacity of the Unit to provide energy to a third party, so long as such rights do not confer on such third party the right to claim any portion of the RA Capacity sold hereunder in order to make an RAR Showing, LAR Showing, Flexible RAR Showing, as may be applicable, or any similar capacity or resource adequacy showing with the CAISO or CPUC. Buyer acknowledges and agrees that all Availability Incentive Payments are for the benefit of Seller and for Seller's account, and that Seller shall receive, retain, or be entitled to receive all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Availability Standards. Any Non-Availability Charges are the responsibility of Seller, and for Seller's account and Seller shall be responsible for all fees, charges, or penalties, if any, resulting from Seller failing to achieve Availability Standards. However, Buyer shall be entitled to receive and retain all revenues associated with the Designated RA Capacity of any Unit during the Delivery Period (including any capacity or availability revenues from RMR Agreements for any Unit, Reliability Compensation Services Tariff, and Residual Unit Commitment capacity payments, but excluding payments described in clauses (a) through (e) above. In accordance with Section 4.9 of this Confirmation, all such Buyer revenues received by Seller, or a Unit's Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and Seller shall indemnify Buyer for any such revenues that Seller does not remit to Buyer, and Seller shall pay such revenues received by it to Buyer if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer. If Seller or the Unit's Scheduling Coordinator, owner, or operator (as applicable) fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues against any future amounts it may owe to Seller under this Confirmation. In order to verify the accuracy of such revenues, Buyer shall have the right, at its sole expense during normal working hours after reasonable prior notice, to retain an independent third party reasonably acceptable to Seller to audit any documents, records, or data of Seller associated with the Contract Quantity. If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit Designated RA Capacity provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive any and all related revenues.

4.11 Post-Showing Replacement Capacity

In the event CAISO determines, in accordance with the Tariff, that any portion of the Contract Quantity for any portion of a Showing Month which was shown by Buyer in its RAR Showing, LAR Showing, FCR Showing, or any

similar capacity or resource adequacy showing with the CAISO or CPUC, requires outage replacement by Buyer in accordance with Section 40.7 of the Tariff ("Shortfall Capacity"), and if Buyer is required to obtain such outage replacement, Seller's Monthly RA Capacity Payment will be reduced by the Product no longer available to Buyer for meeting its RA Compliance Obligations at the fixed price per unit determined in accordance with Section 4.9 above and, neither Seller, nor the Unit's SC, shall have the right to provide Buyer with Replacement Capacity with respect to such Shortfall Capacity. If the CAISO requires Seller or its SC to obtain the outage replacement such that Buyer is permitted to count the Shortfall Capacity in its RAR Showing, LAR Showing, FCR Showing, or any similar capacity or resource adequacy showing with the CAISO or CPUC, there shall be no adjustment to Seller's Monthly RA Capacity Payment for such Shortfall Capacity.

ARTICLE 5. CAISO OFFER REQUIREMENTS

During the Delivery Period, except to the extent any Unit is in an Outage, or is affected by an event other than a Non-Excusable Event, that results in a partial or full outage of that Unit, Seller shall either schedule or cause the Unit's Scheduling Coordinator to schedule with, or make available to, the CAISO each Unit's Designated RA Capacity in compliance with the Tariff, and shall perform all, or cause the Unit's Scheduling Coordinator, owner, or operator, as applicable, to perform all obligations under the Tariff that are associated with the sale of Designated RA Capacity hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit's Scheduling Coordinator, owner, or operator to comply with such Tariff provisions, including any penalties or fines imposed on Seller or the Unit's Scheduling Coordinator, owner, or operator for such noncompliance.

ARTICLE 6. [RESERVED]

ARTICLE 7. OTHER BUYER AND SELLER COVENANTS

7.1 Further Assurances

Buyer and Seller shall, throughout the Delivery Period, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer's applicable RAR, LAR and Flexible RAR. Such commercially reasonable actions shall include, without limitation:

- (a) cooperating with and providing, and in the case of Seller causing each Unit's Scheduling Coordinator, owner, or operator to cooperate with and provide requested supporting documentation to the CAISO, the CPUC, or any other Governmental Body responsible for administering the applicable RAR, LAR, and Flexible RAR under Applicable Laws, to certify or qualify the Contract Quantity as RA Capacity and Designated RA Capacity. Such actions shall include, without limitation, providing information requested by the CPUC, the CAISO, a LRA of competent jurisdiction, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, to demonstrate that the Contract Quantity can be delivered to the CAISO Controlled Grid for the minimum hours required to qualify as RA Capacity, pursuant to the "deliverability" standards established by the CAISO or other Governmental Body of competent jurisdiction; and
- (b) negotiating in good faith to make necessary amendments, if any, to this Confirmation to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body of competent jurisdiction to administer the applicable RAR, LAR and Flexible RAR, so as to maintain the purpose and intent of the Transaction agreed to by the Parties on the Confirmation Effective Date. The above notwithstanding, the Parties are aware that the CPUC and CAISO are considering changes to RAR and/or LAR in CPUC Rulemaking 11-10-023 and potentially other proceedings;

7.2 Seller Representations and Warranties

Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

- (a) Seller owns or has the exclusive right to the RA Capacity sold under this Confirmation from each Unit, and shall furnish Buyer, the CAISO, the CPUC, a LRA of competent jurisdiction, or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;
- (b) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy such third party's applicable RAR, LAR or Flexible RAR or analogous obligations in CAISO markets, other than pursuant to an RMR Agreement between the CAISO and either Seller or the Unit's owner or operator;
- (c) No portion of the Contract Quantity has been committed by Seller in order to satisfy RAR, LAR or Flexible RAR, or analogous obligations in any non-CAISO market;
- (d) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, or is under the control of CAISO;
- (e) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, in accordance with General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities;
- (f) The owner or operator of each Unit is obligated to comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (g) If Seller is the owner of any Unit, the aggregation of all amounts of applicable LAR Attributes, RA Attributes and Flexible RA Attributes that Seller has sold, assigned or transferred for any Unit does not exceed that Unit's RA Capacity;
- (h) With respect to the RA Capacity provided under this Confirmation, Seller shall, and each Unit's Scheduling Coordinator is obligated to, comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR and Flexible RAR;
- (i) Seller has notified the Scheduling Coordinator of each Unit that Seller has transferred the Designated RA Capacity to Buyer, and the Scheduling Coordinator is obligated to deliver the Supply Plans in accordance with the Tariff;
- (j) Seller has notified the Scheduling Coordinator of each Unit that Seller is obligated to cause each Unit's Scheduling Coordinator to provide to the Buyer, by the Notification Deadline, the Designated RA Capacity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and
- (k) Seller has notified each Unit's Scheduling Coordinator that Buyer is entitled to the revenues set forth in Section 4.10 of this Confirmation, and such Scheduling Coordinator is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.
- (l) No portion of the Designated RA Capacity or any Alternate Capacity provided under this Confirmation is or will be from Units that utilize coal or coal materials as a source of fuel. Seller understands and acknowledges that it is Buyer's policy to not purchase or accept products from generators that utilize coal or coal materials as a source of fuel. Any future replacement of the Units or the Designated RA Capacity, if necessary, shall not be from generators that utilize coal or coal materials as a source of fuel.

7.3 No Recourse Against Buyer's Member Agencies

The Parties acknowledge and agree that Buyer is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by Buyer in connection with the Agreement are undertaken solely by Buyer and are not debts, liabilities, or obligations of its member agencies.

ARTICLE 8. CONFIDENTIALITY

In addition to the rights and obligations in the WSPP Agreement, the Parties agree that Buyer may disclose the Designated RA Capacity under this Transaction to any Governmental Body, the CPUC, the CAISO or any LRA of competent jurisdiction in order to support its applicable LAR, RAR or Flexible RAR Showings, if applicable, and Seller may disclose the transfer of the Designated RA Capacity under this Transaction to the Scheduling Coordinator of each Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans.

Seller acknowledges that PCEA is a public agency subject to the requirements of the California Public Records Act Cal. Gov. Code section 6250 et seq. and that Buyer is required to make public this Confirmation (which may be partially redacted by Buyer) in connection with the process of seeking approval from its board of directors for the execution of this Confirmation. PCEA acknowledges that Seller may submit information to PCEA that Seller considers confidential, proprietary, or trade secret information pursuant the Uniform Trade Secrets Act (Cal. Civ. Code section 3426 et seq.), or otherwise protected from disclosure pursuant to an exemption to the California Public Records Act (Government Code sections 6254 and 6255). Seller acknowledges that PCEA may submit to Seller information that PCEA considers confidential or proprietary or protected from disclosure pursuant to exemptions to the California Public Records Act (Government Code sections 6254 and 6255). Upon request or demand of any third person or entity not a party to this Agreement ("Requestor") for production, inspection and/or copying of information designated by a Disclosing Party as Confidential Information, the Receiving Party as soon practical shall notify the Disclosing Party that such request has been made, by telephone call, letter sent via electronic mail, and/or by overnight carrier to the address, or email address listed at the end of the Agreement. The Disclosing Party shall be solely responsible for taking whatever legal steps are necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor by the Receiving Party. If the Disclosing Party takes no such action within thirty (30) days, after receiving the foregoing notice from the Receiving Party, the Receiving Party shall be permitted to comply with the Requestor's demand and is not required to defend against it.

