



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, December 14, 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. Accept Annual Audit Report (Action)
6. Adopt Investment Policy (Action)
7. Adopt Policy on Energy Supply Procurement Authority (Action)
8. Approve Integrated Resource Plan (IRP) (Action)
9. Marketing and Outreach Report (Discussion)
10. Regulatory and Legislative Report (Discussion)
11. Board Members' Reports (Discussion)

CONSENT AGENDA

12. Approval of the Minutes for the November 16, 2017 Meeting (Action)
13. Approval of the Minutes for the October 27, 2016 Meeting (Action)
14. Authorize the Chief Executive Officer to adjust all 2018 PCE rates, as necessary, after PG&E's new rates have been confirmed in January 2018, to provide a 5% discount compared to PG&E's generation rates. (Action)
15. Authorize the Chief Executive Officer to execute an EEI (Edison Electric Institute) Cover Sheet and Confirmation for purchase of GHG Free electricity from Tenaska Power Services Co. Delivery Term: January 2018 through December 2022, in an amount not to exceed \$3,500,000 (Action)
16. Approve donation of San Mateo on Ice tickets to Mid Peninsula Boys and Girls Club (Action)
17. Delegate authority to CEO to amend the agreement with Barclays for a Line of Credit (Action)

18. Approve a Resolution Authorizing an Amendment to the Agreement with Pacific Energy Advisors (PEA) to provide professional services through December 31, 2018, increasing the amount by \$100,000. (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
JPA Board Correspondence**

DATE: December 14, 2017
BOARD MEETING DATE: December 14, 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
Jay Modi, Director of Finance & Admin, Peninsula Clean Energy

SUBJECT: Audited Financials for FY 2016 and FY 2017

RECOMMENDATION:

Accept the Financial Auditors Report for FY 2016 and FY 2017

BACKGROUND:

Peninsula Clean Energy's (PCE) financials for Fiscal Years ending June 30th, 2016 and June 30th, 2017 were audited by the independent auditors Pimenti and Brinker LLP (Auditors).

The auditors conducted the fieldwork and will be presenting their independent report and letter to management of PCE's financial statements for fiscal years 2016 and 2017. The financial statements were prepared by Maher Accountancy.

The PCE Audit and Finance Committee reviewed and accepted the audited financials at their meeting on December 11, 2017.

FISCAL IMPACT:

No fiscal impact

ATTACHMENTS

A. Audited Financial Statements for FY 2016 and FY 2017

RESOLUTION NO. _____

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

* * * * *

**RESOLUTION ACCEPTING THE AUDITED FINANCIALS FOR FISCAL YEAR-END
2016 AND FISCAL YEAR-END 2017**

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, Pisenti and Brinker were selected as independent auditors to audit PCEA's financials for fiscal years ending June 30th, 2016 and June 30th, 2017; and

WHEREAS, Pisenti and Brinker conducted the fieldwork to audit the financials; and

WHEREAS, Pisenti and Brinker will be presenting their independent report to the board; and

WHEREAS, the financials were prepared by Maher Accountancy; and

WHEREAS, PCEA is requesting the board to accept the audited financials.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Chair of the Board of Directors is hereby authorized and directed to accept said financial statements for and on behalf of the Peninsula Clean Energy Authority.

* * * * *

[CCO-113499]



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: December 6, 2017

BOARD MEETING DATE: December 14, 2017

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jay Modi, Director of Finance & Admin, Peninsula Clean Energy

SUBJECT: Investment Policy for Peninsula Clean Energy's unrestricted funds

RECOMMENDATION:

Adopt Investment Policy.

BACKGROUND:

As Peninsula Clean Energy (PCE) has been in operation for over one year, PCE has increased its financial net position. During PCE's initial start-up phase, the focus was on setting up standard operating procedures with less focus on earning a return on accumulated funds. At this point, with the accumulation of substantial unrestricted funds in the operating account, it is financially prudent for PCE to earn a return on these funds. These funds can be invested in highly liquid and low risk investment securities.

DISCUSSION:

To proceed with these investments, the Director of Finance and Administration is proposing the following Investment Policy. The selected investments will be in compliance with the requirements of the California Government Code for California local agencies.


By the time of this Board meeting, this policy will have been reviewed by the Audit and Finance Committee.

FISCAL IMPACT:

No fiscal impact

ATTACHMENTS

A. Investment Policy

	Investment Policy	Effective: December 14, 2017
	Version 1	Policy #15

1.0 PURPOSE

Peninsula Clean Energy (PCE) believes in securing its unrestricted funds while producing a reasonable rate of return on selective investments. Pursuant to California Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing PCE's funds, the primary objective shall be to safeguard the principal of the funds. The secondary objective shall be to meet PCE's liquidity needs. The third objective shall be to achieve a return on PCE's funds.

2.0 SCOPE

The Investment Policy applies to all funds and investment activities of PCE except the investment of bond proceeds, which are governed by the appropriate bond documents, and any pension or other post-employment benefit funds held in a trust.

3.0 RESPONSIBLE PARTIES


The Director of Finance and Administration is responsible for reviewing PCE's cash flow requirements and determining the amount of liquidity required for working capital. Funds not required for working capital will be invested in a managed portfolio of fixed income securities in accordance with and subject to this Investment Policy and all applicable laws.

4.0 INVESTMENT GUIDELINES

PCE's investment of funds not required for the agency's immediate needs is governed by California Government Code Sections 53600, *et seq.* The California Debt and Investment Advisory Commission publishes the *Local Agency Investment Guidelines (Update for 2017)*, attached hereto as Attachment A. Particular attention should be given to pages 12-16 thereof, which list and discuss all allowable investment types, as well as limitations on maturity length, maximum portfolio allocation, and minimum quality requirements. Investments not listed on Table 1 (page 14) of Attachment A are prohibited.

5.0 INTERNAL CONTROLS

The Director of Finance and Administration is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of PCE are protected from loss, theft or misuse. PCE shall arrange for an annual audit by an external CPA firm in compliance with the requirements of state law and generally accepted accounting principles as pronounced by the GASB (Governmental Accounting Standards Board.) As part of the audit, investment transactions will be tested. The annual audit will be an integral part, but not the sole part, of management's program of monitoring internal controls.

	Investment Policy	Effective: December 14, 2017
	Version 1	Policy #15


6.0 REPORTING

The Director of Finance and Administration will provide a semi-annual investment report to the Audit & Finance Committee and Board of Directors showing all transactions, type of investment, issuer, purchase date, maturity date, purchase price, yield to maturity, and current market value for all securities.

7.0 POLICY REVIEW

The investment policy will be reviewed at least annually to ensure its consistency with applicable laws and agency goals.

DRAFT

	Investment Policy	Effective: December 14, 2017
	Version 1	Policy #15

Attachment A:

Local Agency Investment Guidelines (Update for 2017)




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II. A Which investments are permissible? Which are prohibited? [Sections 16340, 16429.1, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, and 53684]

MINIMUM LEGAL REQUIREMENT:

Local agencies may invest only in those instruments specified in State law.

Sections 16340, 16429.1, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, and 53684 include a number of requirements on how and where public money may be invested. Figure 1 provides a synopsis of the permitted investment instruments and limitations on each, in which all local agencies may invest.

	Investment Policy	Effective: December 14, 2017
	Version 1	Policy #15

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Prohibited investments include securities not listed in Figure 1, as well as inverse floaters, range notes, interest only strips derived from a pool of mortgages, and any security that could result in zero interest accrual² if held to maturity as specified in Section 53601.6. This restriction does not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 that are authorized for investment pursuant to subdivision (l) of Section 53601.

Section 53601 provides that public agencies may invest in bonds issued by the local agency itself. In 2008, the Legislature added Section 5925 to clarify that the purchase of bonds by the local agency that issued the bonds does not cancel or otherwise affect the bonds. This addressed concerns that the purchased bonds would be considered defeased or refunded under certain Treasury Rules. With the addition of Section 5925 the repurchased or acquired bonds may be treated as outstanding bonds to the extent provided by the issuer or the documents defining the rights of the bondholders.

CONSENSUS RECOMMENDATION:

Local agencies should include the list of permissible securities in the investment policy and modify the list to meet its unique needs. These modifications may include additional restrictions on the type and amount of specific authorized securities to reflect current federal tax and securities regulations and an agency's risk tolerance.

The addition of Code Section 5925 authorizing State and local agencies to purchase their own bonds was intended to be complementary to Internal Revenue Service (IRS) Notice 2008-41 and 2008-88 that allowed municipal issuers to temporarily hold certain types of their own tax-exempt debt without extinguishment or loss of tax-exempt status. However, these IRS provisions were meant to be temporary and sunset, with some remaining exceptions for certain variable rate debt, on December 31, 2010. Given the incongruity between Section 5925 and IRS rules, a local agency should seek legal guidance on the potential tax implications of purchasing its own debt.

As a result of amendments to Government Code Sections 53601.8 and 53635.8, local agencies should review portfolio limitations for CDs and negotiable CDs in their investment policies.

Some investments, such as straight floaters or floating rate notes that are not otherwise prohibited have the potential to result in zero interest accrual. Before purchasing these types of investments, the local agency should evaluate all possible outcomes, and, as a safeguard, should consider including in its investment policy a statement establishing an acceptable positive spread or floor for all securities, which pay interest based on a spread to an index. Also, while not

² Zero interest accrual means the security has the potential to realize zero interest depending upon the structure of the security. Zero coupon bonds and similar investments that start at a level below the face value are legal because their value does increase.

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FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2017)^a APPLICABLE TO ALL LOCAL AGENCIES^b

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY ^c	MAXIMUM SPECIFIED % OF PORTFOLIO ^d	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations—CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40% ^e	None
Commercial Paper—Pooled Funds ^f	270 days	40% of the agency's money ^g	Highest letter and number rating by an NRSRO ^h
Commercial Paper—Non-Pooled Funds ^f	270 days	25% of the agency's money ^g	Highest letter and number rating by an NRSRO ^h
Negotiable Certificates of Deposit	5 years	30% ^j	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30% ^k	None
Placement Service Certificates of Deposit	5 years	30% ^k	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^l	20% of the base value of the portfolio	None ^m
Medium-Term Notes ⁿ	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple ^{o,p}
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better ^q
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple ^r
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund ^r	N/A	None	None
Supranational Obligations ^u	5 years	30%	"AA" rating category or its equivalent or better

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TABLE OF NOTES FOR FIGURE 1

- ^A Sources: Sections 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.
- ^B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- ^C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- ^D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- ^E No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- ^F "Select Agencies" are defined as a "city, a district, or other local agency that do[es] not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body."
- ^G Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.
- ^H Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, has program wide credit enhancements, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.
- ^I "Other Agencies" are counties, a city and county, or other local agency "that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body." Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set for "Select Agencies," above.
- ^J No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- ^K No more than 30 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service (excludes negotiable certificates of deposit authorized under Section 53601(i)).
- ^L Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- ^M Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- ^N "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States"
- ^O No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- ^P A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Sections 53601 and 53635.
- ^Q A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years experience investing in money market instruments with assets under management in excess of \$500 million.
- ^R Issuer must be rated in a rating category of "A" or its equivalent or better as provided by a nationally recognized statistical rating organization.
- ^S A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- ^T Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- ^U Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: December 5, 2017
EXECUTIVE COMMITTEE MEETING DATE: December 14, 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: Approve Policy on Energy Supply Procurement Authority

RECOMMENDATION:

Approve Policy on Energy Supply Procurement Authority

BACKGROUND:

Energy procurement, conducted by PCE staff and CEO under the guidance of the Board of Directors, includes analyzing resource need to meet PCE goals and procuring various energy products at various term lengths. PCE procures the following energy products:

- Resource Adequacy;
- System Energy;
- GHG-Free Energy;
- PCC 1 Eligible Renewable Energy; and
- PCC 2 Eligible Renewable Energy.

Term lengths for these products can range from less than one month to 25 years.

Currently, the Board of Directors has authorized the Chief Executive Officer to approve any agreement if the total amount payable under an agreement is less than \$100,000 in any fiscal year, as stated in the PCE Joint Powers Agreement, section 3.4. This policy ensures that the Board of Directors can oversee contracts that will have a substantial fiscal impact.

DISCUSSION:

The current delegation of authority policy limits the ability of PCE to act quickly to take advantage of energy procurement opportunities that may arise. Recently PCE missed the opportunity to procure some short-term resources at a favorable price due to the current delegation of authority limits. In reviewing the policies that other CCAs are using, it seems prudent to modify PCE's current energy supply procurement authority policy to allow PCE to be nimble in certain energy procurement opportunities, provided such procurement is within the approved budget for the organization.

Operating CCA's have a variety of Energy Procurement Authority policies. The following table summarizes the details of their policies.

CCA	Length Authority Restrictions	Amount Authority Restrictions
Peninsula Clean Energy	None	Contracts at least \$100,000 in a fiscal year require Board approval.
Lancaster Choice Energy	<ul style="list-style-type: none"> City Manager can procure for under one (1) year. City Manager and General Counsel can procure for under five (5) years. Board approval required for contracts over five (5) years. 	None
Silicon Valley Clean Energy	Board approval only needed for first-time contracts with counterparty. Once SVCE has entered into contract with counterparty, no further contracts need to be approved by the Board.	
East Bay Community Energy	None	Contracts over \$100,000 require Board approval.
Clean Power San Francisco	Working on Policies	
MCE Clean Energy	<ul style="list-style-type: none"> CEO can procure for under one (1) year. Discussion with Technical Committee or Ad Hoc Committee for contracts under five (5) years; Technical Committee Chair or CEO can approve after discussion. Technical Committee or Board approval required for contracts over five (5) years. 	None
Sonoma Clean Power	Board Chair and Vice Chair approval required for contracts over 10 years.	No Board approval needed if <ul style="list-style-type: none"> the contract cost is less than \$5MM/year. or <ul style="list-style-type: none"> The contract cost is less than \$250MM in notional value.

Redwood Coast Energy Authority (RCEA)	<ul style="list-style-type: none"> • TEA (The Energy Authority) can procure up to 250,000 MWh (for energy), up to 12 months term, and \$500K limit (for RA or RECs) • ED (Executive Director) can procure up to 375,000 MWh (for energy), up to 18 months term, and \$1 million limit (for RA or RECs) • Risk Management Team can procure up to 500,000 MWh (for energy), up to 24 months term, and \$2 million (for RA or RECs) • Larger transactions require Board approval 	<ul style="list-style-type: none"> • Risk Management Team is 4 RCEA staff, one TEA (The Energy Authority) rep, and one independent outside rep • Volume limit applies only to energy • Value limit applies only to RA, GHG-free price premiums, or RECs
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PCE recommends changing the current amount-based Energy Supply Procurement Authority to the following term length-based policies which aligns with the policies other CCAs have adopted. A term length-based policy aligns with PCE's diversity metrics and actual procurement activity. It will also allow PCE the mobility to enter into opportune energy contracts, while preserving the Board's oversight authority.

- 1) **Short-Term Agreements:** Chief Executive Officer has authority to approve energy contracts with terms of twelve (12) months or less. The CEO shall report all such agreements to the PCE board monthly.
- 2) **Medium-Term Agreements:** Chief Executive Officer, in consultation with the General Counsel, has the authority to approve energy contracts with terms greater than twelve (12) months but not more than five (5) years. The CEO shall report all such agreements to the PCE board monthly.
- 3) **Intermediate and Long-Term Agreements:** Approval by the PCE Board is required before the CEO enters into energy contracts with terms greater than five (5) years.

FISCAL IMPACT:

No fiscal impact

ATTACHMENTS

- A. Energy Supply Procurement Authority Policy

RESOLUTION NO. _____

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

* * * * *

**RESOLUTION GRANTING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER TO
ENTER INTO CERTAIN ENERGY PROCUREMENT CONTRACTS ON BEHALF OF
PENINSULA CLEAN ENERGY AUTHORITY**

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, the PCE Board of Directors finds and declares that for shorter-term transactions involving system energy, resource adequacy capacity, and/or renewable and green-house gas free energy, it is appropriate for PCE management to have discretion in contracting, consistent with its responsibilities and expertise in efficiently operating the PCE programs; and

WHEREAS, the PCE Board of Directors finds and declares that time is often of the essence in such transactions, and that such transactions are unlikely to raise policy considerations that require PCE Board input; and

WHEREAS, the PCE Board of Directors finds and declares that for longer-term commitments, it is appropriate for the PCE Board to exercise a greater degree of oversight; and

WHEREAS, the PCE Board of Directors wishes to grant the Chief Executive Officer authority to execute certain shorter-term PCE contracts that are consistent with PCE's forecasted energy consumption and approved budget.

NOW, THEREFORE, IT IS HEREBY RESOLVED that:

- A. For purposes of this Resolution, "Energy Procurement" shall mean all contracting for energy and energy-related products for PCE, including but not limited to products related to electricity (including system, green-house gas free and renewable), capacity, energy efficiency, distributed energy resources, demand response, and storage.
- B. The Chief Executive Officer is hereby authorized to enter into contracts on PCE's behalf as follows:
 - a. **Short-Term Agreements:** Chief Executive Officer has authority to approve energy procurement contracts with terms of twelve (12) months or fewer. The CEO shall report all such agreements to the PCE board monthly.
 - b. **Medium-Term Agreements:** Chief Executive Officer, in consultation with the General Counsel, have authority to approve energy procurement contracts with terms greater than twelve (12) months but not more than five (5) years. The CEO shall report all such agreements to the PCE board monthly.
 - c. **Intermediate and Long-Term Agreements:** Approval by the PCE Board is required before the CEO enters into energy procurement contracts with terms greater than five (5) years.

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Policy Number: 16
Adoption Date:
December 14, 2017

Subject: Energy Supply Procurement Authority

Policy: "Energy Procurement" shall mean all contracting for energy and energy-related products for PCE, including but not limited to products related to electricity, capacity, energy efficiency, distributed energy resources, demand response, and storage. In Energy Procurement, Peninsula Clean Energy Authority will procure according to the following guidelines

- 1) **Short-Term Agreements:** Chief Executive Officer has authority to approve energy procurement contracts with terms of twelve (12) months or less. The CEO shall report all such agreements to the PCE board monthly.
- 2) **Medium-Term Agreements:** Chief Executive Officer, in consultation with the General Counsel, has the authority to approve energy procurement contracts with terms greater than twelve (12) months but not more than five (5) years. The CEO shall report all such agreements to the PCE board monthly.
- 3) **Intermediate and Long-Term Agreements:** Approval by the PCE Board is required before the CEO enters into energy procurement contracts with terms greater than five (5) years.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: December 6, 2017

BOARD MEETING DATE: December 14, 2017

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Siobhan Doherty, Director of Power Resources

SUBJECT: 2018 Integrated Resource Plan

RECOMMENDATION:

Approve Peninsula Clean Energy's 2018 Integrated Resource Plan (Action)

BACKGROUND:

The Peninsula Clean Energy (PCE) Integrated Resource Plan (IRP) provides guidance for serving the electric needs of the residents and businesses in San Mateo County while meeting PCE's policy objectives and regulatory requirements over a 10-year planning period from 2018-2027.

DISCUSSION:

PCE's existing and planned supply commitments will enable PCE to fulfill regulatory mandates and voluntary procurement targets related to renewable, greenhouse gas-free (GHG-free) and conventional (non-renewable) energy.

This IRP addresses how PCE will meet the following targets by managing a portfolio of energy and capacity resources to:

- Meet California's Renewable Portfolio Standard (RPS) requirements of 29% of retail electricity sales to come from renewable energy sources in 2018. This percentage increases to 50% by 2030.
- Provide the necessary capacity reserves to meet California's Resource Adequacy (RA) regulatory requirements for load-serving entities.
- Maintain a minimum renewable energy content of 50% for its ECOplus product, and 100% for its ECO100 product, while working towards a goal of increasing PCE's renewable content to 100% renewable energy for all PCE customers by 2025.
- Meet its GHG-free target of 85% for 2018, and increase its GHG-free energy by 5% per year to 100% GHG-free in 2021.

This IRP documents PCE's current procurement status and outlines PCE's resource planning policies and objectives over the ten-year planning timeframe. Periodically, PCE staff will update the IRP and submit it to PCE's Board for approval. Such approval is made in consideration of applicable regulatory requirements, PCE policy objectives, energy market conditions, anticipated changes in electricity sales, ongoing procurement activities, and any other considerations that may affect how PCE carries out its resource planning.

The IRP has four primary purposes:

- (1) Document current procurement status following our first year of operations;
- (2) Quantify resource needs over a ten-year planning period;
- (3) Articulate relevant energy procurement¹ policies;
- (4) Communicate PCE's resource planning policies, objectives and planning framework to the public and key stakeholder groups.

FISCAL IMPACT:

The policies set forth in the Integrated Resource Plan will direct PCE's energy procurement activities. PCE will procure resources per this plan and PCE's adopted yearly budget.

ATTACHMENTS

- A. 2018 Integrated Resource Plan

¹ Within this IRP, energy procurement means purchases of energy products, including electricity, capacity, energy efficiency, distributed generation, demand response, and energy storage.

RESOLUTION NO. _____

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

* * * * *

**RESOLUTION APPROVING PENINSULA CLEAN ENERGY'S 2018 INTEGRATED
RESOURCE PLAN;**

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 as a Community Choice Aggregation program ("CCA"); and

WHEREAS, the Board has established a set of strategic goals to guide PCEA including energy procurement targets for renewable energy and greenhouse gas free Energy; and

WHEREAS, PCEA has ongoing commitments to fulfill regulatory requirements around energy procurement; and

WHEREAS, staff have prepared the Integrated Resource Plan ("IRP") to address how PCEA will meet these strategic goals and regulatory requirements by managing a portfolio of energy and capacity resources; and

WHEREAS, the IRP documents PCE's current procurement status and outlines PCE's resource planning policies and objectives over a ten-year planning timeframe;
and

WHEREAS, staff is presenting to the board for its review and approval the 2018 IRP.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board approves the Peninsula Clean Energy 2018 Integrated Resource Plan.

* * * * *

Peninsula Clean Energy (PCE) 2018 Integrated Resource Plan

FINAL DRAFT FOR BOARD APPROVAL

December 14, 2017

Peninsula Clean Energy is San Mateo County's locally-controlled electricity provider. We are reducing greenhouse gas emissions and offering customer choice at competitive rates.

PCE 2018 Integrated Resource Plan

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I. Executive Summary

The Peninsula Clean Energy (PCE) Integrated Resource Plan (IRP) provides guidance for serving the electric needs of the residents and businesses in San Mateo County while meeting PCE's policy objectives and regulatory requirements over a 10-year planning period from 2018-2027.¹ PCE's existing and planned supply commitments will enable PCE to fulfill regulatory mandates and voluntary procurement targets related to renewable, greenhouse gas-free (GHG-free) and conventional (non-renewable) energy.

This IRP addresses how PCE will meet the following targets by managing a portfolio of energy and capacity resources to:

- Meet California's Renewable Portfolio Standard (RPS) requirements of 29% of retail electricity sales to come from renewable energy sources in 2018. This percentage increases to 50% by 2030.
- Provide the necessary capacity reserves to meet California's Resource Adequacy (RA) regulatory requirements for load-serving entities.
- Maintain a minimum renewable energy content of 50% for its ECOplus product, and 100% for its ECO100 product, while working towards a goal of increasing PCE's renewable content to 100% renewable energy for all PCE customers by 2025.
- Meet its GHG-free target of 85% for 2018, and increase its GHG-free energy by 5% per year to 100% GHG-free in 2021.

PCE has taken steps to ensure delivery of a reliable, environmentally responsible power supply by:

- Contracting with Direct Energy (Energy America, LLC) and Constellation (Exelon Generation Company, LLC) to supply the majority of PCE's energy needs on a short-to medium-term basis.
- Contracting for significant volumes of bundled renewable energy through medium-and long-term project-specific power purchase agreements (PPAs).
- Contracting to meet PCE's RA obligations.

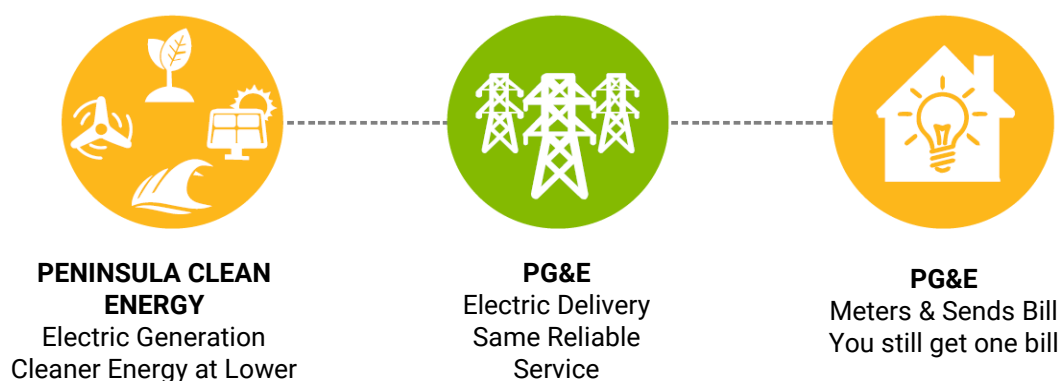
II. Introduction

Peninsula Clean Energy (PCE), a community choice energy (CCE) program, is San Mateo County's official electricity provider. Community choice energy programs (also known as community choice aggregators, or CCAs) are locally controlled organizations that enable residents and businesses a choice regarding the energy sources for their electricity. PCE is a joint powers agency, formed in February 2016, consisting of the County of San Mateo and all twenty of its cities. Following a comprehensive feasibility study, elected officials from each member jurisdiction unanimously agreed to form PCE to meet their local climate action goals and for the benefit of San Mateo County.

¹ The California Public Utilities Commission (CPUC) is in the process of developing the requirements for the IRP that will be submitted to them for certification. This IRP is for PCE's internal planning purposes and is not what will be submitted to the CPUC for certification.

PCE is the default electric generation provider for all the county's residents and businesses, and for any new or relocated customers. As demonstrated in Figure 1, PCE provides electricity to residents and businesses in San Mateo County, while PG&E continues to maintain the electrical wires and other infrastructure, and PG&E meters customers' electricity usage and sends customers' bills. PCE's customers receive one bill from PG&E which includes the charges from PCE as well as the charges for PG&E's delivery costs as well as their natural gas usage.

Figure 1: How Community Choice Energy Works



PCE began serving the first phase of customers in October 2016, which were all of the small and medium commercial customers and 20% of residential customers. The second phase of customers were enrolled in April 2017, consisting of all other customers, including large commercial and industrial, agricultural, and the remaining residential customers.

PCE provides cleaner and greener electricity, at lower rates than the incumbent investor-owned utility (IOU), Pacific Gas & Electric Company (PG&E). PCE plans for and secures commitments from a diverse portfolio of energy generating resources to reliably serve the electric energy requirements of its customers over the near-, mid-, and long-term planning horizons.

This IRP documents PCE's current procurement status and outlines PCE's resource planning policies and objectives over the ten-year planning timeframe. Periodically, PCE staff will update the IRP and submit it to PCE's Board for approval. Such approval is made in consideration of applicable regulatory requirements, PCE policy objectives, energy market conditions, anticipated changes in electricity sales, ongoing procurement activities, and any other considerations that may affect how PCE carries out its resource planning.

The IRP has four primary purposes:

- (1) Document current procurement status following our first year of operations;
- (2) Quantify resource needs over a ten-year planning period;
- (3) Articulate relevant energy procurement² policies;

² Within this IRP, energy procurement means purchases of energy products, including electricity, capacity, energy efficiency, distributed generation, demand response, and energy storage.

- (4) Communicate PCE's resource planning policies, objectives and planning framework to the public and key stakeholder groups.

In practical terms, the IRP specifies the energy procurement policies adopted by PCE's Board and serves as a guideline to PCE staff regarding day-to-day energy planning and procurement activities.

III. Regulatory Mandates

CCEs are primarily regulated by their local governing authority. In the case of PCE, this is the Board of Directors. Each member jurisdiction from San Mateo County has one seat on the Peninsula Clean Energy Board of Directors (except for San Mateo County, which has two) for a total of 22 board members.

Additionally, as a load serving entity³ (LSE) in California, PCE is required to meet certain regulatory requirements. There are several regulatory bodies that provide oversight of LSEs as outlined in Figure 2 below. The primary requirements are the renewable portfolio standard (RPS) and resource adequacy (RA), but PCE is also subject to requirements related to disclosing power sources, energy storage and contract term length among others. In future versions of this IRP, PCE will add any new or changed regulatory requirements as appropriate.

Figure 2: Regulatory Agencies and Roles



California Air Resources Board (CARB)

The California Air Resources Board (CARB) is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change. Reducing air pollution and protecting public health guide CARB's actions. CCEs are required to report retail sales to CARB as part of the Power Source Disclosure Reporting requirements.



California Energy Commission (CEC)

The CEC is the state's primary energy policy and planning agency. It is committed to reducing energy costs and environmental impacts of energy use - such as greenhouse gas emissions - while ensuring a safe, resilient, and reliable supply of energy. CCEs report to the CEC regarding RA, RPS compliance, and Power Source Disclosure Reporting.

³ Load Serving Entities (LSEs) are entities responsible for securing electric energy, transmission service and other related services to meet the electrical demand of its end-use customers. LSEs include investor owned utilities (IOUs), publicly owned or municipally-owned utilities (POUs or MOUs), rural electric cooperatives, Native American utilities, community choice energy programs (CCEs), direct access providers (DA providers), and other electric service providers (ESPs).



**California Independent
System Operator
(CAISO)**

CAISO is responsible for managing and operating the bulk of the wholesale electricity grid in CA. The ISO grants equal access to transmission lines and coordinates competing and diverse energy resources into the grid where it is distributed to consumers. It also operates a competitive wholesale power market designed to promote a broad range of resources at lower prices. CCEs work with CAISO to report RA compliance, as well as to participate in the buying and selling of electricity in the CAISO market.



**California Public
Utilities Commission
(CPUC)**

The CPUC regulates privately owned electric, natural gas, telecommunications, water, and transportation companies. The CPUC's role in relation to CCEs is to assure that the CCE's program elements are consistent with utility tariffs and with CPUC rules designed to protect consumers. The CPUC certifies CCA implementation plans, but it does not have authority to approve or reject a CCA's implementation plan, to decertify a CCA, or to regulate the CCA's program except to the extent that its program elements may affect utility operations and the rates and services to other customers. Although the CPUC's regulatory jurisdiction over CCAs is more limited than over IOUs, CCAs still must comply with certain requirements including RA and the RPS.

Renewable Portfolio Standard

PCE's current RPS requirements are mandated by Senate Bill 2 (1X) passed in 2011. This bill mandated RPS procurement requirements within multi-year compliance periods. For the current compliance period (2017-2020), PCE is required to procure renewables in the quantities identified in Table 1 below.

Table 1: RPS Renewable Procurement Targets

Year	Procurement Requirement (% of retail sales)
2017	27%
2018	29%
2019	31%
2020	33%

Further, this legislation established portfolio content categories (PCC) for RPS procurement. The PCCs (these are also sometimes referred to as buckets) are defined as follows:

- PCC 1: Bundled electricity and renewable energy certificates (RECs)⁴ from a resource located within California or delivering directly to California without substituting electricity from another source;
- PCC 2: Electricity and RECs that cannot be delivered to California without substituting electricity from another, non-renewable source;⁵ and
- PCC 3: Unbundled RECs from RPS-eligible facilities that are sold separately from the power generated by the facility and therefore do not meet the conditions of category 1 or category 2.⁶

The legislation set minimum and maximum limits on certain procurement that can be used for compliance with the RPS program. During the current RPS Compliance Period, a minimum of 75% of required RPS procurement must be sourced from PCC 1 resources and a maximum of 10% can be sourced from PCC 3 resources. The difference can be sourced from PCC 2.

SB 350

In October 2015, Senate Bill 350 (SB 350) was signed into law establishing new clean energy, clean air and greenhouse gas reduction goals for 2030 and beyond. SB 350 established California's 2030 GHG reduction target of 40% below 1990 levels. To accomplish this, SB 350 set ambitious targets for renewable energy and energy efficiency. In particular, SB 350 increases California's RPS goal from 33% by 2020 to 50% by 2030. The corresponding CPUC regulations require that transitions from the previous mandate will be implemented gradually with straight line increases during each year of the compliance regime.