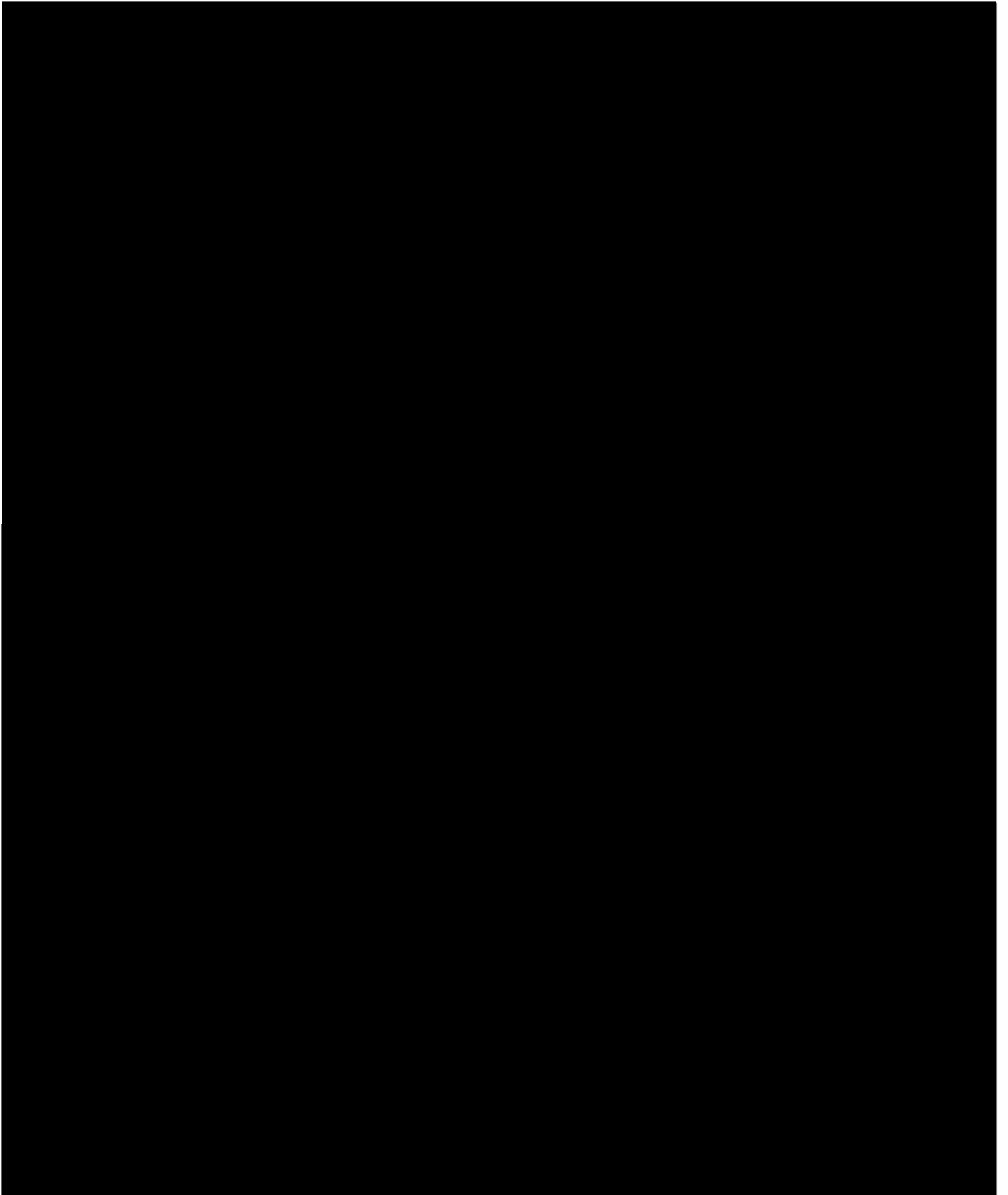
ARTICLE 9. BUYER'S RE-SALE OF PRODUCT

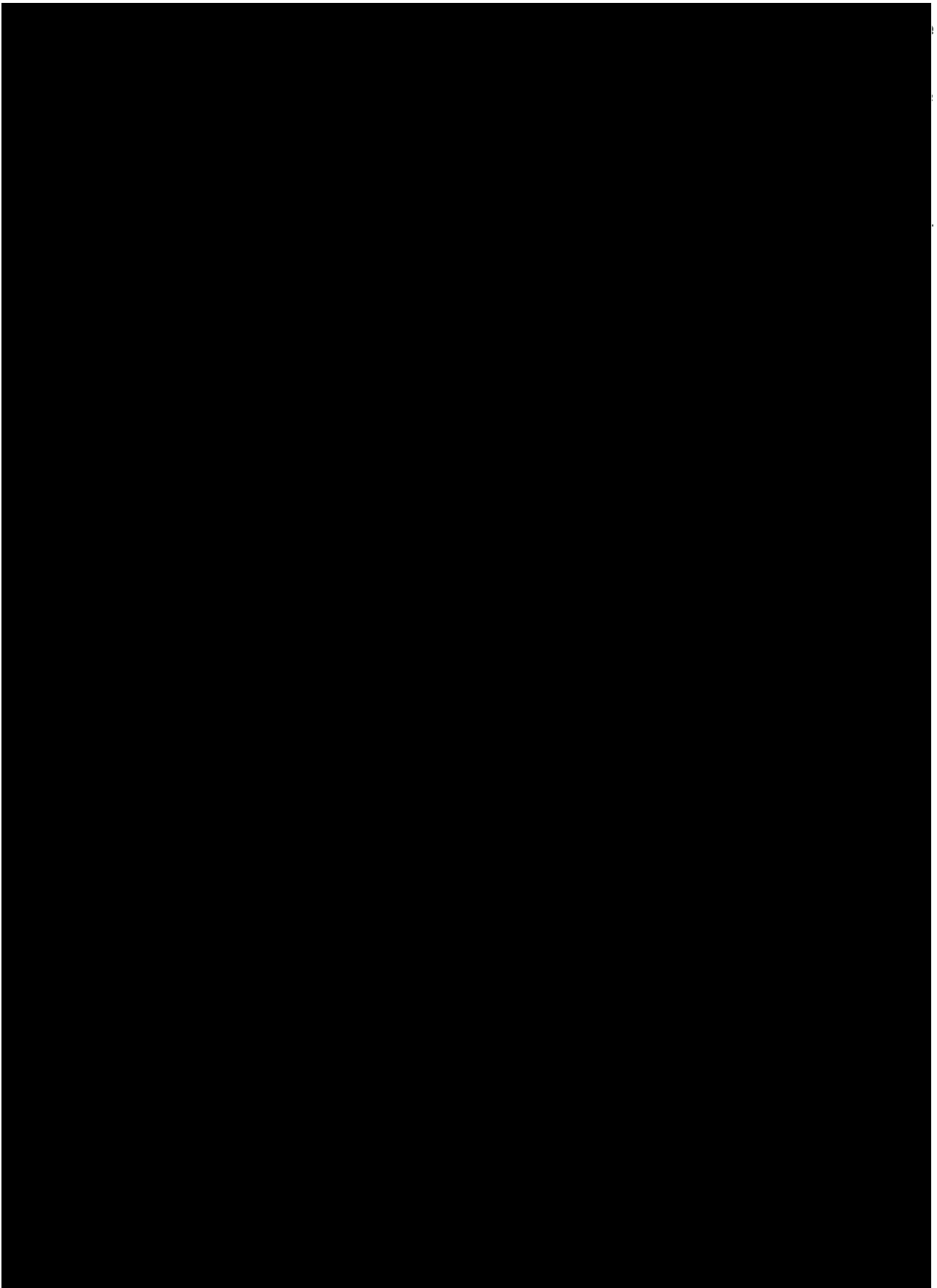
Buyer may re-sell all or a portion of the Product hereunder and any associated rights, in each case, acquired under this Agreement. In the event Buyer re-sells all or a portion of the Product and any associated rights acquired under this Agreement ("Resold Product"), Seller agrees, and agrees to cause each Unit's SC, to follow Buyer's instructions and the Tariff with respect to providing such Resold Product to subsequent purchasers of such Resold Product. Seller further agrees, and agrees to cause each Unit's SC, to take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to allow such subsequent purchasers to use such Resold Product. Seller acknowledges and agrees that with respect to any Resold Product, if Buyer incurs any liability to any purchaser of such Resold Product due to the failure of Seller or a Unit's SC to comply with the terms of this Agreement, and Seller would have had liability to Buyer under this Agreement for such failure had Buyer not sold the Resold Product to a subsequent purchaser, then Seller shall be liable to Buyer under this Agreement, including without limitation, pursuant to Section 4.8, for the amounts it would have been liable to Buyer for had such Resold Product not been sold to a subsequent purchaser.

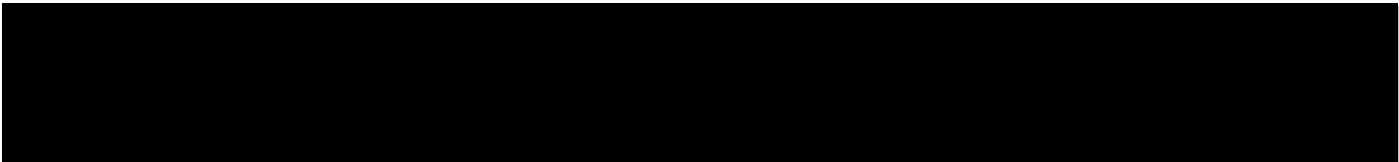
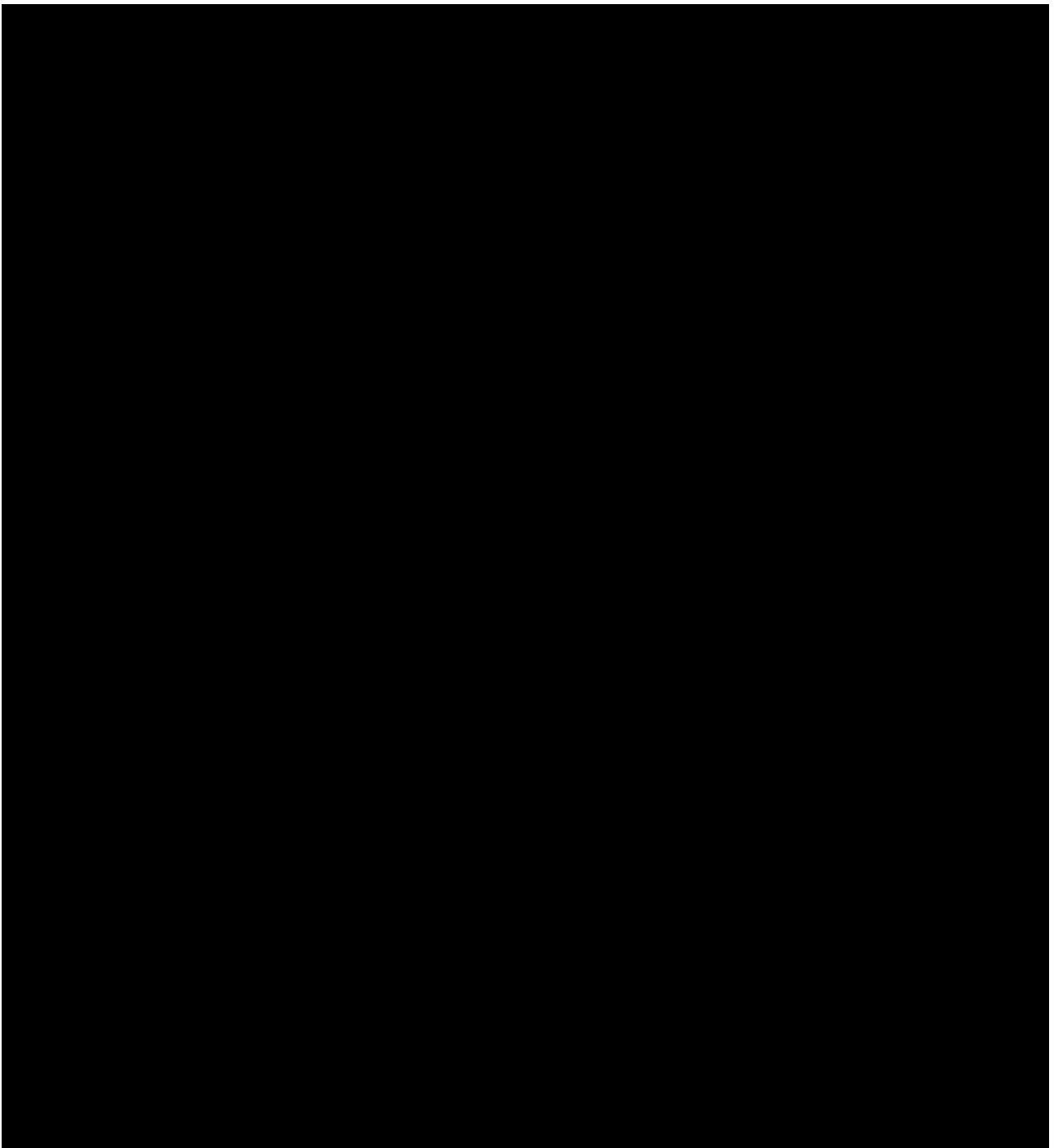
ARTICLE 10. MARKET BASED RATE AUTHORITY

Upon Buyer's written request, Seller shall, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, submit a letter of concurrence in support of any affirmative statement by Buyer that this contractual arrangement does not transfer "ownership or control of generation capacity" from Seller to Buyer as the term "ownership or control of generation capacity" is used in 18 CFR Section 35.42. Seller shall not, in filings, if any,

made subject to Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.







ARTICLE 13. NO RECOURSE TO MEMBERS OF BUYER

Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members.

Buyer is and will be solely responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no recourse to, and will not make any claims, take any actions or assert any remedies against any of Buyer's constituent members, or the officers, directors, advisors, contractors, consultants or employees of Buyer or Buyer's constituent members, in connection with this Confirmation.

ARTICLE 14. COUNTERPARTS

This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to counterparty were upon a single instrument. Delivery of an executed signature page of this Confirmation by facsimile or electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

ARTICLE 15. ENTIRE AGREEMENT, NO ORAL AGREEMENTS OR MODIFICATIONS

This Confirmation sets forth the terms of the Transaction into which the Parties have entered into and (together with the Master Agreement, as revised by this Confirmation) shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Agreement, this Transaction may be confirmed only through a documentary writing executed by both Parties, and no amendment or modification to this Transaction shall be enforceable except through a documentary writing executed by both Parties.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE.

PENINSULA CLEAN ENERGY AUTHORITY

MERCED IRRIGATION DISTRICT

By: _____

Name: _____

Title: _____

By:  _____

Name: **JOHN SWEIGARD**
_____ **GENERAL MANAGER**

Title: _____



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: October 17, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Resource Adequacy (Pacific Gas and Electric Company)

RECOMMENDATION:

Approve Resolution to Authorize the Chief Executive Officer to execute an EEI (Edison Electric Institute) Confirmation for Purchase of North System Resource Adequacy from Pacific Gas and Electric Company. Delivery Term: January 2018 through December 2018, in an amount not to exceed \$3,200,000 (Action)

BACKGROUND:

The CPUC has explained Resource Adequacy as follows:

The CPUC adopted a Resource Adequacy (RA) policy framework (PU Code section 380) in 2004 to in order to ensure the reliability of electric service in California. The CPUC established RA obligations applicable to all Load Serving Entities (LSEs) within the CPUC's jurisdiction, including investor owned utilities (IOUs), energy service providers (ESPs), and community choice aggregators (CCAs). The Commission's RA policy framework – implemented as the RA program -- guides resource procurement and promotes infrastructure investment by requiring that LSEs procure capacity so that capacity is available to the CAISO when and where needed. The CPUC's RA program now contains three distinct requirements: System RA requirements (effective June 1, 2006), Local RA requirements (effective January 1, 2007) and Flexible RA requirements (effective January 1, 2015). System requirements are determined based on each LSE's CEC adjusted forecast plus a 15% planning reserve margin. Local requirements

are determined based on an annual CAISO study using a 1-10 weather year and an N-1-1 contingency. Flexible Requirements are based on an annual CAISO study that currently looks at the largest three hour ramp for each month needed to run the system reliably. There are two types of filings; Annual filings (filed on or around October 31st) and monthly filings (filed 45 calendar days prior to the compliance month).

For the annual filings, LSEs are required to make an annual System, Local, and Flexible compliance showing for the coming year. For the System showing, LSEs are required to demonstrate that they have procured 90% of their System RA obligation for the five summer months the coming compliance year. Additionally each LSE must demonstrate that they meet 90% of its Flexible requirements and 100% of its local requirements for each month of the coming compliance year. For the monthly filings LSEs must demonstrate they have procured 100% of their monthly System and Flexible RA obligation. Additionally, on a monthly basis from May through December, LSEs must demonstrate they have met their revised (due to load migration) local obligation.

This is a regulatory requirement. PCEA is not purchasing actual energy. It is paying to ensure that there is enough generation on the grid to ensure reliability. Further, because the regulatory requirements evolve over time, PCEA is frequently having to go to market to purchase RA to ensure the regulatory requirements are met and PCEA receives the most competitive prices possible.

DISCUSSION:

PCE, working with its consultant PEA, solicited proposals to supply RA for a portion of its generic North System RA for its 2018 needs (January-December). Proposals were received from three different suppliers.

Pacific Gas and Electric Company offered the most competitive response to provide RA to meet a portion of PCE's generic North System RA requirements for January through December 2018.

The Confirmation for this transaction is in substantially the same form as others negotiated for RA. Consistent with PCE policy, the confirmation includes an exclusion that no coal resources will be used to provide the RA or replacement RA.

The Board is being asked to approve execution of a Confirmation with Pacific Gas and Electric, in a form approved by General Counsel.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

*** * * * ***

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE A CONFIRMATION LETTER WITH PACIFIC GAS AND ELECTRIC
COMPANY WITH TERMS CONSISTENT WITH THOSE PRESENTED, IN A FORM
APPROVED BY THE GENERAL COUNSEL AND FOR A DELIVERY TERM OF
JANUARY 1 THROUGH DECEMBER 31, 2018, IN AN AMOUNT NOT TO EXCEED
\$3,200,000;**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority (“Peninsula Clean Energy” or
“PCEA”) was formed on February 29, 2016; and

WHEREAS, launch of service for Phase I occurred in October 2016, and launch
of service for Phase II occurred in April 2017; and

WHEREAS, Peninsula Clean Energy has ongoing regulatory commitments to
purchase Resource Adequacy (“RA”); and

WHEREAS, in September 2017, consistent with its mission of reducing greenhouse gas emissions and offering customer choice at competitive rates, Peninsula Clean Energy administered a competitive process to select one or more RA supply contractors; and

WHEREAS, one of the providers selected by Peninsula Clean Energy through this competitive process is **PACIFIC GAS AND ELECTRIC COMPANY** (“Contractor”), based on its desirable offering of products, pricing, and terms; and

WHEREAS, staff is presenting to the Board for its review the negotiated Confirmation Letter, reference to which should be made for further particulars; and

WHEREAS, the Board wishes to delegate to the Chief Executive Officer authority to execute the aforementioned Confirmation Letter for said purchase of RA from the Contractor.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to execute the Confirmation Letter with the Contractor with terms consistent with those presented, in a form approved by the General Counsel and for a delivery term of January 1 through December 31, 2018, in an amount not to exceed \$3,200,000.

* * * * *

[CCO-113499]



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: October 17, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: GHG Free Electricity (Morgan Stanley)

RECOMMENDATION:

Approve Resolution delegating authority to the Chief Executive Officer to execute a WSPP (Western Systems Power Pool) Confirmation Letter for Purchase of GHG Free electricity from Morgan Stanley Capital Group, Inc. with terms consistent with those presented, in a form approved by the General Counsel and for a Delivery Term of October 30, 2017 through April 29, 2018, in an amount not to exceed \$200,000 (Action)

BACKGROUND:

PCE has purchased Greenhouse Gas Free Energy from Morgan Stanley to meet its Phase 2 obligations to customers. We had a small open position for 2017 and 2018 and need to purchase additional Greenhouse Gas Free Energy to meet our obligations to our customers.