Additionally, SB 350 established the following requirements which specifically apply to CCEs.

- CCEs must have at least 65% of their RPS procurement under contracts of 10 years or longer beginning in 2021;
- CCEs may offer energy efficiency programs which will be eligible to count toward statewide energy efficiency targets;⁷
- While maintaining independent governing authority, CCEs will submit IRPs to the CPUC for certification. The California Public Utilities Commission (CPUC) is in the process of

⁴ RECs, also known as renewable energy credits, green certificates, green tags, or tradable renewable certificates, represent the environmental attributes of the power produced from renewable energy projects and are sold separately from commodity electricity. They are tradable certificates that represent proof that one megawatt-hour of electricity was produced by a renewable energy source and delivered into the electric grid and are used to track the characteristics of a renewable energy generating facility.

⁵ This is due to the intermittency of renewable energy sources. Various requirements are in place to assure that the substitution of non-renewable sources is relatively contemporaneous with the generation by the renewable source, and that the substitute electricity represents a purchase of new energy (it is "incremental" to the load-serving entity's existing energy supply).

⁶ If the RECs are unbundled and sold separately, then the purchaser of the RECs has bought the legal right to the renewable attributes they represent. This means that the energy originally associated with the RECs can no longer be considered renewable or to originate from a renewable source.

⁷ CCE programs are not required to provide energy efficiency programs under SB 350. If a CCE program does not offer its own energy efficiency program, CCE customers continue to be eligible for energy efficiency programs offered by the local Investor Owned Utility (which is PG&E in the case of PCE).

developing the requirements for the IRP that will be submitted to them for certification. This IRP is for PCE's internal planning purposes and is not what will be submitted to the CPUC for certification.

Resource Adequacy (RA)

LSEs including CCEs are required to comply with the CPUC RA program. The purpose of the RA program is to:

- Ensure the availability of sufficient generating capacity to maintain grid reliability;
- Provide for "reserve" capacity to promote resource sufficiency during periods of extreme demand and infrastructure outages;
- Incentivize the construction of new generation in areas that are resource constrained (to reduce reliability risks); and
- Ensure the availability of "flexible" or "fast response" generators that will be needed to address resource intermittency (to promote grid reliability in a system that relies heavily on renewable generating resources).

There are three types of RA products that PCE must procure to meet its compliance requirements. The first two products are defined by locational characteristics and the third is defined by ability to quickly ramp up generation and respond to CAISO orders.

- System RA (defined by location):
 - Sourced within the CAISO Balancing Area
 - Generators must be located in Northern California for CCEs operating within the PG&E footprint (a small amount can come from Southern California)
 - System requirements are determined based on each LSE's CEC-adjusted peak load forecast plus a 15% planning reserve margin
- Local RA (defined by location):
 - Local requirements are determined based on an annual CAISO study
 - Local RA procurement obligations require PCE to purchase a certain amount of RA capacity from generators located within the following regions
 - Greater Bay area
 - PG&E Other (consists of the Humboldt, North Coast/North Bay, Sierra, Stockton, Greater Fresno, and Kern regions)
- Flexible RA (defined by generating characteristics):
 - Qualifying generating resources must be able to respond to CAISO dispatch instructions and manage variations in load/resource output
 - No location requirements
 - Flexible Requirements are based on an annual CAISO study

RA from a particular resource will be characterized as either Local or System depending on location and either Flex or not Flex depending on its ability to respond to CAISO instructions.

RA is not actual energy or even the right to purchase energy. Instead, it is a mechanism to ensure that there is enough generation on the grid to ensure reliability. All LSEs must procure RA based on the amount of load they serve.

Power Source Disclosure Program

The Power Source Disclosure Program requires retail suppliers of electricity (i.e., companies that sell electricity directly to end users) to provide consumers with periodic updates regarding the types of generating resources (and related fuel sources) that are used to produce the electricity that they use. Information is communicated to such customers in the form of a power content label. PCE as a Community Choice Aggregator must complete these reporting requirements for the power content label.

AB 1110

Assembly Bill 1110 (AB 1110) was signed into law on September 26, 2016 to inform consumers of the GHG emissions intensity of their electricity and improve the transparency of the Power Content Label. As part of this bill, regulators will adopt a methodology for calculating GHG emissions intensities for electricity sources, calculate California's overall GHG emissions intensity, and adopt guidelines for reporting GHG emissions intensities.

PCE will apply pertinent emissions calculation methodologies, once finalized, when performing future emissions calculations related to its electric supply portfolio.


AB 2514

The California Energy Storage Bill, AB 2514, was signed into law in September 2010 and established energy storage targets for IOUs, CCEs, and other LSEs in September 2013. The applicable CPUC decision established an energy storage procurement target for CCEs and other LSEs equal to 1 percent of their forecasted 2020 peak load. The decision requires that contracts be in place by 2020 and projects be installed by 2024. Beginning on January 1, 2018, and every two years thereafter, LSEs must file an advice letter demonstrating progress toward meeting this target and a description of the methodologies for insuring projects are cost-effective.

IV. PCE Procurement Goals and Policies

In addition to the regulatory mandates reviewed above, PCE has set its own set of goals and policies that go beyond the RPS requirements. PCE policy is directed on an ongoing basis by PCE's Board and guides development of this IRP and related procurement activities. PCE's strategic goals, shown in Figure 3, were adopted in October 2016 and address procurement principles and targets.

Figure 3: PCE Strategic Goals

 <p>PCE Strategic Goals <i>Adopted by PCE's Board of Directors in October 2016</i></p>	
Design a diverse power portfolio that is greenhouse gas free	
<ul style="list-style-type: none"> • 100% GHG free by 2021 • 100% CA RPS-eligible renewable energy⁸ by 2025 • Minimum of 20 MWs of new local power by 2025 	
Continually strive to offer ECOplus at rates that are at parity or lower than PG&E rates	
Stimulate development of new renewable energy projects and clean-tech innovation in San Mateo County and California through PCE's procurement activities	
Demonstrate quantifiable economic benefits to the County/region and place a priority on local hiring and workforce development practices and environmental justice	
Implement programs to further reduce greenhouse gas emissions by investing in programs such as local clean power production, electric vehicles, energy efficiency, and demand response, and partnering effectively with local business, schools, and nonprofit organizations	
Maximize and maintain customer participation in PCE	
<ul style="list-style-type: none"> • Provide a superior customer experience • Develop PCE brand awareness and loyalty throughout the County • Actively encourage voluntary participation in its ECO100 renewable energy product • Actively encourage participation in other programs PCE develops • Achieve recognition from the EPA's Green Power Partnership for Green Power Communities for all cities with municipal accounts enrolled in ECO100 by 2018 	
Build a financially sustainable organization	
<ul style="list-style-type: none"> • Build sufficient reserves in a rate stabilization fund • Achieve an investment grade credit rating by 2021 	
Foster a work environment that espouses sustainable business practices and cultivates a culture of innovation, diversity, transparency, integrity, and commitment to the organization's mission and the communities it serves	

⁸ California RPS-eligible resources are defined by the California Energy Commission and designated as "Eligible Renewable Resources" (ERR). An ERR is a generating facility that meets all of the criteria set forth in Public Utilities Code Section 399.12, Public Resources Code Section 25741, and the California Energy Commission's "Renewables Portfolio Standard (RPS) Eligibility Guidebook," available at: <http://www.energy.ca.gov/portfolio/index.html>.

Further, PCE has developed the following three specific policies to guide power procurement:

1. PCE shall not use unbundled renewable energy credits (RECs) for meeting its renewable energy goals.
2. In sourcing electricity and resource adequacy, PCE will not procure electricity or resource adequacy from coal facilities.
3. PCE has published a Sustainable Workforce Policy. PCE desires to facilitate and accomplish all of the following objectives: (1) Support for and direct use of local businesses; (2) Support for and direct use of union members from multiple trades; (3) Support for and use of training and State of California approved apprenticeship programs, and pre-apprenticeship programs from within PCE's service territory; and (4) Support for and direct use of green and sustainable businesses. For specific details on this policy, please refer to <https://www.peninsulacleanenergy.com/wp-content/uploads/2017/01/PCE-Policy-10-final-1.pdf>.

In meeting our renewable energy requirements, PCE's initial goal is to have a mix of up to 25% of our renewable portfolio sourced from PCC2 and to fulfill the remaining renewable energy portion with PCC1. This mix is required for the state's RPS needs, and has been carried over to fulfill PCE's renewable needs beyond the RPS requirements. However, depending on availability and price, PCE may modify the 75%/25% split for renewable purchases to meet PCE's renewable targets that exceed the RPS requirements.

Table 2 below outlines PCE's targets by resource type to meet these regulatory requirements and goals.⁹

Table 2: PCE Procurement Targets by Resource Type

10 Year Portfolio Mix	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
PCC 1 Renewables	37.5% - 42.5%	37.5% - 42.25%	37.5% - 41.25%	37.5% - 41.25%	37.5% - 41.0%	37.5% - 40.5%	37.5% - 40.0%	75.0% - 89.5%	75.0% - 89.0%	75.0% - 88.75%
PCC 2 Renewables	7.25% - 12.5%	7.75% - 12.5%	8.25% - 12.5%	8.75% - 12.5%	9.0% - 12.5%	9.5% - 12.5%	10% - 12.5%	10.5% - 25.0%	11% - 25.0%	11.25% - 25.0%
PCC 3 Renewables	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
GHG-Free Energy	35%	40%	45%	50%	50%	50%	50%	0%	0%	0%
System Energy	15%	10%	5%	0%	0%	0%	0%	0%	0%	0%

GHG-Free by 2021

Reducing electric utility-sector GHG emissions is one of PCE's charter objectives. PCE started with a 75% GHG-free supply portfolio in 2016 and increased to a target of 80% in 2017. The total GHG-free energy supply will increase by 5% per year, with the goal of achieving a 100% GHG-free supply portfolio by 2021. Early in the planning period, the GHG-free proportion of PCE's resource mix will consist of both RPS-eligible renewable energy and additional GHG-free electricity, mostly sourced from large hydro facilities. In subsequent years, PCE will increase its

⁹ Actual annual percentages may differ from projections if resource availability or market conditions preclude cost-effective procurement.

supply of renewable energy as we move toward our goal of a 100% renewable energy supply portfolio by 2025.

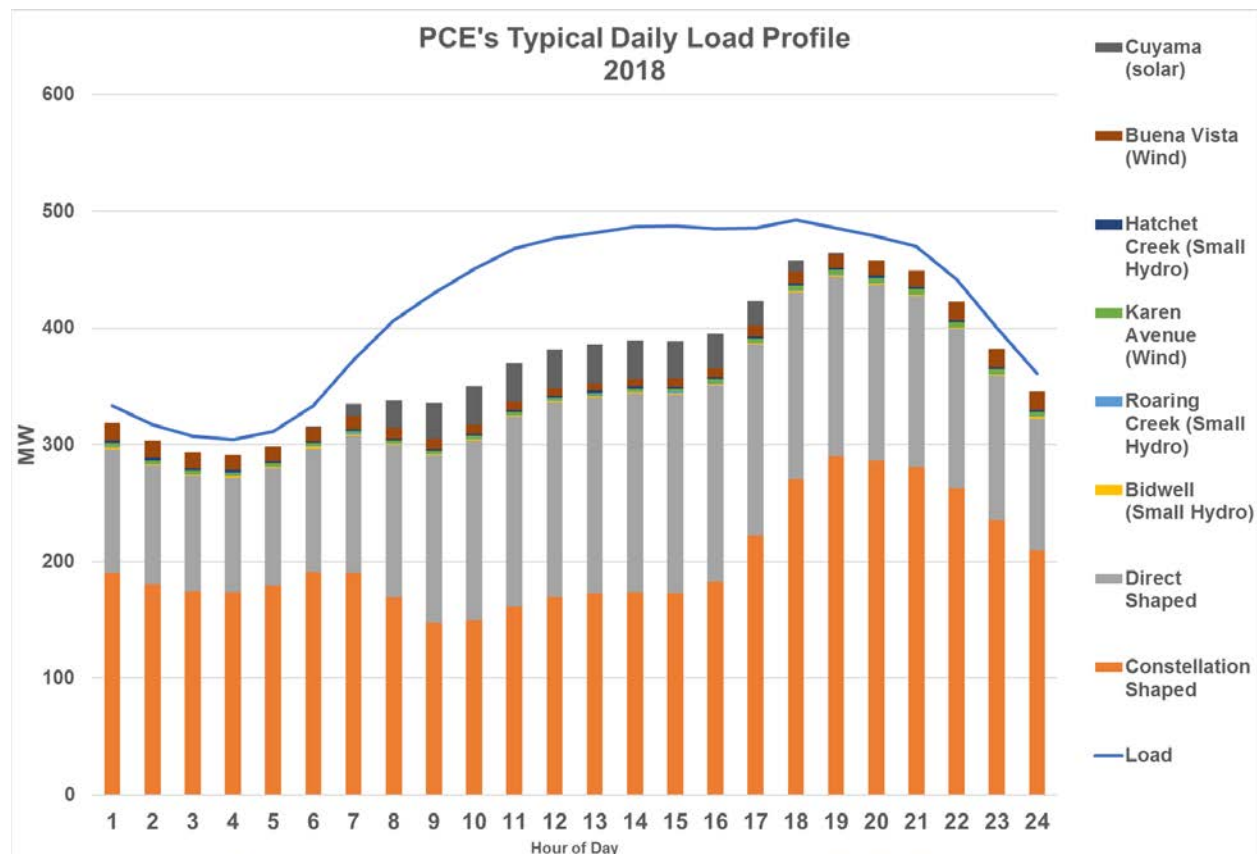
100% Renewable by 2025

PCE intends to replace the conventional and non-renewable GHG-free energy resources in its supply portfolio with renewable resources. Actual annual renewable content percentages may differ from projections, if resource availability or market conditions preclude cost-effective procurement, but the primary goal is to achieve a 100% renewable supply no later than 2025.

Further, in providing customers with 100% renewable energy, PCE intends to match its electricity supply portfolio to its customer electricity demand profile on a time coincident basis. This means that for every hour of the year, we want the amount we are procuring from generators to be equal to the amount that our customers are consuming in that hour.

Figure 4 below shows PCE's average load profile and contracted supply by hour for 2018. The blue line is the customer load or how much electricity we expect PCE's customers to use in a particular hour and the bars represent the electricity that we have contracted for in that hour. To meet our goal in 2025, each of these bars would represent contracts for renewable energy and would reach up to the blue bar for every hour of the year.

Figure 4: PCE's Typical Daily Load Profile, 2018



No Use of Unbundled Renewable Energy Certificates

The RPS allows load-serving entities to meet a portion of their RPS requirements with unbundled RECs. These are otherwise known as PCC 3, or Bucket 3. PCE has made a commitment not to procure unbundled RECs to meet either its RPS requirements or its additional requirements to provide customers with 50% or 100% renewable energy. Members of PCE's Board, Executive Committee, and Citizens Advisory Committee expressed concerns about how unbundled RECs have been used and misused to give the impression that polluters are more "green" and "clean" than they actually are. Although each unbundled REC is created because 1 MWh of renewable energy has been generated to create that REC, the use of unbundled RECs has created confusion in the market. There was general consensus that PCE should set an example in the industry and among CCEs to adopt a policy to not use Unbundled RECs. To maintain progress toward its 100% renewable energy target, PCE is focused on procurement of bundled renewable energy supply throughout the planning period.

V. Customers and Consumption Forecast

Enrolled Customers

PCE's service territory covers the 20 cities located in San Mateo County plus the unincorporated areas of the county. Within this service area, PCE serves approximately 300,000 customer accounts representing approximately 765,000 residents. Table 3 shows the breakdown between commercial/industrial customers and residential customers in PCE's service territory. Customers are automatically enrolled in PCE and have the option to opt-out of PCE and return to PG&E for electric service. Customer participation rates are expressed as the proportion of customers currently served by PCE relative to the total number of electric customers in San Mateo County eligible for PCE service.¹⁰ The difference between such numbers reflects the subset of customers who have voluntarily opted out of the PCE program, retaining bundled service by PG&E. As of publication, the customer participation rate associated with PCE's membership is approximately 98% (i.e., the opt-out rate is approximately 2%).