DISCUSSION:

Morgan Stanley offered a competitive price to PCE's request for pricing. PCE and Morgan Stanley have agreed to use the WSPP Master Agreement for this purchase of greenhouse gas free energy. The WSPP Master Agreement was presented to the board and included in the board packet of September 22, 2016. The Board is being asked to authorize the CEO to execute a WSPP Confirmation with Morgan Stanley, in a form approved by General Counsel.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

*** * * * ***

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE A WSPP (WESTERN SYSTEMS POWER POOL) CONFIRMATION
LETTER FOR PURCHASE OF GHG FREE ELECTRICITY FROM MORGAN
STANLEY CAPITAL GROUP, INC. WITH TERMS CONSISTENT WITH THOSE
PRESENTED, IN A FORM APPROVED BY THE GENERAL COUNSEL AND FOR A
DELIVERY TERM OF OCTOBER 30, 2017 THROUGH APRIL 29, 2018, IN AN
AMOUNT NOT TO EXCEED \$200,000;**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority (“Peninsula Clean Energy” or
“PCEA”) was formed on February 29, 2016; and

WHEREAS, launch of service for Phase I occurred in October 2016, and launch
of service for Phase II occurred in April 2017; and

WHEREAS, PCEA has ongoing commitments to purchase Greenhouse Gas
Free Energy; and

WHEREAS, MORGAN STANLEY CAPITAL GROUP, INC. (“Contractor”) provides a competitively priced option for GHG Free Energy for October 30, 2017 through April 29, 2017; and

WHEREAS, PCE has negotiated a Confirmation agreement with the Contractor for the necessary volumes; and

WHEREAS, PCEA does not have a Master Agreement with the Contractor and both parties are agreeable to using the Western System Power Pool (“WSPP”) model master agreement for this purchase; and

WHEREAS, a draft form of the Confirmation agreement has been negotiated, reference to which should be made for further particulars; and

WHEREAS, a form of the WSPP Master Agreement has been provided to the Board for its review at the September 22, 2016 board meeting, reference to which should be made for further particulars; and

WHEREAS, the Board wishes to delegate to the Chief Executive Officer authority to execute the aforementioned Confirmation Letter for said purchase of GHG Free Energy from the Contractor.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to execute the Confirmation Letter with the Contractor with terms consistent with those presented, in a form approved by the General Counsel and for a delivery term of October 30, 2017 through April 29, 2018, in an amount not to exceed \$200,000.

* * * * *

AGREEMENT FOR THE PURCHASE AND SALE OF FIRM ZERO CARBON POWER IMPORTED INTO CALIFORNIA FROM A SPECIFIED SOURCE

TRANSACTION CONFIRMATION LETTER

The purpose of this letter (this “**Confirmation Letter**”) is to confirm the terms and conditions of the Transaction between Morgan Stanley Capital Group Inc. (“**Seller**”) and Peninsula Clean Energy Authority (“**Buyer**”) as of October 27, 2017 (the “**Effective Date**”) (the “**Transaction**”). Seller and Buyer are each referred to as a “**Party**” and, collectively, as the “**Parties**.”

This Confirmation Letter is being provided pursuant to and in accordance with the WESTERN SYSTEMS POWER POOL Agreement dated April 26, 2017, as such may be amended or supplemented (the “**Master Agreement**”) between Buyer and Seller, and constitutes part of and is subject to the terms and provisions of such Master Agreement; provided, however, that, to the extent there is a conflict between a provision of the Master Agreement and this Confirmation Letter, the terms of this Confirmation Letter shall control for the purposes of this Transaction.

The Master Agreement and this Confirmation Letter shall constitute the entire agreement (“**Agreement**”) between the Parties related to the Transaction set forth below and the subject matter thereof and supersedes and replaces any prior oral or written confirmation, regarding such Transaction and the subject matter thereof. Capitalized terms used but not defined herein shall have the meaning given to them in the General Terms and Conditions of this Confirmation or the Master Agreement and the Mandatory Greenhouse Gas Emissions Reporting and California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms regulations (California Code of Regulations, Title 17, Subchapter 10, Articles 2 and 5, respectively) (such regulations collectively referred to as “**Cap-and-Trade Regulations**”), as applicable.

The terms of the Transaction to which this Agreement relates are as follows:

1. **DEFINITIONS.** Any capitalized terms used in this Confirmation but not otherwise defined below shall have the meaning ascribed to such term in the Master Agreement:

“**ACS**” means “asset-controlling supplier” as that term is defined in the Cap and Trade Regulations.

“**Applicable Law**” means any statute, law, treaty, rule, tariff, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, or any binding interpretation of the foregoing, as any of them is amended or supplemented from time to time, that apply to either or both of the Parties, the Project(s), or the terms of the Agreement.

“**Buyer Facilities**” has the meaning set forth in Section 10 hereof.

“CAISO” means the California Independent System Operator Corporation or the successor organization to the functions thereof.

“CAISO Tariff” means the California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and Operating Procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

“Cap and Trade Regulations” means the Mandatory Greenhouse Gas Emissions Reporting and California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms regulations (California Code of Regulations Title 17, Subchapter 10, Articles 2 and 5 respectively) promulgated by the California Air Resources Board of the California Environmental Protection Agency pursuant to the California Global Warming Solutions Act of 2006.

“Carbon Free Energy” means Energy deliveries from Carbon Free Sources.

“Carbon Free Source” means any energy source, except for nuclear-powered generation assets, that is located within the WECC and that is considered by the State of California to have zero Greenhouse Gas emissions in accordance with the Cap and Trade Regulations. Carbon Free Source does not include any Category 3 Renewables, ACS resources or any energy source with an e-tag with a source point associated with a nuclear or coal-fired generating facility.

“Commercially Reasonable Efforts” for the purposes of this Confirmation, “commercially reasonable efforts” or acting in a “commercially reasonable manner” shall not require a Party to undertake extraordinary or unreasonable measures.

“Compliance Obligation” has the meaning set forth by the Cap and Trade Regulations.

“CPUC” means the California Public Utilities Commission.

“Delivery Period” shall be the period beginning on the Start Date and ending on the End Date, as set forth in Section 3 below.

“Delivery Point” has the meaning set forth in Section 4 hereof.

“Effective Date” has the meaning set forth in the preamble of this Confirmation.

“Energy” means electrical energy, measured in MWh.

“Exhibits” shall be those certain Exhibits, which are attached hereto and made a part hereof.

“FERC” means the Federal Energy Regulatory Commission.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States.

“Governmental Authority” means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, or the CAISO or any other transmission authority, having or asserting jurisdiction over a Party or the Agreement.

“Implementation Plan” has the meaning set forth in the Recitals hereof.

“Mandatory Reporting Rule” means the regulations entitled Mandatory Greenhouse Gas Emissions Reporting set forth in Article 2 of Subchapter 10 of Title 17 of the California Code of Regulations.

“MW” means megawatt.

“MWh” means megawatt-hour.

“PG&E” means the Pacific Gas and Electric Company, its successors and assigns.

“Product” shall have the meaning set forth in Section 2.1 below.

“Prudent Industry Practices” means any of the practices, methods, techniques and standards (including those that would be implemented and followed by a prudent operator of generating facilities similar to the Project(s) in the United States during the relevant time period) that, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result, giving due regard to manufacturers’ warranties and recommendations, contractual obligations, the requirements or guidance of Governmental Authority, including CAISO, Applicable Law, the requirements of insurers, good business practices, economy, efficiency, reliability, and safety. Prudent Industry Practice shall not be limited to the optimum practice, method, technique or standard to the exclusion of all others, but rather shall be a range of possible practices, methods, techniques or standards.

“Specified Sources of Power” means electricity that is traceable to a specific generation source by any auditable contract trail or equivalent, including a tradable commodity system that provides commercial verification that the electricity has been sold once and only once.

“Tariff” means the tariff and protocol provisions, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” as amended supplemented or replaced by CAISO from time to time.

2. **PRODUCT.**

2.1 Seller Delivery Obligation. Throughout the Delivery Period, Seller shall sell and deliver or make available, or cause to be sold and delivered or made available to Buyer, the “Product,” which is comprised of the following:

- (a) the quantity of Carbon Free Energy specified in Section 6.

For clarification, Seller is obligated to provide Product to Buyer under the terms of this Specified Source Confirmation and the WSPP Agreement without excuse, except in event of Uncontrollable Force. For purposes of this Transaction, and notwithstanding anything in the WSPP Agreement to the contrary, Uncontrollable Force shall not include an interruption of transmission service.

2.2 Resources. For Carbon Free Energy delivered under this Confirmation, Seller shall use Specified Sources of Power, as further detailed in Exhibit A; provided however, Seller may designate additional Specified Sources of Power upon 5 (five) days written notice to Buyer thereof; provided further any such additional Specified Sources of Power shall meet the requirement of Carbon Free Source as defined herein.

3. **DELIVERY PERIOD**. This Confirmation shall be in full force and effect as of the Effective Date. The terms set forth herein shall apply from the Start Date through the End Date, which entire period will comprise the Delivery Period. This Confirmation shall terminate on the date on which both Parties have completed the performance of their obligations hereunder, unless earlier terminated pursuant to the terms hereof.

Start Date:	End Date:
October 30, 2017	April 29, 2018

4. **DELIVERY AND SCHEDULING**

4.1 Delivery Point.

Product	Delivery Point
Carbon Free Energy	CAISO Balancing Authority

4.2 Delivery to CAISO. The Parties recognize that a schedule of Energy associated with a Product by Seller into the CAISO balancing authority ("**CAISO Balancing Authority**") is a delivery to the CAISO and not directly to the Buyer. Scheduling such Energy in accordance with the requirements of the applicable Product into the CAISO Balancing Authority shall constitute Delivery of such Product to Buyer.

The Energy associated with the Product will be directly delivered from the Specified Source on an hourly or sub-hourly basis to the Delivery Point without substituting electricity from another source. The determination of the hourly

quantity of Product delivered to the Delivery Point shall be made after-the-fact and will be: the lesser of (i) the Specified Source's hourly metered output, and (ii) the actual hourly quantity allocated by Seller to this Confirmation Letter and delivered to the Buyer at the Delivery Point.

4.3 Scheduling. For each hour during the Delivery Period, Seller shall schedule the Product to the Delivery Point. For each hour during the Delivery Period, the Carbon Free Energy Quantities may be scheduled in a volume as determined by Seller. For greater certainty, it is understood that Buyer shall pay Seller for only the Carbon Free Quantity at Carbon Free Price as outlined in Exhibit A; provided however, that in no event will Buyer be obligated to pay for any deliveries made by Seller to CAISO.

5. PRICING.

Carbon Free Energy Price and Payment. For each month during the Delivery Period, Buyer will pay Seller an amount equal to the Carbon Free Energy Contract Quantity delivered in such month multiplied by the Carbon Free Energy Price specified in Exhibit A. and b) Seller shall deliver the Energy associated with the Product to the CAISO at the Delivery Point and shall be entitled to retain all CAISO revenues associated with such Energy in full satisfaction of Buyer's payment obligation for the Energy component of the Product.

6. CONTRACT QUANTITIES.

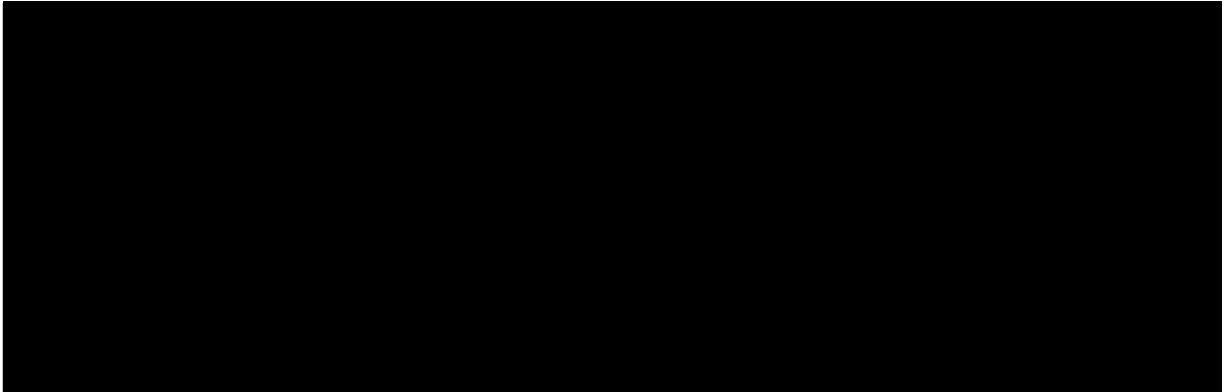
6.1 Carbon Free Energy. Carbon Free Energy Contract Quantities and Carbon Free Energy Prices pursuant to this Confirmation relate to the quantities set forth in Exhibit A. The Carbon Free Energy will be scheduled by the Seller from the Specified Sources of Power into California without substituting electricity from another source. For greater certainty, the parties hereby acknowledge and agree that the Carbon Free Energy Contract Quantities shall be evidenced by the lesser of the Energy Quantity and the NERC e-Tag showing the scheduled amount of zero carbon flow into a California balancing authority.

6.2 Tracking of Carbon Free Energy Contract Quantities.

- (a) Seller shall be responsible for meeting all requirements for delivery and verification of Carbon Free Energy imports, including NERC e-Tags. In addition, Seller shall produce NERC e-Tags in a format that adequately demonstrates that Buyer is purchasing a Carbon Free Energy product hereunder.
- (b) Seller shall provide Buyer, within a reasonable time after request, (i) proof of the veracity of the representations made by Seller in Section 10 herein and (ii) hourly meter data or an equivalent report showing the actual generation for the Specified Sources of Power.

- (c) Seller, upon the reasonable request of the Buyer, will deliver additional documents and information related to this Transaction to Buyer; provided however such obligation is only to the extent such information is either (i) in the Seller's possession or (ii) reasonably available to Seller.

7.



8. **COMPLIANCE REPORTING.**

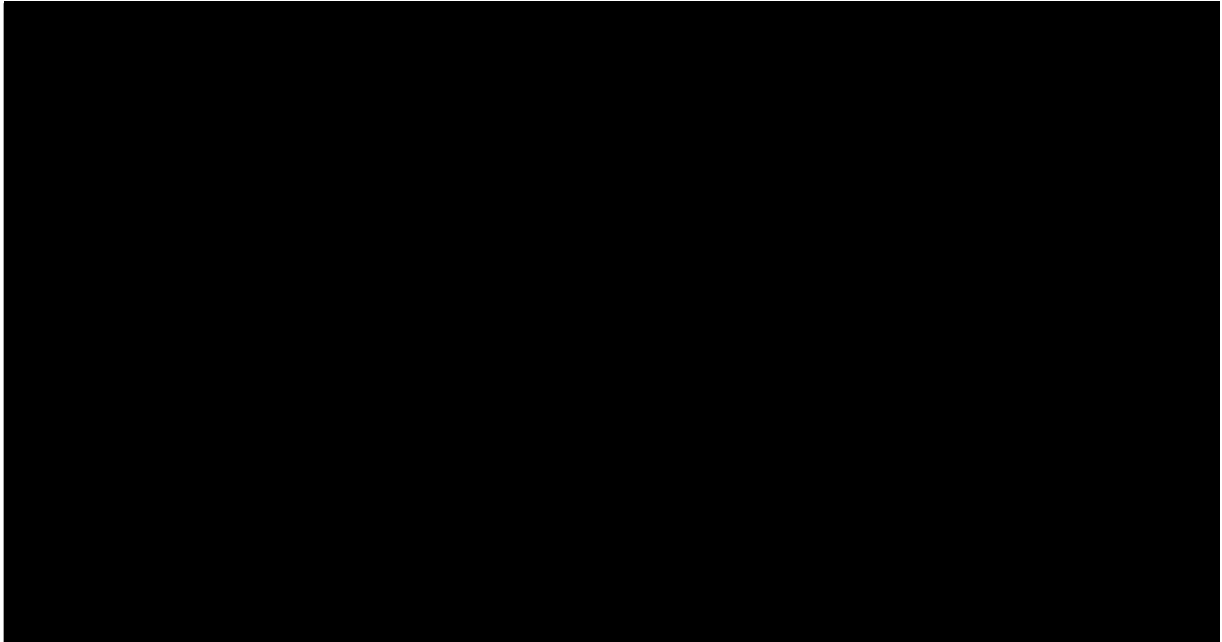
Buyer shall be responsible for submitting compliance reports to the CPUC and/or other Governmental Authorities on behalf of Peninsula Clean Energy Authority and will require resource information, electronic tagging information, and other documentation to be provided by Seller. Seller shall provide all reasonable information to Buyer necessary for Buyer to timely comply with periodic compliance reporting requirements and as otherwise required by Applicable Law with respect to any Product.

9. **SELLER REPRESENTATIONS AND WARRANTIES.** Seller hereby represents and warrants to Buyer that:

- (a) it has the right to sell the Carbon Free Energy;
- (b) the Carbon Free Energy has never been sold for any other purpose or use;
- (c) the Carbon Free Energy is free and clear of all liens or other encumbrances;
- (d) as of the Effective Date of this Confirmation, the Specified Sources of Power have been assigned an emissions factor of zero (0) by CARB as reported by CARB; and
- (e) it is one of: (i) the owner or operator of the Specified Sources of Power with prevailing rights to sell the electricity sold hereunder, or (ii) is selling or remarketing electricity procured pursuant to a Specified Source Transaction from the Specified Sources of Power through the market path and possesses or has the right to obtain copies of written documents that the energy it is reselling or remarketing was procured pursuant to Specified Source Transaction(s) from the Specified Sources of Power through the market path.

10. **NO RESTRICTION.** Nothing in this Confirmation shall limit Buyer's ability to develop its own generation facilities ("Buyer Facilities") or prevent Buyer from purchasing energy from other parties or Seller from selling energy to other parties.
11. **STANDARD OF CARE AND GOOD FAITH.** When performing its obligations hereunder, Seller shall act in good faith and shall perform all work in a manner consistent with Prudent Utility Practices.

12.



13. **MODIFICATIONS TO WSPP AGREEMENT**

13.1 **WSPP Service Schedules Not Applicable.** Notwithstanding anything to the contrary in the WSPP Agreement, the Service Schedules to the WSPP do not apply to this Transaction, and are not incorporated into the terms of this Specified Source Confirmation.

14. **CONFIDENTIALITY** Seller acknowledges that Buyer is a public agency subject to the requirements of the California Public Records Act (Cal. Gov. Code section 6250 et seq.). Buyer acknowledges that Seller may submit information to Buyer that Seller considers confidential, proprietary, or trade secret information pursuant the Uniform Trade Secrets Act (Cal. Civ. Code section 3426 et seq.), or otherwise protected from disclosure pursuant to an exemption to the California Public Records Act (Government Code sections 6254 and 6255). Seller acknowledges that Buyer may submit to Seller information that Buyer considers confidential or proprietary or protected from disclosure pursuant to exemptions to the California Public Records Act (Government Code sections 6254 and 6255). Upon request or demand of any third person or entity not a party to this Agreement ("Requestor") for production, inspection and/or copying of information designated by a disclosing Sellers Confidential Information, the receiving Party as soon as practical shall notify the disclosing Party that such request has been made, by telephone call, letter sent via facsimile and/or by US Mail to the address and facsimile

number listed at the end of the Agreement. The disclosing Party shall be solely responsible for taking whatever legal steps are necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor by the receiving Party. If the disclosing Party takes no such action, after receiving the foregoing notice from the receiving Party, the receiving Party shall be permitted to comply with the Requestor's demand and is not required to defend against it.

15. **NO RECOURSE AGAINST BUYER'S MEMBER AGENCIES.** The Parties acknowledge and agree that Buyer is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by Buyer in connection with the Agreement are undertaken solely by Buyer and are not debts, liabilities, or obligations of its member agencies. Seller waives any recourse against Buyer's member agencies.

This Confirmation is subject to the Exhibit identified below and that are attached hereto:
Exhibit A –Carbon Free Energy Contract Quantity and Price Schedule

**MORGAN STANLEY CAPITAL GROUP
INC.**

**PENINSULA CLEAN ENERGY
AUTHORITY**

Sign: *Karen Kochonies*
Print: Karen Kochonies
Title: Vice President

Sign: _____
Print: _____
Title: _____

Exhibit A

Carbon Free Energy Contract Quantity and Price Schedule

A large black rectangular box redacting the content of the table. The table is intended to contain the Carbon Free Energy Contract Quantity and Price Schedule.

Exhibit A – cont.

SPECIFIED SOURCES

Note: ARB IDs are provided for reference only and may change based on ARB guidance.