Table 3: PCE Participation by Customer Type

	Total PCE	Residential	Commercial & Industrial
Number of Customers	286,692	258,677	28,015
		90.2%	9.8%
Total Retail Sales (kWh)¹¹	2,332,308,507	803,274,560	1,529,033,946
		34.4%	65.6%

¹⁰ Direct Access customers are not automatically enrolled in a CCE program. The Direct Access (DA) Program allows a limited selection of non-residential consumers in California to purchase their electricity from an ESP rather than from their IOU or default electricity supplier.

¹¹ Retail kilowatt-hour (kWh) sales in Table 3 do not represent a full calendar year of electricity sales. Data shown covers sales from January 1, 2017 through November 22, 2017; retail service from January to March 2017 was for Phase 1 customers only; retail service for all customers was complete in May 2017.

PCE Rollout – Phases 1 and 2

PCE rolled out its program in two phases –Phase 1 launched on October 1, 2016 and enrolled approximately one-third of the customer base, and Phase 2 launched on April 1, 2017 enrolling the remainder of the customer base. In both phases, most customer opt-outs occurred within a 120-day period beginning 60 days prior to each customer’s scheduled service commencement and continuing for 60 days thereafter. This period of time is generally referred to as the “enrollment period”. During PCE’s enrollment periods, prospective and enrolled customers received at least four mailed notices, which explained PCE’s service options and the opt-out process as well as other terms and conditions of service.

Load Forecast

PCE’s electricity load forecast is based on a historical count of customers by end-use classification (i.e. residential, commercial, industrial) and class-typical monthly energy consumption estimates, derived from historical data, to yield a monthly energy forecast by customer class. Hourly class-specific load profiles are then used to break down the monthly energy forecast into more granular time-of-use and peak demand values to create a forecast of the amount of electricity consumed by PCE customers for every hour of the year.

PCE’s long term load forecast is primarily influenced by the number of customers that PCE serves, as well as customer end-use classifications, energy usage, and expected customer participation rates. Typical variables that drive the load forecast are weather, economic cycles, population growth, and changes in customer consumption patterns such as increased use of electric vehicles.

PCE’s load in 2016 was 277 gigawatt hours (GWh)¹² and in 2017, we are projecting 3,026 GWh. The projected load for 2018 and going forward is approximately 3,700 GWh. PCE’s 2016 load represented only the first phase of enrollments for 25% of the year. For 2017, PCE did not start serving our full retail load until April resulting in forecasted load that is slightly lower than when PCE is serving its full load for the entire year, which will occur in 2018.

Retail Products

PCE customers can choose between two different product options, ECOplus and ECO100. Each product has a different amount of energy from renewable sources such as solar and wind. Table 4 summarizes customer participation in each product as of mid-2017.

Table 4: Participation Rates by Product in 2017

	Total PCE	ECOplus	Eco100
Number of Customers	286,692	281,916	4,776
		98.3%	1.7%
Total Retail Sales (kWh)¹³	2,332,308,506	2,272,145,380	60,163,126
		97.4%	2.6%

¹² 1 gigawatt hour (GWh) = 1000 megawatt hours (MWh) = 1,000,000 kilowatt hours (kWh)

¹³ Retail kilowatt-hour (kWh) sales in Table 4 do not represent a full calendar year of electricity sales. Data shown covers sales from January 1, 2017 through November 22, 2017; retail service from January to March 2017 was for Phase 1 customers only; retail service for all customers was complete in May 2017.

ECOplus

ECOplus is PCE's default electric option, in which new customers are automatically enrolled. ECOplus rates are set at 5% below PG&E's generation rates. Fifty percent of the electricity comes from renewable sources and this product will be 85% GHG-free in 2018. Renewable sources may include such sources as wind, solar, and small hydro. GHG-free includes both renewable sources and sources that do not count for the RPS and do not emit GHG emissions. This is generally comprised of large hydro.



ECO100

Customers can choose to "opt up" to ECO100 and receive 100% of their electricity from renewable energy resources and is 100% GHG-Free. ECO100 costs \$0.01 per kWh more than ECOplus.



Customer participation in ECO100 directly impacts the quantity of incremental renewable energy volumes that PCE must procure to ensure that its broader supply portfolio includes sufficient renewable energy volume to support both ECOplus and ECO100 participation. As of mid-2017, over 4,000 accounts opted-up to ECO100. As part of their emission reduction targets and sustainability goals, 14 cities and the County enrolled all of their accounts in ECO100 in 2017.

Starting in January 2018, the ECO100 product will be certified by the Center for Resource Solutions' (CRS) Green-e certification program. For 20 years, CRS has developed and implemented consumer-protection standards for the voluntary renewable energy and carbon offset markets through the Green-e programs. These standards mandate a rigorous accountability for retail products sold to consumers, bringing a level of transparency that can bolster consumer confidence in the industry. Green-e Energy is North America's leading voluntary certification program for renewable energy. Since 1997, Green-e Energy has certified renewable energy that meets environmental and consumer protection standards developed in conjunction with leading environmental, energy, and policy organizations. Green-e Energy requires that sellers of certified renewable energy disclose clear and useful information to potential customers, allowing consumers to make informed choices.

Power Content Label

PCE's Power Content Label (PCL) is a key customer communication tool that provides information regarding PCE's actual mix of various energy sources during the previous year of operation. This is a requirement of the Power Source Disclosure program discussed in Section III. The 2016 PCL (Figure 5) quantifies PCE's aggregate renewable energy supply during the three months that PCE provided service, during PCE's initial rollout. Projections for calendar years 2017 and 2018 for ECOplus and ECO100 are illustrated in Figures 6, 7, and 8 below. The Product Content Label is not necessarily representative of the expected resource mix beyond 2016 and 2017, as PCE will be building its portfolio going forward and relying less on the power mix provided by its early contracts with Direct Energy and Constellation.

Figure 5: PCE 2016 Power Content Label

2016 POWER CONTENT LABEL			
Peninsula Clean Energy			
ENERGY RESOURCES	ECOplus	ECO100	2016 CA Power Mix**
Eligible Renewable	58%	100%	25%
Biomass & waste	0%		2%
Geothermal	0%		4%
Small hydroelectric	18%		2%
Solar	0%		8%
Wind	40%	100%	9%
Coal	0%		4%
Large Hydroelectric	27%		10%
Natural Gas	0%		37%
Nuclear	0%		9%
Other	0%		0%
Unspecified sources of power*	15%		15%
TOTAL	100%	100%	100%
<p>* "Unspecified sources of power" means electricity from transactions that are not traceable to specific generation sources.</p> <p>** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the identified year.</p>			
For specific information about this electricity product, contact:		Peninsula Clean Energy 1-866-966-0110	
For general information about the Power Content Label, contact the California Energy Commission at:		California Energy Commission 844-421-6229 http://www.energy.ca.gov/pcl/	

Figure 6: PCE 2017 Projected ECOplus Resource Mix¹⁴

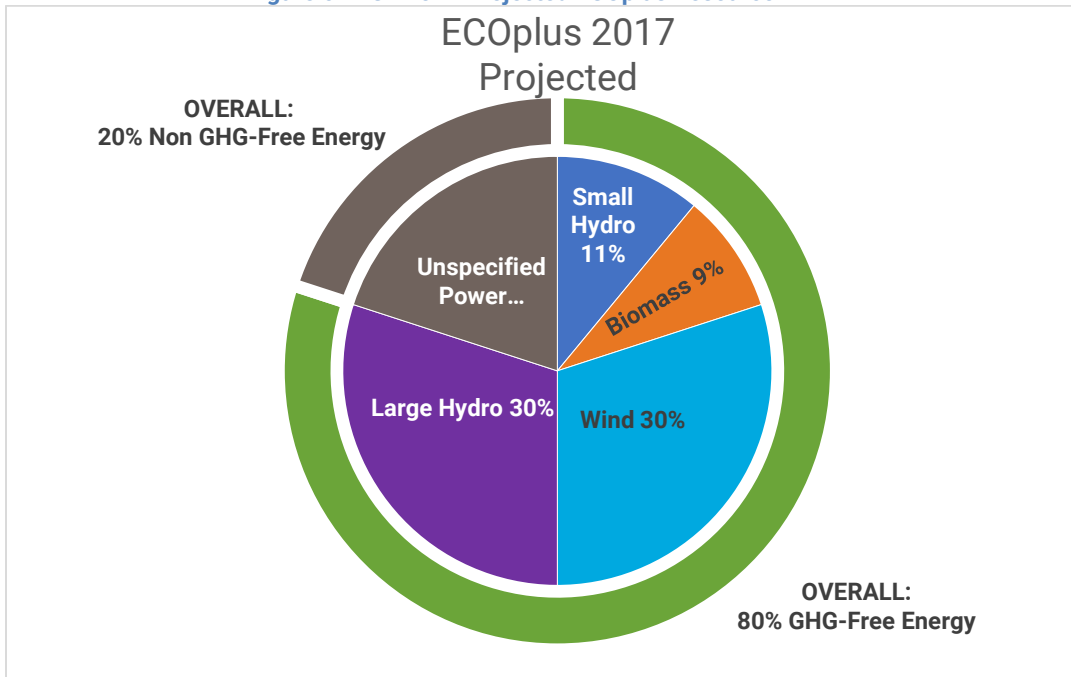
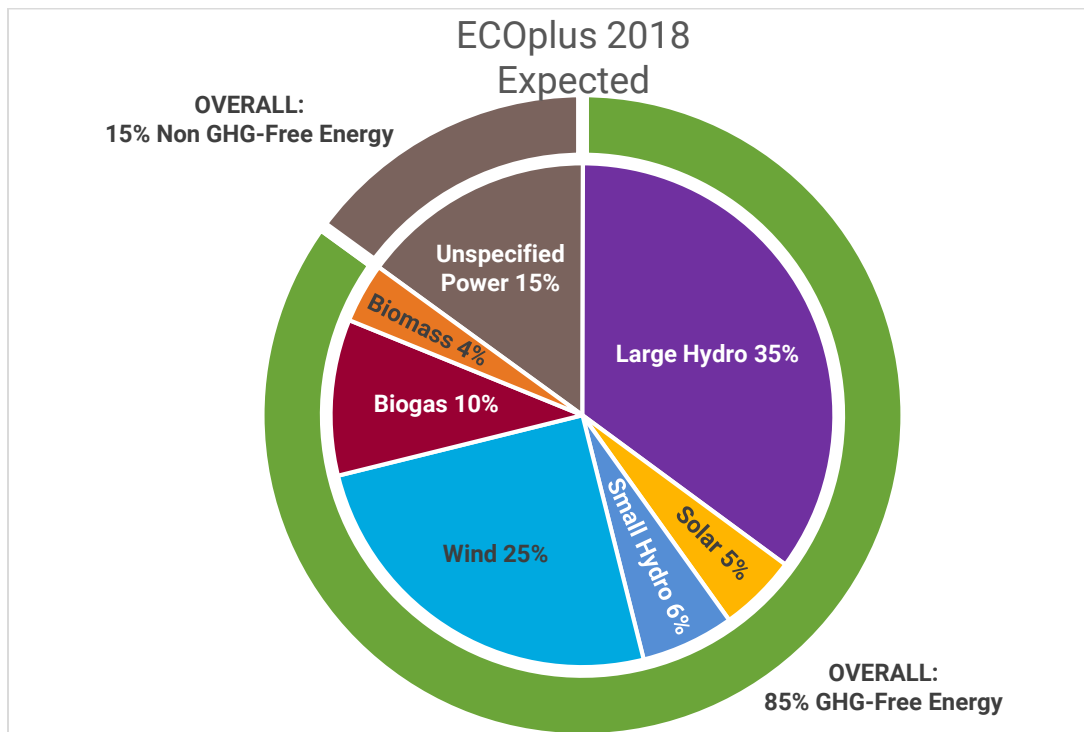
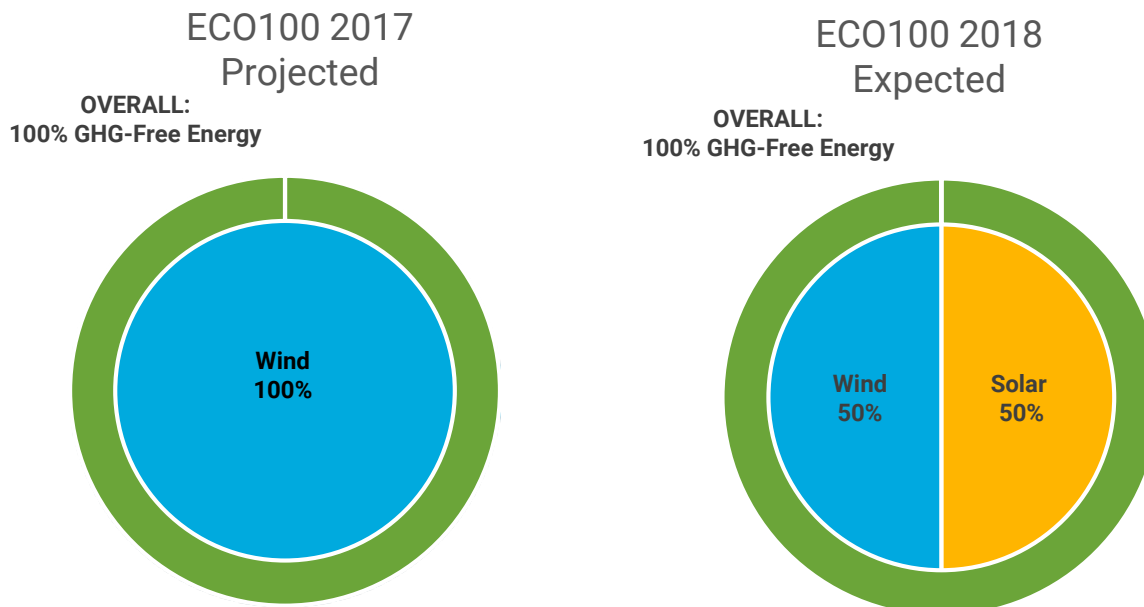


Figure 7: PCE 2018 Expected ECOplus Resource Mix



¹⁴ Unspecified power refers to energy bought through the CAISO market, but not traceable to a specific source. Due to the energy mix in CA, this is primarily energy generated from the combustion of natural gas. PCE has received a small amount of power from biomass generation due to non-project specific contracts to procure RPS eligible renewable energy. PCE has not contracted specifically for energy generation from biomass sources.

Figure 8: PCE 2017 Projected and 2018 Expected ECO100 Resource Mix



VI. Current Procurement Status

Since PCE began procuring energy in mid-2016, we have executed 18 contracts for a variety of energy products to meet PCE's needs throughout 2017 and going forward. PCE's contract portfolio includes a variety of suppliers, term lengths, product types, quantities, generation technologies and resource locations among other considerations. This emphasis on building a diversified portfolio of power supply sources will continue to be a cornerstone of PCE's procurement strategy.

These contracts are summarized in Table 5 and Table 6 below and in Appendix A: Description of PCE's Mid-2017 Resources. PCE is 100% contracted for 2017 and 87% contracted through 2018, with generally increasing open positions in later years, which will be filled gradually according to the policies and goals outlined in this plan.