1. Public Utility District No. 2 of Grant County, Washington; Seller's rights to which are provided via the "Contract for Open-Market Sale of Priest Rapids and Wanapum Power Projects (ARB ID: 500054)"; and/or
2. Public Utility District No. 1 of Chelan County, Washington; Seller's rights to which are provided via the "Contract for Sale of Output From the Rocky Reach Project (ARB ID: 500055) and Rock Island Project (ARB ID: 500003); and/or
3. Lucky Peak Power Plant Project (ARB ID: 500046); and/or
4. Boundary Hydroelectric Units; (ARB ID: 500043); and/or
5. Klondike Windpower III, (ARB ID: 800029); and/or
6. Harvest Wind, (ARB ID: 800188)



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: October 17, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Resource Adequacy (Merced Irrigation District)

RECOMMENDATION:

Approve Resolution to Authorize the Chief Executive Officer to execute a WSPP (Western Systems Power Pool) Confirmation Letter for Purchase of Resource Adequacy from Anahau Energy, LLC. Delivery Term: January 2018 through December 2018, in an amount not to exceed \$400,000 (Action)

BACKGROUND:

The CPUC has explained Resource Adequacy as follows:

The CPUC adopted a Resource Adequacy (RA) policy framework (PU Code section 380) in 2004 to in order to ensure the reliability of electric service in California. The CPUC established RA obligations applicable to all Load Serving Entities (LSEs) within the CPUC's jurisdiction, including investor owned utilities (IOUs), energy service providers (ESPs), and community choice aggregators (CCAs). The Commission's RA policy framework – implemented as the RA program -- guides resource procurement and promotes infrastructure investment by requiring that LSEs procure capacity so that capacity is available to the CAISO when and where needed. The CPUC's RA program now contains three distinct requirements: System RA requirements (effective June 1, 2006), Local RA requirements (effective January 1, 2007) and Flexible RA requirements (effective January 1, 2015). System requirements are determined based on each LSE's CEC adjusted forecast plus a 15% planning reserve margin. Local requirements

are determined based on an annual CAISO study using a 1-10 weather year and an N-1-1 contingency. Flexible Requirements are based on an annual CAISO study that currently looks at the largest three hour ramp for each month needed to run the system reliably. There are two types of filings; Annual filings (filed on or around October 31st) and monthly filings (filed 45 calendar days prior to the compliance month).

For the annual filings, LSEs are required to make an annual System, Local, and Flexible compliance showing for the coming year. For the System showing, LSEs are required to demonstrate that they have procured 90% of their System RA obligation for the five summer months the coming compliance year. Additionally each LSE must demonstrate that they meet 90% of its Flexible requirements and 100% of its local requirements for each month of the coming compliance year. For the monthly filings LSEs must demonstrate they have procured 100% of their monthly System and Flexible RA obligation. Additionally, on a monthly basis from May through December, LSEs must demonstrate they have met their revised (due to load migration) local obligation.

This is a regulatory requirement. PCEA is not purchasing actual energy. It is paying to ensure that there is enough generation on the grid to ensure reliability. Further, because the regulatory requirements evolve over time, PCEA is frequently having to go to market to purchase RA to ensure the regulatory requirements are met and PCEA receives the most competitive prices possible.

DISCUSSION:

PCE, working with its consultant PEA, solicited proposals to supply RA for a portion of its North System RA for its 2018 needs (January-December).

Anahau Energy, LLC offered a competitive response to provide RA to meet PCE's outstanding North System RA requirements for January through December 2018.

The Confirmation Letter for this transaction is in substantially the same form as others negotiated for RA. Consistent with PCE policy, the confirmation includes an exclusion that no coal resources will be used to provide the RA or replacement RA.

The Board is being asked to approve execution of a Confirmation Letter with Anahau Energy, LLC, in a form approved by General Counsel.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE A CONFIRMATION LETTER WITH ANAHOU ENERGY, LLC WITH
TERMS CONSISTENT WITH THOSE PRESENTED, IN A FORM APPROVED BY THE
GENERAL COUNSEL AND FOR A DELIVERY TERM OF JANUARY 1 THROUGH
DECEMBER 31, 2018, IN AN AMOUNT NOT TO EXCEED \$400,000;**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority (“Peninsula Clean Energy” or
“PCEA”) was formed on February 29, 2016; and

WHEREAS, launch of service for Phase I occurred in October 2016, and launch
of service for Phase II occurred in April 2017; and

WHEREAS, Peninsula Clean Energy has ongoing regulatory commitments to
purchase Resource Adequacy (“RA”); and

WHEREAS, in September 2017, consistent with its mission of reducing
greenhouse gas emissions and offering customer choice at competitive rates, Peninsula

Clean Energy administered a competitive process to select one or more RA supply contractors; and

WHEREAS, one of the providers selected by Peninsula Clean Energy through this competitive process is **ANAHOU ENERGY, LLC** (“Contractor”), based on its desirable offering of products, pricing, and terms; and

WHEREAS, staff is presenting to the Board for its review the negotiated Confirmation Letter, reference to which should be made for further particulars; and

WHEREAS, the Board wishes to delegate to the Chief Executive Officer authority to execute the aforementioned Confirmation Letter for said purchase of RA from the Contractor.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to execute the Confirmation Letter with the Contractor with terms consistent with those presented, in a form approved by the General Counsel and for a delivery term of January 1 through December 31, 2018, in an amount not to exceed \$400,000.

* * * * *

[CCO-113499]



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: October 20, 2017

BOARD MEETING DATE: October 26, 2017

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Renewable Supply (Powerex)

RECOMMENDATION:

Authorize the Chief Executive Officer to execute an EEI (Edison Electric Institute) Confirmation Agreement, and any necessary ancillary documents, for Purchase of PCC1 Renewable Energy from Powerex. Power Delivery Term: January 1, 2018 through December 31, 2018, in an amount not to exceed \$2,600,000.

BACKGROUND:

PCE has purchased PCC1 Renewable Energy to meet its 2016-2017 obligations to customers. As we approach 2018, PCE needs to purchase additional PCC1 Renewable Energy to meet its RPS obligations as well as its obligations to customers. PCC1 renewable energy refers to bundled renewable energy, whereby the energy and renewable energy attributes are delivered together. These resources consist of in-state renewable energy projects or out-of-state projects that deliver the renewable energy to the California Independent System Operator (CAISO) at the time the energy is produced.

DISCUSSION:

PCE, working with its consultant PEA, solicited bids to supply PCC1 Renewable Energy for its 2018 2 needs.

Bids were received from three different suppliers to satisfy PCE's PCC1 Renewable Energy needs for 2018. Powerex submitted a competitive bid at a price and quantity that meets PCE's needs.

PCE and Powerex previously negotiated an EEI Master Agreement and PCC1 Confirmation, which were both approved by the board on May 25, 2017. The Confirmation for this transaction is in substantially the same form as the one previously approved by the board.

The Board is being asked to authorize the CEO to execute an EEI Confirmation with Powerex, in a form approved by General Counsel, and any necessary ancillary documents.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

*** * * * ***

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE AN EEI (EDISON ELECTRIC INSTITUTE) CONFIRMATION
AGREEMENT, AND ANY NECESSARY ANCILLARY DOCUMENTS, FOR
PURCHASE OF PCC1 RENEWABLE ENERGY FROM POWEREX, WITH TERMS
CONSISTENT WITH THOSE PRESENTED, IN A FORM APPROVED BY THE
GENERAL COUNSEL AND FOR THE PERIOD OF JANUARY 1, 2018 THROUGH
DECEMBER 31, 2018, IN AN AMOUNT NOT TO EXCEED \$2,600,000**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority (“Peninsula Clean Energy” or
“PCE”) was formed on February 29, 2016; and

WHEREAS, as was true in 2016, PCE has ongoing commitments to purchase
PCC1 Renewable Energy; and

WHEREAS, in October 2017 PCE requested prices for PCC1 Renewable Energy
from multiple energy suppliers to serve customers in 2018; and

WHEREAS, Powerex Corp. provided a competitively priced option for PCC1 Renewable Energy for January 1, 2018 through December 31, 2018; and

WHEREAS, PCE has negotiated a Confirmation Agreement with Powerex Corp. for the necessary volumes, reference to which should be made for further particulars; and

WHEREAS, both parties are agreeable to using the Edison Electric Institute (“EEI”) model master agreement for this purchase.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to execute a Confirmation Agreement with Powerex Corp. for PCC1 Renewable Energy with terms consistent with those presented, in a form approved by the General Counsel and for a power delivery term covering January 1, 2018 through December 31, 2018 in an amount not to exceed \$2,600,000.

* * * * *



PENINSULA CLEAN ENERGY
JPA Board Correspondence
General Counsel

DATE: October 17, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable PCE Joint Powers Board

FROM: David A. Silberman, Chief Deputy County Counsel/General Counsel
Nirit S. Eriksson, Deputy County Counsel/Associate General Counsel

SUBJECT: Agreements for Legal Services.

RECOMMENDATION:

- (a) Adopt a Resolution authorizing the General Counsel to execute with the law firm of Keyes & Fox amendment(s) to the existing retention agreements or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements with Keyes & Fox do not exceed a total of \$250,000.
- (b) Adopt a Resolution authorizing the General Counsel to execute with the law firm of Davis, Wright & Tremaine amendment(s) to the existing retention agreements or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements with Davis, Wright & Tremaine do not exceed a total of \$300,000.

BACKGROUND:

The County Counsel's Office provides legal services to the Peninsula Clean Energy (PCE) Authority pursuant to a contract approved by the Board March 24, 2016.

Pursuant to that agreement, the County Counsel serves as General Counsel to the Board and has authority to retain services of outside counsel in an amount not to exceed \$25,000.

Certain projects important to PCE can benefit from time-to-time by the assistance of lawyers who focus primarily on those areas of law, including the litigation of complicated regulatory proceedings before the California Public Utilities Commission ("CPUC") and negotiation of complex power purchase agreements.

The PCE Board in August approved the retention of Troutman Sanders to provide assistance in negotiating PCE's first power purchase agreements and creating PCE's "multi-party lockbox". On October 27, 2016 the PCE Board approved retention

agreements with Davis, Wright & Tremaine, Keyes & Fox, and Winston & Strawn, each at amounts not to exceed \$100,000.

DISCUSSION:

As the Board knows, PCE is in the midst of a competitive process to procure renewable energy directly from producers, and is involved in a number of dockets at the CPUC.

Keyes & Fox has been providing PCE with significant assistance in regulatory matters. We have been very satisfied with that assistance to date. Accordingly, we are asking the Board to authorize the General Counsel to execute amendment(s) to the existing retention agreement approved by the Board on October 27, 2016 or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements with Keyes & Fox do not exceed a total of \$250,000.

Davis, Wright & Tremaine has also provided valuable assistance to PCE on regulatory matters, and has proposed to supply legal services to PCE in connection with power procurement in appropriate circumstances. Such circumstances would include when representation by Winston & Strawn (which assists PCE with various power purchase agreements) is precluded due to a conflict of interest. Accordingly, we are asking the Board to authorize the General Counsel to execute amendment(s) to the existing retention agreement approved by the Board on October 27, 2016 or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements with Davis, Wright & Tremaine do not exceed a total of \$300,000.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

*** * * * ***

**RESOLUTION AUTHORIZING GENERAL COUNSEL TO EXECUTE WITH THE LAW
FRIM OF KEYES & FOX AMENDMENT(S) TO THE EXISTING RETENTION
AGREEMENTS OR ALTERNATIVELY, ADDITIONAL RETENTION AGREEMENTS IN
SUBSTANTIALLY SAME FORM ALREADY APPROVED BY THE BOARD AS LONG
AS THE TOTAL AMOUNT OF ALL AMENDMENTS OR AGREEMENTS WITH KEYES
& FOX DO NOT EXCEED A TOTAL OF \$250,000**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority ("Peninsula Clean Energy")
was formed on February 29, 2016; and

WHEREAS, the JPA Agreement forming the Authority delegates to the Board the
power to hire a General Counsel pursuant to Paragraph 3.3.2; and

WHEREAS, the San Mateo County Counsel's Office has been appointed
General Counsel and has been delegated authority to retain outside legal services in
amounts not to exceed \$25,000; and

WHEREAS, the General Counsel has determined it was necessary to seek outside legal services related to regulatory proceedings before the California Public Utilities Commission, and on October 27, 2016 this Board authorized the General Counsel to retain Keyes & Fox on behalf of Peninsula Clean Energy for that purpose in an amount not to exceed \$100,000 and to execute the retention agreement then presented to the Board; and

WHEREAS, Keyes & Fox has been providing valuable assistance to PCE and the cost of its legal services will soon exceed the \$100,000 already authorized.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the General Counsel is authorized to execute with the law firm of Keyes & Fox amendment(s) to the existing retention agreements or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements do not exceed a total of \$250,000.

* * * * *

[CCO-113499]

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

*** * * * ***

**RESOLUTION AUTHORIZING GENERAL COUNSEL TO EXECUTE WITH THE LAW
FRIM OF DAVIS, WRIGHT & TREMAINE AMENDMENT(S) TO THE EXISTING
RETENTION AGREEMENTS OR ALTERNATIVELY, ADDITIONAL RETENTION
AGREEMENTS IN SUBSTANTIALLY SAME FORM ALREADY APPROVED BY THE
BOARD AS LONG AS THE TOTAL AMOUNT OF ALL AMENDMENTS OR
AGREEMENTS WITH DAVIS, WRIGHT & TREMAINE DO NOT EXCEED A TOTAL
OF \$300,000**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority ("Peninsula Clean Energy")
was formed on February 29, 2016; and

WHEREAS, the JPA Agreement forming the Authority delegates to the Board the
power to hire a General Counsel pursuant to Paragraph 3.3.2; and

WHEREAS, the San Mateo County Counsel's Office has been appointed
General Counsel and has been delegated authority to retain outside legal services in
amounts not to exceed \$25,000; and

WHEREAS, the General Counsel has determined it was necessary to seek outside legal services related to negotiation of power purchase agreements and litigation of regulatory proceedings before the California Public Utilities Commission, and on October 27, 2016 this Board authorized the General Counsel to retain Davis, Wright & Tremaine on behalf of Peninsula Clean Energy in an amount not to exceed \$100,000 and to execute the retention agreement then presented to the Board; and

WHEREAS, Davis, Wright & Tremaine has been providing valuable assistance to PCE, the cost of which has exceeded the \$100,000 previously authorized.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the General Counsel is authorized to execute with the law firm of Davis, Wright & Tremaine amendment(s) to the existing retention agreements or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements with Davis, Wright & Tremaine do not exceed a total of \$300,000.

* * * * *

[CCO-113499]



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: October 20, 2017
BOARD MEETING DATE: October 26, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
SUBJECT: Accounting Services for Fiscal Year 2017 – 2018

RECOMMENDATION:

Approve a resolution authorizing an agreement between Maher Accountancy and the Peninsula Clean Energy Authority for the provision of accounting services, in an amount not to exceed \$130,500.

BACKGROUND:

In October 2016 Peninsula Clean Energy (PCE) selected Maher Accountancy to provide Accounting services to PCE based on their experience with other CCA programs, expertise in bookkeeping, and the cost-effectiveness of their proposal. At that time, the County of San Mateo entered into a contract with Maher Accountancy in an amount not to exceed \$93,000. The contract was for Organization Setup Assistance and monthly bookkeeping from October 1, 2016 through June 30, 2017.

This request is for the services to be provided from July 1, 2017 through June 30, 2018. These services include assisting in the development of operational budget, maintaining general ledger, managing accounts payable, managing compliance with vendor contracts, monitor expenditure budget compliance, provide monthly & year-to-date financial statements, process payroll, filling annual returns, assist treasury function, and coordinate with independent auditor for annual audit of financial statement. The Director of Finance and Administration will work closely with Maher Accountancy to ensure the above listed duties are performed effectively and efficiently.

DISCUSSION:

We are requesting the Board to approve the attached agreement with Maher Accountancy in an amount not to exceed \$130,500.

Associate General Counsel has reviewed and approved the resolution as to form.

FISCAL IMPACT:

The term of this amended agreement is July 1, 2017 through June 30, 2018 in an amount not to exceed \$130,500.

ATTACHMENTS

- A. Agreement for Accounting Services – Maher Accountancy

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION AUTHORIZING AN AGREEMENT BETWEEN MAHER
ACCOUNTANCY AND THE PENINSULA CLEAN ENERGY AUTHORITY FOR THE
PROVISION OF ACCOUNTING SERVICES, IN AN AMOUNT NOT TO EXCEED
\$130,500**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority ("PCEA") was formed on February 29, 2016 as a Community Choice Aggregation program ("CCA"); and

WHEREAS, Maher Accountancy was selected to provide Accounting services to PCEA based on their experience with other CCA programs, expertise in bookkeeping, and the cost-effectiveness of their proposal; and

WHEREAS, PCEA has signed an agreement ("Agreement") with Maher Accountancy on October 11, 2016 to provide these services for the term of October 1, 2016 through June 30, 2017 for an amount not to exceed \$93,000; and

WHEREAS, PCEA is now seeking to sign a contract with Maher Accountancy for the term of July 1, 2017 through June 30, 2018, in an amount not to exceed \$130,500; and

WHEREAS, Maher Accountancy has heretofore provided services to PCEA in a satisfactory manner; and

WHEREAS, this agreement has been provided to the Board for its review and approval, reference to which should be made for further particulars.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Chair of the Board of Directors is hereby authorized and directed to execute said agreement for and on behalf of the Peninsula Clean Energy Authority, and the Clerk of this Board shall attest the Chair's signature thereto.

* * * * *

[CCO-113499]

AGREEMENT BETWEEN THE PENINSULA CLEAN ENERGY AUTHORITY AND MAHER ACCOUNTANCY (a California professional corporation)

This Agreement is entered into this 1st day of October 2017 by and between the Peninsula Clean Energy Authority, a joint powers authority of the state of California, hereinafter called "PCEA" and Maher Accountancy, hereinafter called "Contractor."

* * *

Whereas, pursuant to Section 6508 of the Joint Exercise of Powers Act, PCEA may contract with independent contractors for the furnishing of such services to or for PCEA thereof; and

Whereas, it is necessary and desirable that Contractor be retained for the purpose of providing accounting services.

Now, therefore, it is agreed by the parties to this Agreement as follows:

1. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Services

Exhibit B—Payments and Rates

Services to be performed by Contractor

In consideration of the payments set forth in this Agreement and in Exhibit B, Contractor shall perform services for PCEA in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

2. Payments

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, PCEA shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. PCEA reserves the right to withhold payment if PCEA determines that the quantity or quality of the work performed is unacceptable. In no event shall PCEA's total fiscal obligation under this Agreement exceed one hundred thirty thousand five hundred dollars (\$130,500). In the event that the PCEA makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the PCEA at the time of contract termination or expiration.

3. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall be from July 1st, 2017 through June 30th, 2018.

4. Termination; Availability of Funds

This Agreement may be terminated by Contractor or by the Chief Executive Officer of the Peninsula Clean Energy Authority or his/her designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such

payment shall be that prorated portion of the full payment determined by comparing the work/services completed to the work/services required by the Agreement.

PCEA may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or PCEA funds by providing written notice to Contractor as soon as is reasonably possible after PCEA learns of said unavailability of outside funding.

5. Contract Materials

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as "contract materials") prepared by Contractor under this Agreement shall become the property of PCEA and shall be promptly delivered to PCEA. Upon termination, Contractor may make and retain a copy of such contract materials if permitted by law.

6. Relationship of Parties

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of PCEA and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of PCEA employees.

7. Hold Harmless

a. General Hold Harmless

Contractor shall indemnify and save harmless PCEA and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Contractor under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

(A) injuries to or death of any person, including Contractor or its employees/officers/agents;

(B) damage to any property of any kind whatsoever and to whomsoever belonging;

(C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or

(D) any other loss or cost to the extent caused by contractor, including but not limited to that caused by the concurrent active or passive negligence of PCEA and/or its officers, agents, employees, or servants. However, Contractor's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which PCEA has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

8. Assignability and Subcontracting

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of PCEA. Any such assignment or subcontract without PCEA's prior written consent shall give PCEA the right to automatically and immediately terminate this Agreement without penalty or advance notice.