Table 5: Summary of PCE Executed Power Purchase Agreements (PPAs)

Project	Counterparty	Technology	Capacity (MW)	Term	Term Length (Months)	Location
BUNDLED RENEWABLE PPAs						
Wright	Frontier	Solar	200	11/19-11/44	300	Merced County, CA
Mustang Two	Recurrent Energy	Solar	100	12/19-12/34	180	Kings County, CA
Hatchet	Hydrodynamics	Hydro	7.5	3/17-3/22	60	Shasta County, CA
Buena Vista	Leeward	Wind	38	4/17-4/22	60	Contra Costa County, CA
Shiloh	Avangrid	Wind	150	1/19-12/23	60	Solano County, CA
Karen Avenue	EDCC	Wind	11.7	7/17-6/20	36	Riverside County, CA
Roaring Creek	Hydrodynamics	Hydro	2	3/17-3/19	24	Shasta County, CA
Bidwell	Hydrodynamics	Hydro	2	3/17-3/19	24	Shasta County, CA
Cuyama	First Solar	Solar	40	1/18-12/18	12	Sant Barbara County, CA

Table 6: Summary of PCE Executed Energy Contracts

Counterparty	Term	Term Length (Months)
BUNDLED RENEWABLE		
Direct Energy	10/16-12/26	120
Constellation	4/17-12/18	21
Powerex	6/17-12/18	19
PG&E	5/17-12/17	8
CARBON FREE		
Direct Energy	10/16-12/20	51
Powerex	7/17-6/18	12
Morgan Stanley	4/17-5/18	8.5
UNSPECIFIED / SYSTEM		
Direct Energy	10/16-12/20	51
Constellation	4/17-12/18	21

To serve customer needs during the initial rollout periods, PCE signed a full-service contract with Direct Energy to provide the renewable energy, GHG-free energy and unspecified system power as well as capacity (resource adequacy) to meet PCE's needs during the initial rollout period. This structure was instrumental in minimizing administrative and operational complexities at the time of PCE's Phase 1 launch in October 2016. PCE also signed a very small 10-year contract with Direct Energy in 2016 to meet a regulatory requirement for long-term contracts based on PCE's initial Phase 1 load.

For PCE's Phase 2 expansion in April 2017, PCE signed a series of contracts to provide resources to PCE's expanded customer base. These included a contract with Constellation Energy to provide a hedge for PCE's system power, as well as contracts for GHG-free energy and renewable energy purchases.

As part of the Phase 2 expansion, PCE signed contracts to purchase all or a portion of the generation from a specific energy project in the form of a power purchase agreement (PPA). PCE also purchases renewable and GHG-free energy to meet state RPS requirements as well as internal renewable and GHG-free targets. To the extent that PCE's energy needs are not fulfilled through the use of renewable energy or other GHG-free generating resources, it should be assumed that such supply will be sourced from system energy (consisting primarily of natural gas generating technologies) – i.e., “generic” energy purchases from the wholesale market that are not directly associated with specific generators.

Project-Specific Power Purchase Agreements

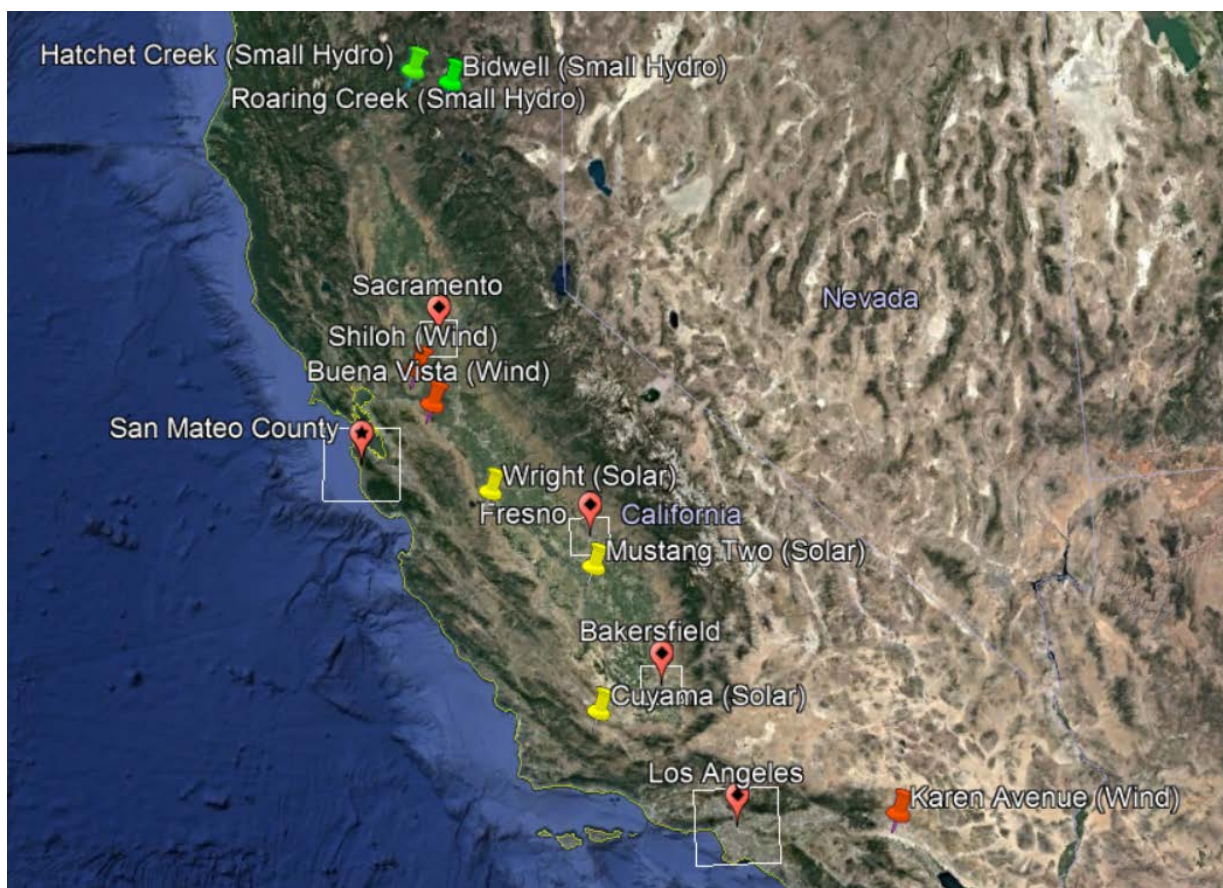
In October 2016, PCE launched a Renewables Request for Proposals (RFP) and received numerous, competitive offers from developers. The early contracts signed from this RFP emphasized near-term deliveries and relatively short tenors, primarily from existing resources. In addition, PCE has signed two long-term, renewable PPAs from this solicitation. In general, these resources will begin deliveries in the 2019-2021 timeframe and will continue delivering to PCE for 15 to 25 years.

Since inception, PCE has executed nine project-specific PPAs with RPS eligible generating sources including the following

- 3 small hydroelectric projects;
- 3 utility scale solar projects; and
- 3 wind energy projects.

We are currently receiving power from the three hydro projects and two of the wind projects. The pushpins in Figure 9 identify the locations of these nine projects throughout California.

Figure 9: Map of PCE's Project Locations



Renewable Energy and GHG-Free Contracts

PCE has executed three contracts to provide PCC1 renewable energy to help PCE meet its RPS and voluntary renewable energy obligations in 2017 and 2018 and three GHG-free contracts to help PCE meet its GHG-free goals for 2017 and 2018. PCE has a sufficient supply of RPS-eligible renewable resources in excess of the 27% RPS requirement in 2017 and the 29% requirement in 2018. Further, PCE has procured enough renewable energy to meet its 50% voluntary target during the 2017 calendar year.

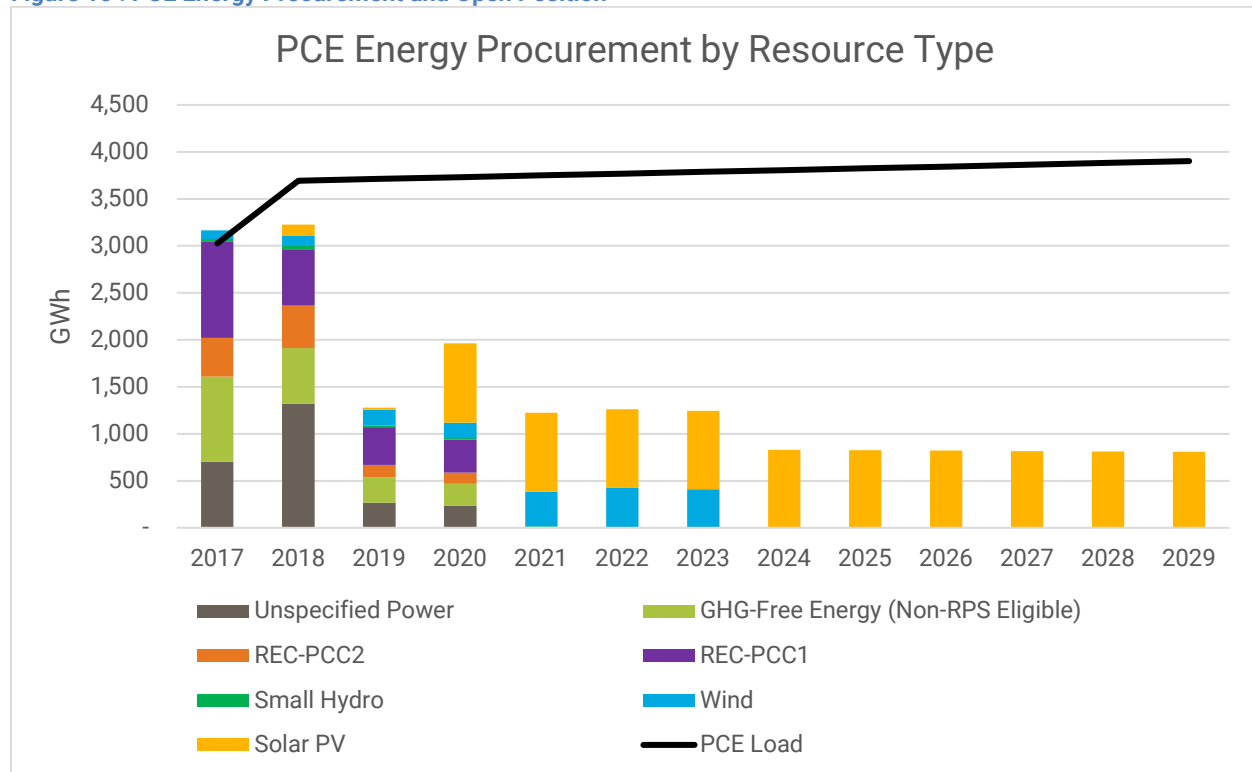
System Energy

After accounting for renewable and GHG-free energy, the remaining energy supply is comprised of unspecified system energy purchases. This refers to energy bought through the CAISO market, but not traceable to a specific source. Within California, conventional generation generally refers to power sources that rely on the combustion of natural gas.¹⁵ In the Direct Energy and Constellation contracts, PCE uses fixed prices for system energy to hedge residual market price exposure in its supply portfolio. Any remaining energy balancing will be conducted through the CAISO market via purchases and sales during the operating horizon.

VII. Resource Needs

Beyond its current contractual commitments, PCE will procure additional energy products to ensure that the future energy needs of its customers are met in a reliable, cost-effective manner. This section sets forth PCE's planned resource volumes and quantifies the net resource need or "open position" that remains after accounting for energy from PCE's existing resource portfolio. Figure 10 below shows PCE's procurement to date and open position.

Figure 10 : PCE Energy Procurement and Open Position



Open Position

PCE manages its supply commitments with the objective of balancing cost stability and cost minimization, while leaving some flexibility to take advantage of market opportunities or

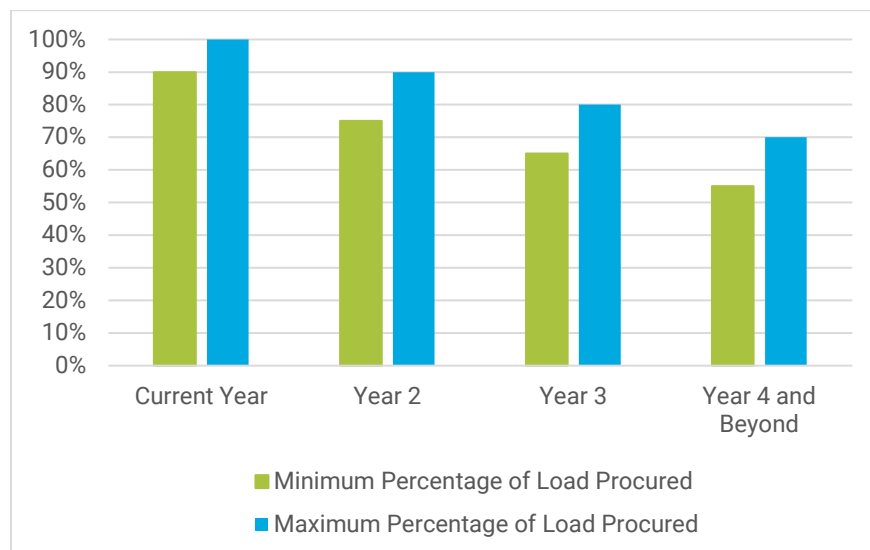
¹⁵ PCE policy prohibits unit-specific purchases from coal facilities for energy or resource adequacy.

technological improvements that may arise. PCE monitors its open position separately for each RPS category, GHG-free resources, conventional resources, and on a total portfolio basis. PCE is targeting the guidelines in Table 7 and Figure 11 below to manage its open position. This will also allow us to maintain a regular procurement cycle as short and mid-term contracts end.

Table 7: PCE Open Position Guidelines

	Percentage of Load Procured	
	Min	Max
Current Year	90%	100%
Year 2	75%	90%
Year 3	65%	80%
Year 4	55%	70%

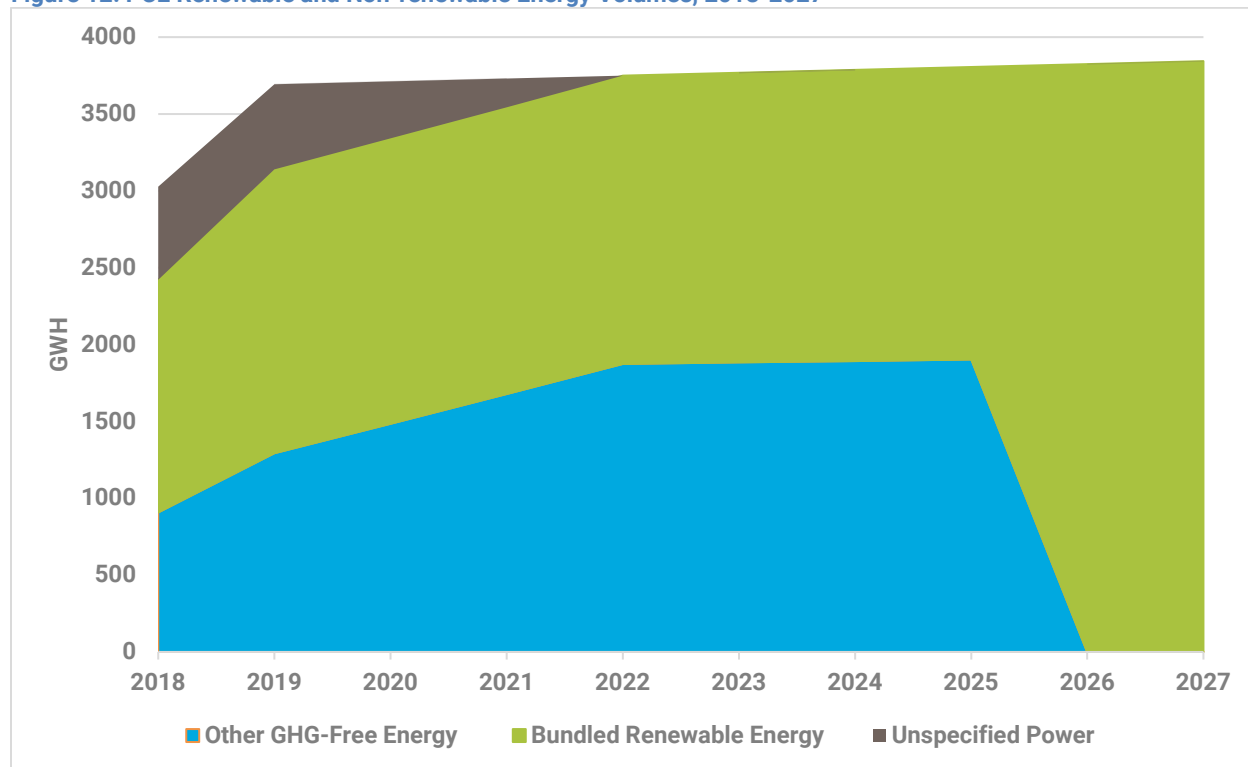
Figure 11: PCE Open Position Guidelines



Meeting and Exceeding California's Renewable Portfolio Standard (RPS)

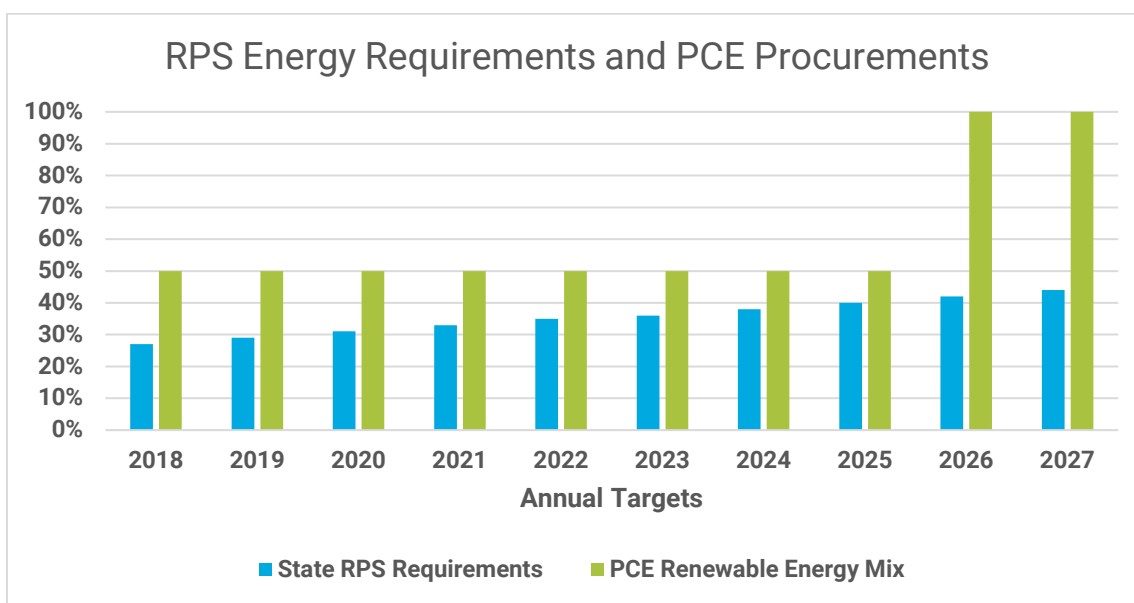
PCE meets its renewable energy requirements with a combination of RPS-eligible energy products. As Figure 12 illustrates, the proportion of PCE's resource mix that is sourced from bundled renewable energy products will significantly increase as PCE transitions toward 100% renewable energy content in 2025.

Figure 12: PCE Renewable and Non-renewable Energy Volumes, 2018-2027



Based on targeted renewable energy percentages, PCE intends to significantly outpace California's annual RPS procurement mandates throughout the planning period. Figure 13 illustrates how PCE's procurement targets for renewable energy compare to California's RPS requirements, and demonstrate how PCE is procuring significantly more than required by the RPS, and greatly exceeding the state's goals.

Figure 13: RPS Energy Requirements and PCE Procurement Targets, 2018-2027

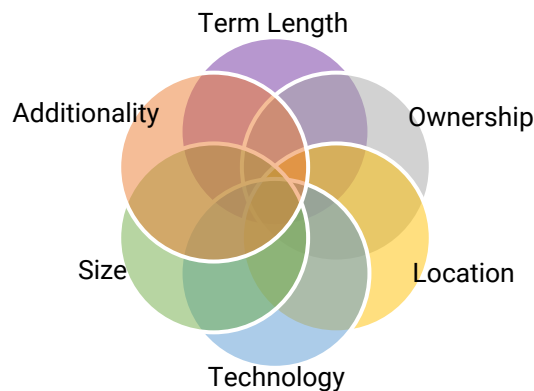


VIII. Designing a Diverse and Balanced Portfolio

PCE's goal is to fulfill its open position with a diverse set of contracts. PCE uses a portfolio risk management approach in its power purchasing program, seeking low cost supply as well as diversity among technologies, production profiles, project sizes, project locations, counterparties, term lengths and timing of market purchases to cost average over time, including remaining cognizant of the value of open market positions. These factors are taken into consideration when PCE engages the market and PCE has developed specific guidelines for each of these diversification factors. Figure 14 identifies the attributes PCE strives to balance in terms of diversity of its power supply. In 2018 and beyond, PCE will strive to procure resources to meet the guidelines outlined in this section. Actual procurement may differ from these guidelines, if resource availability or market conditions preclude cost-effective procurement. As this document is updated and as the market changes, these guidelines may also be updated. The primary goal is to strive to achieve a diverse portfolio that will allow us to achieve our renewable goals while managing risk.

The guidelines outlined in this section are important to help PCE meet its goals and to provide a well-balanced portfolio. PCE is focused on providing a green product to customers at rates that are at parity or lower than PG&E's. To stay competitive and create a sustainable business, PCE is very focused on meeting the guidelines at competitive prices and will carefully evaluate any procurement decisions to ensure PCE can maintain its low rates to customers.

Figure 14: Contract Diversity Attributes



Additionality

Additionality means that a project or activity would not have happened without the buyer. PCE is setting a guideline that we target a minimum 50% of the portfolio be procured from new projects by 2025. New means projects that PCE causes to be built or repowered. Repowered projects are typically wind energy projects where older turbines are replaced by new state-of-

the-art turbines. For a repowered facility to count towards the definition of “additionality”, it would require a significant investment for the repowering of the facility.

Term Length

PCE intends to fulfill the renewable portion of the portfolio with a combination of short, mid-term and longer-term contracts, which provides cost stability for the supply portfolio.

In order to effectively plan and manage its portfolio, PCE differentiates contracts by their term length as follows:

- Short-term: up to twelve months;
- Medium-term: longer than twelve months, up to five years;
- Intermediate-term: longer than five years, up to ten years;
- Long-term: longer than ten years.

As discussed above, SB 350 requires that PCE procure 65% of its RPS requirement from long-term contracts starting in 2021. Table 8 below identifies PCE’s RPS requirement during this compliance timeline and the minimum long-term contract requirement according to SB 350.

Table 8: PCE Contract Term Length – Statutory Requirements

	2021	2022	2023	2024	2025	2026	2027
RPS Requirement	35%	36%	38%	40%	42%	43%	45%
Long Term Required per SB350 (%)¹⁶	23%	24%	25%	26%	27%	28%	29%
Retail Sales (GWh)	3,768	3,787	3,806	3,825	3,844	3,863	3,882
Long Term Required (GWh)¹⁷	850	896	942	989	1,037	1,085	1,133

PCE is setting a guideline to go beyond this minimum requirement and procure at least 50% of our portfolio from long-term contracts. This will help to meet our additionality guideline above as most new projects require long-term contracts to secure financing. The remainder of our portfolio will be comprised of contracts with short, medium and intermediate term lengths. Table 9 identifies guidelines around the percentage of the PCE portfolio from contracts in each term length category by year.

Table 9: PCE Contract Term Length Guidelines

	2021	2022	2023	2024	2025	2026	2027
Long Term Req’d per SB350 (%)	23%	24%	25%	26%	27%	28%	29%
Long Term Additional	27%	26%	25%	24%	23%	22%	21%
Total Long Term (>10 years)	50%	50%	50%	50%	50%	50%	50%
Short (<1 year)	15%	15%	15%	15%	15%	15%	15%

¹⁶ This is calculated as 65% of our RPS requirement (a statutory requirement) as identified in the row above.

¹⁷ This is the GWh equivalent to 65% of our RPS requirement identified in the rows above.

Medium (1-5 years)	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Intermediate (6-10 years)	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%

PCE is targeting 15% of its procurement in short-term contracting to allow us to react to changes in the market price of power and provide flexibility with PCE's load.¹⁸ This also allows PCE to respond to disruptive technologies that might change the energy industry landscape.

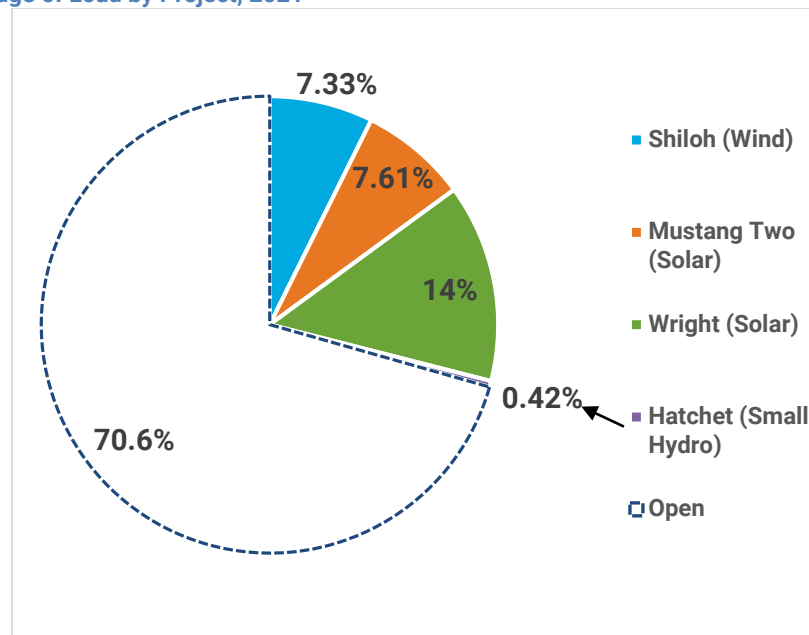
Project Size

In building a diverse portfolio, PCE is focused on contracting with projects of varying sizes. We have also set a guideline to target that no one project make up more than 15% of our portfolio by GWh production at the time of contract execution as identified in Table 10 below. For reference, Figure 15 shows the percentage of our load by project in 2021. Our largest project, Wright is equal to 14% of our load.

Table 10: PCE Project Size Guidelines

Guideline
Pursue diversity of project sizes
No one project output makes up more than 15% of GWh load

Figure 15: PCE Percentage of Load by Project, 2021



¹⁸ The recent fires in northern California resulted in Sonoma Clean Power losing close to 5% of its customer base. Although PCE hopes that a natural disaster does not occur here, keeping a portion of PCE's portfolio extremely flexible mitigates this risk.

Ownership

Diversity in ownership limits PCE's exposure to any one company and the risk of that company going bankrupt or otherwise going out of business. PCE also wants to ensure that the counterparties we work with have sufficient experience to develop or operate the project. As indicated in Table 11 below, PCE is targeting that no more than 15% of our load is contracted with any one owner at the time of contract execution and that the counterparties PCE works with have experience developing and operating projects of similar type and size.

Table 11: PCE Project Ownership Guidelines

Guideline
No more than 15% of GWh load from any one owner
Experience developing & operating similar size projects
Financing plan and successful track record with finance organizations
Project owner is not an organization that opposes CCAs
Financially stable organization

Resource and Technology Mix

PCE has no explicit preference for specific renewable energy technologies. However, PCE is targeting a diverse set of technologies in our portfolio as shown in Table 12 below. This will limit our exposure to any one manufacturer and will help to meet our goal of matching our supply portfolio to our load profile. To support this, PCE is targeting to procure no more than 20-25% of our load from any one manufacturer. This will help mitigate risk that one manufacturer has a problem with their solar modules or wind turbines, or goes out of business.

Table 12: PCE Resource and Technology Mix Guidelines

Guideline
Procure from diverse set of technologies to match supply to load
No more than 20-25% of load from any one manufacturer

Location

PCE considers a number of factors to manage risk with regard to a project's location. First, PCE considers the cost to transmit the energy from the project location to the PCE service territory. This transmission cost evaluation, which uses historical prices of energy as well as future price projections, is known as congestion analysis.

We also want to identify projects that help to meet our goal of 100% renewable energy by 2025 and to match our generation portfolio to our load on a time coincident basis. For some renewable energy resources, the type of resource and location can affect the projected generation profile. We will evaluate this generation profile alongside our other guidelines to determine whether a project could help to fill a hole in our generation profile.

In consideration of these goals, PCE is setting the guidelines identified in Table 13 with regard to project location.

Table 13: PCE's Project Location Guidelines

Guideline
Prioritize projects / locations to minimize congestion pricing
No more than 15% of load from one LMP ¹⁹ / interconnection point
Supports PCE's Sustainable Workforce Policy
Evaluate environmental impacts
Prioritize projects that help to match supply to load

Procurement Methods

PCE may use a variety of methods to contract for power, including competitive solicitations and bilaterally negotiated agreements. Through a competitive solicitation, PCE issues an RFP and evaluates multiple proposals in the context of market conditions before entering negotiations with those respondents that provide the most compelling offers. Occasionally, PCE will issue ad hoc competitive solicitations or engage in independent bilateral negotiations to meet specific resource needs. Alternatively, particularly in markets with sufficient transparency to ensure competitive outcomes, PCE may negotiate short-term transactions via its scheduling coordinator or independent energy brokers or marketers. Such markets may include:

- i. System energy at defined CAISO trading hubs for defined (e.g. peak, off-peak, baseload, shaped, or custom) products;
- ii. Short-term RA capacity.

RA Purchases

PCE primarily procures RA in two ways:

- Bilateral contracts with counterparties, after sending out a request for competitive proposals to companies that may have RA products to offer.
- PCE receives the resource adequacy value/benefit from several of its renewable energy contracts. For example, PCE receives a small amount of RA from the Karen Avenue Wind and the Buena Vista Wind projects.

IX. Developing Local Resources

The PCE Board has set a target to develop 20 MW of new power projects in San Mateo County by 2025. PCE has an ongoing net energy metering program, as described below. Additionally, PCE staff is currently working to establish criteria and specific program parameters to guide further local development.

¹⁹ LMP refers to "Locational Marginal Price", a term used by the California Independent System Operator (CAISO) to price electricity deliveries into the California grid based on the location of that project.

Net Energy Metering (“NEM”)

PCE solar customers can enroll in the Net Energy Metering (NEM) program. NEM is a special billing arrangement that allows customers with solar PV systems to get the full retail value of the electricity their system generates. A special meter tracks the difference between the amount of electricity a customer’s solar panels produce and the amount of electricity the customer uses during each billing cycle. When the panels produce more electricity than is being used, customers receive a credit on their bill.

In PCE’s NEM program (as contrasted with PG&E’s NEM program):

- Energy consumption is reconciled monthly vs. annually;
- Surplus electricity produced monthly is credited at \$0.01/kWh above the retail value (equivalent to the ECO100 generation rate);
- Excess generation credits are never discounted; customers are always compensated at the full retail generation rate;
- Credits roll over each month helping to offset any generation charges throughout the year; and
- PCE issues customers a check yearly after the April billing cycle for any unused credits over \$100 (if less than \$100, credits roll over).

PCE currently has approximately 11,000 customer accounts representing 70 MW enrolled in its NEM program. PCE is dedicated to encouraging customers to generate their own renewable energy via rooftop solar. Through its NEM program, PCE offers a compelling incentive to promote customer-sited distributed generation within its service area. From PCE’s launch through June 2017, for example, PCE NEM customers were offered over \$300,000 in NEM credits.

New Program Development

During the next several years, PCE plans to evaluate and develop local renewable energy projects and complementary programs to serve PCE’s customers. PCE is following a structured approach to identify worthy projects to pursue, including weighing them against a standard set of criteria. Selection criteria may include:

1. Projected GHG emissions reductions
2. Cost effectiveness
3. Number of customers served
4. Geographic diversity in San Mateo County communities served
5. Supports PCE’s workforce policy
6. Helps PCE match supply to load
7. Implementation cost to PCE (staff and \$)
8. Contributes toward procurements goals of:
 - a. Creating 20 MW of new local power by 2025
 - b. 100% GHG-free power for 2021
 - c. 100% renewable energy by 2025
9. Benefits disadvantaged communities
10. Innovative, scalable, and replicable
11. Supports community resilience

12. Fills a gap in current utility offerings

PCE will be evaluating local programs during FY17-18 and possibly launching some pilot programs during that time. Full rollout of programs will occur in future years. Possible programs might include energy storage, electric vehicle programs, or demand response. Currently the San Mateo County Office of Sustainability administers some energy efficiency programs in PCE territory. PCE plans to work closely with the Office of Sustainability before considering any additional energy efficiency programs.