9. Payment of Permits/Licenses

Contractor bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Contractor's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

10. Insurance

a. General Requirements

Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by PCEA, and Contractor shall use diligence to obtain such insurance and to obtain such approval. Contractor shall furnish PCEA with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to PCEA of any pending change in the limits of liability or of any cancellation or modification of the policy.

b. Workers' Compensation and Employer's Liability Insurance

Contractor shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Contractor certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

c. Liability Insurance

Contractor shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Contractor and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

☒ Comprehensive General Liability... \$1,000,000

(Applies to all agreements)

☒ Motor Vehicle Liability Insurance... \$1,000,000

(To be checked if motor vehicle used in performing services)

☒ Professional Liability..... \$1,000,000

(To be checked if Contractor is a licensed professional)

PCEA and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to PCEA and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the PCEA or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, PCEA, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

11. Compliance With Laws

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

12. Non-Discrimination and Other Requirements

a. General Non-discrimination

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

b. Equal Employment Opportunity

Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to PCEA upon request.

c. Section 504 of the Rehabilitation Act of 1973

Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

d. Compliance with County's Equal Benefits Ordinance

With respect to the provision of benefits to its employees, Contractor shall comply with Chapter 2.84 of the County Ordinance Code, which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse. In order to meet the requirements of Chapter 2.84, Contractor must certify which of the following statements is/are accurate:

- ☒ Contractor complies with Chapter 2.84 by offering the same benefits to its employees with spouses and its employees with domestic partners.
- ☐ Contractor complies with Chapter 2.84 by offering, in the case where the same benefits are not offered to its employees with spouses and its employees with domestic partners, a cash payment to an employee with a domestic partner that is equal to Contractor's cost of providing the benefit to an employee with a spouse.
- ☐ Contractor is exempt from having to comply with Chapter 2.84 because it has no employees or does not provide benefits to employees' spouses.
- ☐ Contractor does not comply with Chapter 2.84, and a waiver must be sought.

e. Discrimination Against Individuals with Disabilities

The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

f. History of Discrimination

Contractor must check one of the two following options, and by executing this Agreement, Contractor certifies that the option selected is accurate:

- ☒ No finding of discrimination has been issued in the past 365 days against Contractor by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or any other investigative entity.
- ☐ Finding(s) of discrimination have been issued against Contractor within the past 365 days by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or other investigative entity. If this box is checked, Contractor shall provide PCEA with a written explanation of the outcome(s) or remedy for the discrimination.

g. Reporting; Violation of Non-discrimination Provisions

Contractor shall report to the Chief Executive Officer of PCEA the filing in any court or with any administrative agency of any complaint or allegation of discrimination on any of the bases prohibited by this Section of the Agreement or Section 11, above. Such duty shall include reporting of the filing of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission, or any other entity charged with the investigation or adjudication of allegations covered by this subsection within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include a general description of the circumstances involved and a general description of the kind of discrimination alleged (for example, gender-, sexual orientation-, religion-, or race-based discrimination).

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the Chief Executive Officer, including but not limited to the following:

- i. termination of this Agreement;
- ii. disqualification of the Contractor from being considered for or being awarded a PCEA contract for a period of up to 3 years;
- iii. liquidated damages of \$2,500 per violation; and/or
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the Chief Executive Officer.

To effectuate the provisions of this Section, the Chief Executive Officer shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Contractor under this Agreement or any other agreement between Contractor and PCEA.

13. Compliance with County Employee Jury Service Ordinance

Contractor shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Contractor shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from the Contractor, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Contractor or that the Contractor may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Contractor certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Contractor has no employees in San Mateo County, it is sufficient for Contractor to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Contractor certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Contractor shall adopt a policy

that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply if this Agreement's total value listed Section 2, above, is less than one-hundred thousand dollars (\$100,000), but Contractor acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value meets or exceeds that threshold amount.

14. Retention of Records; Right to Monitor and Audit

(a) Contractor shall maintain all required records relating to services provided under this Agreement for three (3) years after PCEA makes final payment and all other pending matters are closed, and Contractor shall be subject to the examination and/or audit by PCEA, a Federal grantor agency, and the State of California.

(b) Contractor shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by PCEA.

(c) Contractor agrees upon reasonable notice to provide to PCEA, to any Federal or State department having monitoring or review authority, to PCEA's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

15. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

16. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

17. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of PCEA, to:

Name/Title: Jan Pepper, Chief Executive Officer
Address: 455 County Center, 4th Floor, Redwood City, CA 94063
Telephone: 415-309-9206
Email: jpepper@peninsulacleanenergy.com

In the case of Contractor, to:

Name/Title: John W. Maher, President
Address: 1101 Fifth Avenue, San Rafael, CA 94901
Telephone: 415-459-2393
Facsimile: 415-459-5406
Email: jmaher@mahercpa.com

18. Electronic Signature

If both PCEA and Contractor wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law, both boxes below must be checked. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

For PCEA: ☒ If this box is checked by PCEA, PCEA consents to the use of electronic signatures in relation to this Agreement.

For Contractor: ☒ If this box is checked by Contractor, Contractor consents to the use of electronic signatures in relation to this Agreement.

19. No Recourse Against PCEA's Member Agencies

Contractor acknowledges and agrees that PCEA is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by PCEA in connection with this Agreement are undertaken solely by PCEA and are not debts, liabilities, or obligations of its member agencies. Contractor waives any recourse against PCEA's member agencies.

* * *

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

PENINSULA CLEAN ENERGY AUTHORITY

By:

Board Chair, Peninsula Clean Energy Authority

Date:

ATTEST:

By:

Clerk of Said Board

MAHER ACCOUNTANCY

By:

John W. Maher, President

Date:

Exhibit A

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

The proposed contract term covers July 1, 2017 through June 30, 2018. In no event will the cost to PCE during the contract term exceed the maximum sum of \$130,500.

Operational Assistance:

1. Develop operating budget in collaboration with management and technical consultants.
2. Maintain the general ledger by:
 - a. Posting billings, accrued revenue, cash receipts, accounts payable, cash disbursements, payroll, accrued expenses, etc.
 - b. Prepare or maintain the following monthly analyses regarding general ledger account balances:
 - i. Reconciling to statements from PCE's financial institution for cash activity and balances,
 - ii. Reconcile customer data manager reports of customer activity and accounts receivable,
 - iii. Estimated user fees earned but not billed as of the end of the reporting period,
 - iv. Schedule of depreciation of capital assets,
 - v. Aged schedule of accounts payable and
 - vi. Schedules of details regarding all remaining balance sheet accounts.
3. Manage accounts payable: Maher Accountancy utilizes a cloud-based accounts payable document management system to provide for documentation of management review, proper segregation of duties, and access to source data. Maher Accountancy ensure that required authorization is documented and that account coding is correct. Peninsula Clean Energy staff then authorizes the release of payment by an independent payment service to provide an additional safeguard.
4. Manage compliance with fiscal provisions of vendor contracts: Before submitting vendor invoices for management approval, Maher Accountancy verifies that a vendor invoice with contract provisions regarding time periods, rates and financial limits.
5. Monitor expenditure budget compliance: Before submitting vendor invoices for management approval, Maher Accountancy verifies that there is budget available and will make timely suggestions for any necessary budget amendments.
6. Provide periodic and year-to-date accrual basis financial statements with comparison to projections.
7. Provide modified accrual basis financial statements with comparison to budget. (Government agencies are accustomed to budgeting inflows and outflows of capital and debt items not included in accrual basis operating statements.)
8. Process payroll, including managing and reporting payroll taxes, if required.
9. Filing annual informational returns (Forms 1099/1096).
10. Present financial information to Board of Directors and answer questions from time to time, as needed.
11. Assist the treasury function.
12. Provide services to meet the requirements of applicable laws and regulations relating to the provisions of accounting services for PCE.

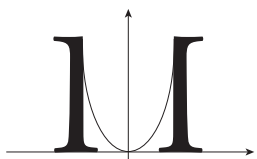
13. File various compliance reports for state and local agencies, such as user taxes, energy surcharges, and state controller reports.

Exhibit B

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, PCEA shall pay Contractor based on the following fee schedule and terms:

Proposed fees

Description of Service	Frequency	Fee
A. Operational Assistance	Monthly	\$9,750
B. Annual Financial statements and coordination with independent auditor	Annual	\$13,500



September 8, 2017

Peninsula Clean Energy
c/o Jan Pepper

PROPOSAL FOR ACCOUNTING SERVICES

The proposed contract term covers July 1, 2017 through June 30, 2018. In no event will the cost to PCE during the contract term exceed the maximum sum of \$130,500.

Operational Assistance:

1. Develop operating budget in collaboration with management and technical consultants.
2. Maintain the general ledger by:
 - a. Posting billings, accrued revenue, cash receipts, accounts payable, cash disbursements, payroll, accrued expenses, etc.
 - b. Prepare or maintain the following monthly analyses regarding general ledger account balances:
 - i. Reconciling to statements from PCE's financial institution for cash activity and balances,
 - ii. Reconcile customer data manager reports of customer activity and accounts receivable,
 - iii. Estimated user fees earned but not billed as of the end of the reporting period,
 - iv. Schedule of depreciation of capital assets,
 - v. Aged schedule of accounts payable and
 - vi. Schedules of details regarding all remaining balance sheet accounts.
3. Manage accounts payable: Maher Accountancy utilizes a cloud-based accounts payable document management system to provide for documentation of management review, proper segregation of duties, and access to source data. We ensure that required authorization is documented and that account coding is correct. Your staff then authorizes the release of payment by an independent payment service in order to provide an additional safeguard.
4. Manage compliance with fiscal provisions of vendor contracts: Before submitting vendor invoices for management approval, Maher Accountancy verifies that a vendor invoice with contract provisions regarding time periods, rates and financial limits.



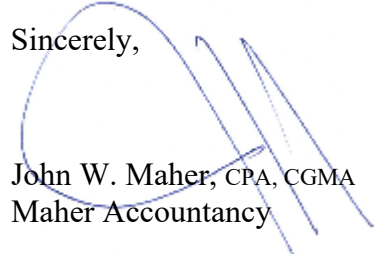
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6. Provide periodic and year-to-date accrual basis financial statements with comparison to projections.
7. Provide modified accrual basis financial statements with comparison to budget. (Government agencies are accustomed to budgeting inflows and outflows of capital and debt items not included in accrual basis operating statements.)
8. Process payroll, including managing and reporting payroll taxes.
9. Filing annual informational returns (Forms 1099/1096).
10. Present financial information to Board of Directors and answer questions from time to time, as needed.
11. Assist the treasury function.
12. Provide services to meet the requirements of applicable laws and regulations relating to the provisions of accounting services for PCE.
13. File various compliance reports for state and local agencies, such as user taxes, energy surcharges, and state controller reports.

Proposed fees

Description of Service	Frequency	Fee
A. Operational Assistance	Monthly	\$9,750
C. Annual financial statements and coordination with independent auditor	Annual	\$13,500

We appreciate the opportunity to submit this proposal for services.

Sincerely,



John W. Maher, CPA, CGMA
Maher Accountancy