Appendix A: Description of PCE's Mid-2017 Resources

The following generation resources are listed in the same order as in Table 5 and Table 6, in descending order of contract term length, ranging from 25 years to six months. Table 14 below summarizes how each of these projects contributes towards our aforementioned diversity goals.

Table 14: PCE's Executed Contracts and their Diversity Metrics

Generation Resource	Term Length	Ownership	Location	Technology	Size	Additionality	Legend
Wright							Meets all Guidelines
Mustang							Meets all Guidelines
Direct Energy							Meets Some Guidelines
Hatchet Creek							Meets Some Guidelines
Buena Vista							Meets Some Guidelines
Shiloh							Meets Some Guidelines
Karen Avenue							Meets Some Guidelines
Roaring Creek							Meets Some Guidelines
Bidwell Ditch							Meets Some Guidelines
Constellation							Meets Some Guidelines
Cuyama							Meets Some Guidelines
PG&E							Meets Some Guidelines
Powerex							Meets Some Guidelines
Morgan Stanley							Meets Some Guidelines

Wright Solar Park is a new 200 MW solar photovoltaic facility located in Merced County, CA less than 100 miles from San Mateo County. Under this PPA, the project will deliver over 500,000 MWh annually to PCE for 25 years beginning in 2019. The energy produced by the facility will count towards PCE's PCC1 targets. The project is expected to create over 350 regional union jobs (about 650 job-years) during the construction period in 2018-2019.

RE Mustang Two is a new 100 MW solar photovoltaic facility located in Kings County, CA. Under this PPA, the project will deliver approximately 300,000 MWh annually to PCE for 15 years beginning in 2020. The energy produced by the facility will count towards PCE's PCC1 targets.

Direct Energy provides load scheduling coordinator services as well as system energy, GHG-free energy, renewable energy and capacity through 2020. Following PCE's launch in October 2016, the Direct Energy agreement provided for all of PCE's resource requirements. The proportion of energy deliveries from this Direct Energy contract will diminish as PCE incrementally augments its resource portfolio with a diverse mix of other power suppliers.

Hatchet Creek is a 7.5 MW small hydro facility located in Shasta County, CA. The project began deliveries to PCE in March 2017, and will continue deliveries through March 2022. Annual

deliveries are about 16,500 MWh per year. The energy produced by the facility counts towards PCE's PCC1 targets.

Buena Vista is a 38 MW wind facility located in Contra Costa County, CA, in the Altamont Pass. The project began delivering renewable wind energy to PCE in April 2017, and will continue for 5 years through April 2022. Deliveries to PCE are about 90,000 MWh per year. The energy produced by the facility counts towards PCE's PCC1 targets. The project was repowered in December 2006 by replacing the original turbines with new and bigger turbines.

Shiloh is a 150 MW wind facility located in Solano County, CA. The project will start delivering energy to PCE on January 1, 2019, and will continue for five years through December 2023. Peninsula Clean Energy has contracted for an increasing capacity of Shiloh over the term, receiving a total of about 400,000 MWh over the five years. The energy produced by the facility will count towards PCE's PCC1 targets. The project started operating in 2006.

Karen Avenue is an 11.7 MW wind facility located in Riverside County, CA. PCE started receiving energy from this project on July 1, 2017 and will receive an average of 17,300 MWh in annual energy deliveries for three years through June 2020. The energy produced by the facility counts towards PCE's PCC1 targets. The project started operating in 1985.

Roaring Creek is a 2 MW small hydro facility located in Shasta County, CA. The project began delivering renewable energy to PCE in March 2017, and will continue for two years through March 2019. Annual deliveries are about 5,600 MWh per year. The energy produced by the facility counts towards PCE's PCC1 targets.

Bidwell Ditch is a 2 MW small hydro facility located in Shasta County, CA. The project began delivering renewable energy to PCE in March 2017, and will continue for two years through March 2019. Annual deliveries are about 11,000 MWh per year. The energy produced by the facility counts towards PCE's PCC1 targets.

Constellation has a two-year contract with PCE that delivers both conventional energy and PCC 2, bundled renewable energy to PCE. Constellation started delivering energy to PCE in 2017 during which PCE was transitioning from serving a portion of San Mateo County to all of San Mateo County. Over the course of the contract, Constellation will deliver around 550,000 MWh of bundled renewable energy.

Cuyama is a 40 MW solar photovoltaic facility located in Santa Barbara County, CA. PCE has entered into a one-year contract starting on January 1, 2018, during which the Cuyama facility will deliver around 115,000 MWh. The energy produced by the facility will count towards PCE's PCC1 targets.

PG&E has a one-year contract with PCE that started delivery in mid-2017. This contract counts towards PCE's PCC1 targets.

Powerex has a two-year contract with PCE that delivers both PCC 1 bundled renewable energy and GHG-free energy. Powerex started delivery to PCE in 2017

Morgan Stanley has a one year contract to deliver GHG-free energy in 2017 and 2018.

Appendix B: List of Acronyms

AB	Assembly Bill
CAISO	California Independent System Operator. A non-profit organization that operates the California electric grid.
CCA	Community Choice Aggregation or Aggregator
CCE	Community Choice Energy
CdTe	Cadmium Telluride. A specific type of solar panel technology.
CEC	California Energy Commission. California's primary energy policy and planning agency.
CPUC	California Public Utilities Commission. A government agency that regulates services and utilities.
FY	Fiscal Year
GHG	Greenhouse Gas. An atmospheric gas produced by combustion of fossil fuels that is known driver of climate change.
GWh	Gigawatt-Hour. A unit of measurement for energy equal to 1000 Megawatt-hours.
IOU	Investor Owned Utility. A utility with shareholders such as Pacific Gas and Electric Company.
IRP	Integrated Resource Plan
kWh	Kilowatt-Hour. A unit of measurement for energy.
LMP	Locational Marginal Price. A location-specific price for a Megawatt-hour of energy
LSE	Load Serving Entity. An entity whose responsibility is supplying energy to a group of customers.
MW	Megawatt. A unit of measurement for power.
MWh	Megawatt-hour. A unit of measurement for energy equal to 1000 kilowatt-hours.
NEM	Net Energy Metering. A program in which self-generators of electricity can sell energy back to the grid.
PCC	Portfolio Content Category. A classification mechanism used under the Renewable Portfolio Standards to distinguish between different types of renewable energy.
PCE	Peninsula Clean Energy. Community Choice Energy Program for San Mateo County and the default electricity provider for San Mateo County.
PCL	Power Content Label. A state-mandated customer communication tool that informs customers about the energy mix supplied to them by their electricity provider.
PG&E	Pacific Gas and Electric Company. The investor owned utility that was previously San Mateo County's Official electricity provider.
PPA	Power Purchase Agreement. A legally binding agreement between a buyer and a seller of electricity for energy.
RA	Resource Adequacy. A CPUC mandated program designed to provide sufficient resources for the California grid and to provide incentives for the construction of new resources.
REC	Renewable Energy Certificate. A tradable certificate that represents proof that one megawatt-hour of electricity was produced by a renewable energy source and fed into the electric grid.
RFP	Request for Proposal
RPS	Renewable Portfolio Standard. A state mandated program that sets rules for renewable energy targets and goals.

SB	Senate Bill
SMC	San Mateo County
WECC	Western Electricity Coordinating Council. A non-profit organization whose mission is to ensure a reliable electric grid in the geographic area known as the Western Interconnection.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: December 4, 2017
BOARD MEETING DATE: December 14, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

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

BACKGROUND:

The marketing team has been busy doing outreach, managing our online presence, responding to customer requests, and preparing future campaigns.

DISCUSSION:

Outreach Events

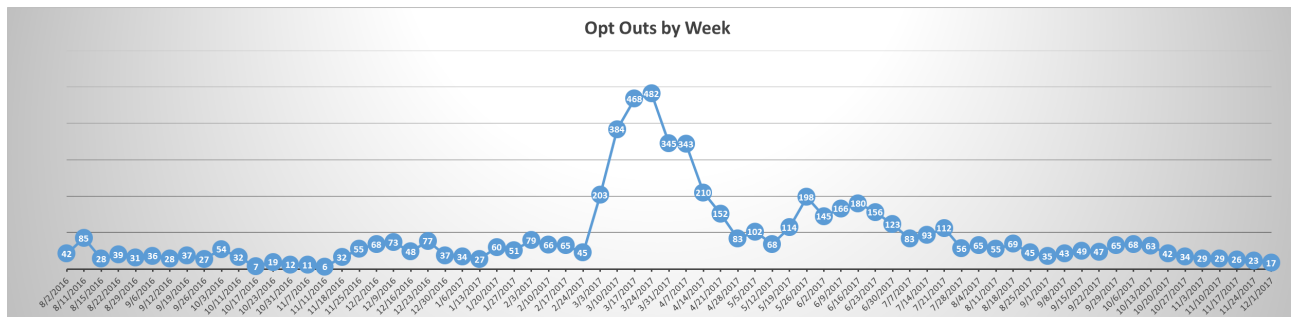
PCE's outreach team continues to expand its activities. If you are aware of an event that would benefit from a PCE presence, please let us know.

28-Nov	Presentation w/ Janet Creech to AP Env. Studies Students, Woodside High
28-Nov	Presentation in Spanish in North Fair Oaks (Siena Youth Center)
29-Nov	Networking at Multi-Chamber Event at You Tube in San Bruno
30-Nov	Presentation at Acterra EV event in South San Francisco
30-Nov	Presentation at Senior Listening Session in Burlingame
1-Dec	Night of Lights in Half Moon Bay Tabling
2-Dec	Presentation in Spanish at South San Francisco Library
2-Dec	Hometown Holiday Redwood City Tabling
3-Dec	Pacifica Tree Lighting Ceremony Tabling
10-Dec	Presentation in English and Chinese in South San Francisco Library
16-Dec	Frosty Fest in Daly City Tabling*
17-Dec	Hanukkah Event in Redwood City Tabling*
4-Jan	Presentation at East Palo Alto Rotary Club
11-Jan	Presentation in Half Moon Bay

*Pending registration

Enrollment Statistics

Weekly opt-outs have dropped slightly over recent weeks. The most recent week had the lowest weekly opt-out rate (17 per week) since November 2016. We have been operating within our “steady state” goal of <35 opt outs per week for the past month. Our overall opt-out rate is approximately 2.1%, the lowest of any CCA in California.



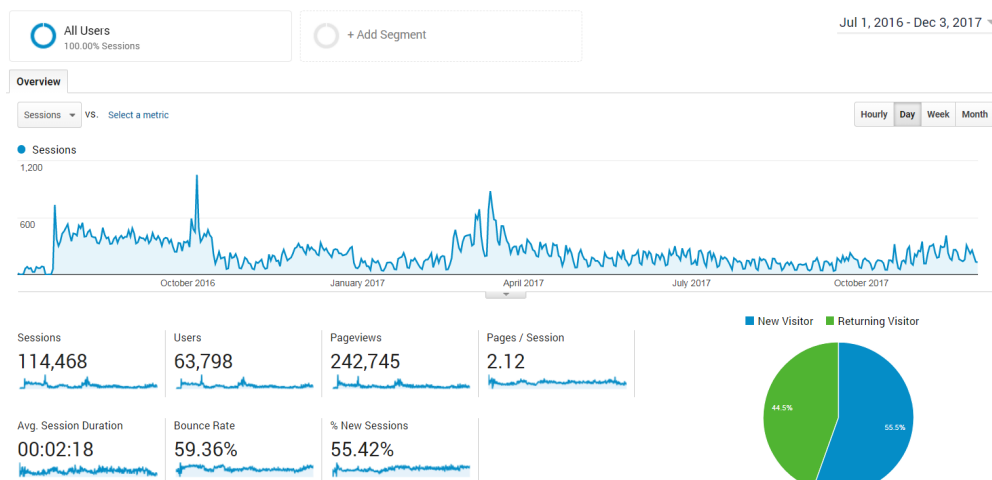
CITY		Eligible Accts	Total	TOTAL OPT OUT %
PORTOLA VALLEY INC		1,674	91	5.44%
BRUNO INC		16,333	523	3.20%
WILKINSON INC		15,410	437	2.84%
SO SAN FRANCISCO INC		24,693	699	2.83%
DALY CITY INC		33,826	834	2.47%
HALF MOON BAY INC		4,934	119	2.41%
MILLBRAE INC		9,324	221	2.37%
UNINC SAN MATEO CO		24,332	562	2.31%
SAN CARLOS INC		14,337	300	2.09%
BELMONT INC		11,822	242	2.05%
SAN MATEO INC		43,640	875	2.01%
BRISBANE INC		2,466	47	1.91%
HILLSBOROUGH INC		4,032	74	1.84%
EAST PALO ALTO INC		7,750	133	1.72%
BURLINGAME INC		15,386	263	1.71%
REDWOOD CITY INC		34,415	578	1.68%
FOSTER CITY INC		14,608	229	1.57%
WOODSIDE INC		2,285	35	1.53%
ATHERTON INC		2,690	40	1.49%
COLMA INC		791		1.39%
MENLO PARK INC		15,420	198	1.28%
Grand Total		300,168	6,511	2.17%

There are now over 4,800 accounts in ECO100. The most recent city to enroll in ECO100 for municipal accounts is Hillsborough, bringing the total number of ECO100 cities to 14 (plus the County).

ACTIVE ACCTS BY CITY	Eligible Accts	November			
CITY	Full Territory	RES ACT	COM ACT	ACTIVE	ECO100
ATHERTON INC	2,690	2,351	196	2,547	56
BELMONT INC	11,822	10,387	930	11,317	138
BRISBANE INC	2,466	1,875	507	2,382	72
BURLINGAME INC	15,386	12,820	1,979	14,799	274
COLMA INC	791	510	281	791	
DALY CITY INC	33,826	30,581	1,981	32,562	53
EAST PALO ALTO INC	7,750	7,025	440	7,465	16
FOSTER CITY INC	14,608	12,860	850	13,710	109
HALF MOON BAY INC	4,934	4,108	584	4,692	38
HILLSBOROUGH INC	4,032	3,740	137	3,877	
MENLO PARK INC	15,420	13,109	1,748	14,857	409
MILLBRAE INC	9,324	8,288	681	8,969	90
PACIFICA INC	15,410	13,865	862	14,727	112
PORTOLA VALLEY INC	1,674	1,398	138	1,536	1,430
REDWOOD CITY INC	34,415	29,694	3,425	33,119	609
SAN BRUNO INC	16,333	14,486	1,119	15,605	75
SAN CARLOS INC	14,337	11,633	2,201	13,834	221
SAN MATEO INC	43,640	37,926	3,968	41,894	559
SO SAN FRANCISCO INC	24,693	20,482	3,287	23,769	64
UNINC SAN MATEO CO	24,332	20,375	2,905	23,280	426
WOODSIDE INC	2,285	1,989	215	2,204	46
Unallocated		38	4	42	
Unallocated (cust type)		253		253	
Grand Total	300,168	259,793	28,438	288,231	4,815

Web and Social Media

The latest web stats and sample social media from the past month are presented below.



SOCIAL MEDIA: Top Posts from Nov/Dec 2017



Top mention earned 30 engagements



Dave Pine
@SupDavePine · Nov 14

Community Choice helping to lead the way!
California may reach 50% renewable power goal by 2020 — 10 years early
sfgate.com/business/artic...
@PenCleanEnergy @SonomaCleanPow
@MCECleanEnergy @LancasterChoice
@SVCleanEnergy @CleanPowerSF

👍 5 ❤️ 15

Top Tweet earned 819 impressions

Thank you @Kevin Mullin for stopping by the PCE table at @ShopsAtTanforan in #sanbruno! pic.twitter.com/7HfBDWs0th



👍 2 ❤️ 7

Staffing

The marketing team has been interviewing candidates for two positions:

- [Creative Content Designer](#)
- [Key Accounts Executive](#)

Certifications

PCE's application for [Green-e](#) certification of ECO100 was approved to start on January 1, 2018.

PCE Community Outreach Small Grant Pilot Proposal

Peninsula Clean Energy plans to launch a Community Outreach Small Grant Pilot Program in December 2017. The Pilot will fund nonprofits in San Mateo County to partner with PCE to increase our communication capacity with key residential customers. The primary goals of the pilot small grant program are to increase customer familiarity with PCE and how it appears on energy bills among key price-sensitive and difficult-to-reach customers in San Mateo County, and begin to build long-term relationships with these communities for future collaboration.

The marketing team proposes to re-allocate \$50K from our existing FY 2017-2018 marketing budget to fund this pilot. This would be offered in small grants of up to \$10K for pilot outreach efforts to be implemented between February and June 2018. This short timeline ensures quick action to help PCE communicate about rate changes and Earth Day, and to align with our fiscal year. If successful, another grant cycle may be launched in FY 2018-2019, potentially for a longer period.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: December 7, 2017
BOARD MEETING DATE: December 14, 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 November and December Regulatory and Legislative Activities

BACKGROUND:

The end of November and early December were markedly less busy than the previous month. As discussed in more detail below, PCE, as part of various coalitions, submitted three pleadings and an informal set of comments at the California Public Utilities Commission (CPUC) and one pleading at the Air Resources Board. PCE staff attended three other stakeholder meetings during this period also.

DISCUSSION:

CalCCA Activities

On November 28th, CalCCA submitted informal comments following the CPUC's California Customer Choice Project workshop held on October 31st. PCE lead the development and drafting of the comments. CalCCA's comments discussed a number of important issues coming out of the workshop including: (1) none of the models discussed at the workshop from other states are directly applicable to California given California's commitment to decarbonization and social equity; (2) CCAs are uniquely positioned to support and accelerate California's principles of affordability, decarbonization, and reliability; (3) social equity is a key principle that CCAs believe is equally important as the other three principles identified by the Commission and CCAs are also uniquely positioned to support this principle. The CalCCA filed comments are attached to this report. We anticipate the next step is for the Commission staff to issue a white paper regarding customer choice during the first quarter of 2018.

Regulatory Advocacy

On Friday, November 17th, Joe Wiedman met with Maria Sotero, energy advisor to CPUC Commissioner Guzman-Aceves, to discuss PCE's interest in the Commission authorizing broader use of virtual net metering (VNM) as a means to support development of renewable energy programs in disadvantaged communities. VNM is currently allowed in limited contexts such as multifamily housing developments that serve low income communities. Mr. Wiedman explained that the Commission is not faced with an all or nothing choice between VNM and programs proposed by the investor-owned utilities. For example, PG&E has proposed that the Commission subsidize PG&E's Green Tariff Shared Renewables program offering. Rather, the Commission could authorize both programs and see how each program is able to serve disadvantaged communities.

R.17-06-026 – PCIA Order Instituting Rulemaking (OIR) – On November 22nd, the administrative law judge issued a ruling requiring the utilities to provide nearly all of the data requested by CCAs in discovery propounded to date in the docket. The judge's ruling is a significant win for the CCAs as we've long advocated for access to data that underlies the PCIA. Experts retained by the CCAs are digging in to the data. The CCA PCIA team continues to work on discovery matters with the utilities around the areas of data the administrative law judge left open for continued discussion.

A.16-08-006 – Diablo Canyon Closure Application – On November 8th, the CPUC issued a proposed decision authorizing the closure of Diablo Canyon but denying any procurement coming from the closure including Tranche 1 Energy Efficiency. PCE has participated in the docket from the start as part of a broad coalition of parties that opposed the procurement proposed by PG&E in their application. On November 28th, oral arguments were held in the docket. Barb Hale from Clean Power SF represented the CCA community at the oral arguments. PCE and the coalition filed opening comments supporting the proposed decision on November 29th. On December 4th, PCE

joined the coalition's reply comments supporting the proposed decision.

A.17-06-005 – PG&E ERRR Docket – On November 17th, PCE filed a response to a motion by PG&E which requested the record in the docket be supplemented with information coming from a recently approved advice letter PG&E submitted to the Commission (Advice Letter 5151-E). While PCE did not oppose inclusion of the information in the record, PCE's response apprised the Commission of the convoluted procedural and substantive issues with the information contained in the advice letter and how those matters related to PG&E's request while focusing on the solution proposed by Sonoma Clean Power in testimony.

(no docket yet) – Low Carbon Fuel Standard – On December 4th, PCE, as part of the Smart Charging Coalition, submitted another set of informal comments to California Air Resources Board staff advocating for the ability of CCAs to obtain low carbon fuel credits based on the lower carbon intensity of our default power product. This set of comments focused on how the crediting arrangement would work in practice technically. Prior comments from the Coalition focused on providing detailed redlines to existing regulations to support the evolution of the program and the economic and programmatic benefits from aligning the generation of credits with the entity that is actually providing the energy ("fuel").

Legislative Advocacy

On November 17th, Jan Pepper, Joe Wiedman, Rick DeGolia, John Keener, Jeff Aalfs, Pradeep Gupta, Marty Medina, Rick Bonilla, and Catherine Carlton met with Senator Jerry Hill, District 13, to provide the Senator with an update on PCE's progress and to discuss the upcoming legislative session.

On December 1st, Jan Pepper, Joe Wiedman, Rick DeGolia, and John Keener met with Assemblymember Marc Berman, District 24, to provide the Assemblymember with an update on PCE's progress and to discuss the upcoming legislative session.

FISCAL IMPACT:

Not applicable.

CALIFORNIA COMMUNITY CHOICE ASSOCIATION (CalCCA)

COMMENTS ON THE CALIFORNIA CONSUMER CHOICE PROJECT WORKSHOP

Introduction

CalCCA appreciates the opportunity to provide informal comment following the workshop on consumer choice held in Sacramento on October 31, 2017. CalCCA is a nonprofit organization formed in June 2016 to represent the interests of California’s Community Choice Aggregation (“CCA”) programs in regulatory and legislative matters.¹

As part of the California Customer Choice Project (CCCP), the Commission has identified three principles to guide consideration of other regulatory frameworks:

- Affordability: Design Rates and Charges So That Bills Are Affordable
- Decarbonization: Meet California’s Environmental and Climate Goals
- Reliability: Maintain Safety, Reliability, and Resiliency of Electricity Services

In addition to the three principles identified above, CalCCA believes it is important to add *social equity* as a core principle. The California Legislature has consistently identified equitable access to energy as a consistent policy focus for the Commission.² CCAs support these four principles and CCAs are ideally positioned to advance them. As CCAs continue to form across California, they create customer-oriented energy innovation platforms that address each of these core principles by delivering generation services to all community members and businesses in their service territories while also prioritizing agile, community-driven program design. It is precisely the innovation and granular level of customer engagement CCAs provide that is vital to ensuring the success of California’s efforts to transition to a clean energy economy.

¹ The operational CCA programs in California – Apple Valley Choice Energy (“AVCE”), CleanPowerSF, Lancaster Choice Energy (“LCE”), East Bay Community Energy (“EBCE”), Los Angeles Community Choice Energy (“LACCE”), Marin Clean Energy (“MCE”), Monterey Bay Community Power (“MBCP”), Peninsula Clean Energy Authority (“PCE”), Pioneer Community Energy (“Pioneer”), Pico Rivera Innovative Municipal Energy (“PRIME”), Redwood Coast Energy Authority (“RCEA”), San Jose Clean Energy (“SJCE”), Silicon Valley Clean Energy Authority (“SVCE”), and the Sonoma Clean Power (“SCP”) – comprise CalCCA’s current voting members. In addition, CalCCA’s affiliate members include: Central Coast Power (counties of San Luis Obispo, Santa Barbara and Ventura); the cities of Corona, Hermosa Beach, Industry, San Jacinto, and Solana Beach; Valley Clean Energy (city of Davis and Yolo County); Coachella Valley Association of Governments; and Western Riverside Council of Governments.

² California has long had robust energy assistance programs like the CARE program which build off and supplement federal energy assistance efforts. In addition to direct assistance, the Commission has developed robust low-income energy efficiency programs. Most recently the Legislature has mandated the development of programs designed to expand access to distributed energy resources within low-income and disadvantaged communities.

Discussion of Models Featured in Customer Choice Workshop

The Commission solicited presentations on four different regulatory frameworks at the October 31 workshop. While CalCCA appreciated the perspectives offered during the morning session, none of these other state frameworks are fully capable of producing the results California requires given its unique environmental goals and current regulatory and legislative framework.

- Texas – Retail rates are comparatively low in the Texas energy market.³ However, this could be due to a number of factors aside from full retail choice, primarily the extremely high utilization of natural gas, coal and nuclear power, which make up 87.7% of Texas' energy portfolio. This strategy not only exposes Texas to rising gas prices but also clashes with California's aggressive decarbonization goals. Texas' RPS requirement is 5880 MW by 2015, which is 5.4% of the state's summer capacity.⁴ The state's future goal is 10,000 MW by 2025, which has already been reached by generating 11.7% of Texas' energy from wind. Accordingly, while Texas may meet the principles of affordability and reliability, it fails with regards to decarbonization. Moreover, Texas appears to lack California's focus on social equity within energy markets.
- United Kingdom – Although many suppliers initially entered the UK market, the current market appears to be dominated by six retailers. The presenter noted that after 15 years of competition, 21% of customers are unaware they have a choice and 36% did not think it was possible to make a change in their supplier. The United Kingdom also appears to lack clear customer options for self-generation, energy efficiency and other demand-side management opportunities. Each of these features is a core component of California efforts to decarbonize and provide customer choice beyond retail choice for generation services. While it appears that the United Kingdom is moving to encourage greater competition and take action to protect consumers, this market does not appear to provide support for the principles of affordability, decarbonization or social equity.
- Illinois – The key messages from the presenter were 1) there are no customer savings, but merely cost shifting – namely shifting costs from energy charges to wires charges; 2) generators are most interested in shifting risks to consumers; and 3) the utilities use the state legislature to advance their own issues and interests. It appears that Illinois' market structure does not facilitate meaningful customer choice, does not result in clear cost savings to end consumers, and does not promote long-term planning to protect consumers from poor planning by competitive generators. California is also significantly ahead of Illinois in efforts to decarbonize its energy supply and requires long-term contracts for renewable energy through SB350. Based on these points, it does not appear that the Illinois market meets any of the four principles identified by CCAs as key features of California's energy system.
- New York – The most applicable model for California to study, New York is moving aggressively towards a Distribution System Implementation Plan with its REV (Reforming the Energy Vision) program. This program is characterized by deploying private capital to increase renewables on the grid, enabling customer choice in energy and

³ Slide 9 of October 31 presentation on Texas.

⁴ <http://programs.dsireusa.org/system/program/detail/182>

DER providers, and providing opportunities for non-wires alternatives to compete with utility deployment of grid resources. Consumer protection is an important part of the REV program to stop the bait and switch pricing that energy providers were using to target vulnerable communities. Regulated companies can also earn up to an additional 100 basis points (1%) based on certain behaviors. Further, the State recently enacted a more consistent and robust program to assist low-income ratepayers that is similar to California's CARE program.⁵ Each of these features of New York's REV process are in harmony with California policies.

Retail Choice

CalCCA supports efforts to expand customer choice in energy service offerings. As CCAs continue to expand, they will offer customers choice in generation providers while other third parties offer various competitive energy services such as rooftop solar and storage. As discussed in CalCCA's May comments following the Retail Choice En Banc, to support further development of customer energy options, reforming the utility business model to focus more clearly on "poles and wires" service is necessary. However, assuming compliance with the CCA Code of Conduct and robust Commission oversight of utility operations, there is no need to exclude the Investor Owned Utilities ("IOUs") from the procurement function. Under this framework, CCAs would take over the responsibility to provide retail service to customers in the communities they serve based on community preferences. This evolution could include CCAs serving as provider of last resort. However, customers in those communities would still retain the option to opt-out of CCA service. Communities without CCAs would continue to receive generation services from IOUs. Moving away from the vertically integrated, privately-owned monopoly will allow customer choice to flourish across a spectrum of services while also allowing the utilities and the Commission to focus their efforts on lowering the cost and increasing the safety and reliability of California's transmission and distribution systems.

Equally important to this transition is that the distribution utilities face competition on the remaining services they do provide both to discipline their pricing and to provide expanding opportunities for customer choice. Current California law already requires IOUs to offer solicitations for non-wires alternatives to distribution system investments.⁶ However, this requirement has not been vigorously enforced and only recently has there been robust efforts towards its implementation in the distribution resource planning docket, R.14-08-013.⁷ Enforcement of this obligation should serve as the foundation for ongoing Commission efforts to better characterize locational benefits and the ability of DERs to provide nonwires alternatives. These efforts will accelerate opportunities to deploy private capital in ways that lower overall customer costs which directly supports the principle of affordability.

⁵ New York Public Service Commission, Docket No. 14-M-0565, Order Adopting Low Income Program Modifications and Directing Utility Filings (May 20, 2016); New York Public Service Commission, Docket No. 14-M-0565, Order Granting in Part and Denying in Part Requests for Reconsideration and Petitions for Rehearing (February 16, 2017).

⁶ Cal. Pub. Util. Code § 353.5 (Deering's 2017).

⁷ Order Instituting Rulemaking 14-08-013, pp. 2-3, n. 2 (Aug. 20, 2014).

CCAs are in an ideal position to administer programs that support retail choice because they are not-for-profit government agencies governed by local, publicly elected boards which are fully transparent and accountable to their constituents and to the law. CCA board meetings are subject to the Brown Act, publicly noticed and accessible, and held within the communities they serve. Each of these aspects of CCA governance allow local customers to directly observe and participate in decision-making.

In contrast to the market examples presented at the workshop, the California-focused model described herein will further all three of the core principles espoused by the Commission with the additional principle of social equity, as explained below.

Affordability

CCAs strongly believe in the right of all communities to have access to affordable power. With the benefit of competition, CCAs receive strong market signals to supply affordable generation services to their customers. Should CCAs fail in this regard, customers are free to return to bundled service. Fortunately, the CCA model is by nature extremely well-suited to providing affordable energy.

First and most importantly, CCAs are not “-for-profit” entities. In contrast to IOUs, CCAs have no profit motive or obligation to external shareholders. Rather, CCA customers, ratepayers, and “shareholders” are one and the same, just like municipal utilities. Thus, CCAs lack the inherent conflict of interest of a for-profit company providing an essential service needed by all communities. Any value CCAs create from their efforts is reinvested in the communities they serve.

Second, CCAs are far smaller, nimbler organizations than investor-owned utilities. This is attributable to fewer layers of bureaucracy and lower overhead costs. Moreover, CCAs’ constant dialogue with their communities enables them to rapidly reallocate resources as necessary to best serve their customers. Given that these customers are constituents of their CCAs’ governing bodies, they can – and do – provide on-going feedback. If a program is not achieving its goal, a CCA can shift staff and resources away from it in a matter of weeks rather than months. CCAs’ agile organizational structures keep overhead costs low and provide opportunities to pass those savings on to customers.

It is important to note that while the CCA model offers inherent advantages for affordability, this does not mean that all CCAs will have lower rates than their corresponding IOUs. A CCA’s purpose is to provide electricity generation services to meet its communities’ values. For some communities, this may mean paying a premium for lower carbon content energy. Other communities may prefer the lowest rates possible while still meeting state policy obligations, with any savings allocated back to the community. How to prioritize low rates compared to

other characteristics is a choice each CCA board determines through an open decision-making process.⁸

CCAs create value and contribute to affordability for their customers in a variety of ways beyond electricity rates. California's CCAs offer, or are in the process of developing, a diverse portfolio of programs that help consumers manage and decarbonize their electricity use. From transportation electrification to home energy efficiency and behind the meter solar, CCA programs help customers take charge of their energy use and manage their energy-related expenses. For example:

- SCP Drive Evergreen is a partnership with local auto dealers who agreed to provide discounts on electric vehicles in return for SCP generating increased demand through targeted marketing, outreach, and additional dealer and SCP-funded incentives. After launching a pilot program last year, SCP incorporated lessons learned and brought a larger range of dealers onboard this year. To date, over 600 electric vehicles have been sold through the program with 30% of incentives allocated to low-income customers. An independent evaluation found that 88% of participants would not have made the purchase in absence of the Drive Evergreen program.
- MCE offers robust energy efficiency programs that serve every sector, including single family units, multi-family buildings, and small commercial, industrial, and agricultural customers. MCE recently received \$2.5 million in Energy Savings Assistance Program funding from the Commission for its programs on low-income families and tenants in its service area and has allocated low-income solar rebates to more than 150 CARE customers, saving them over \$1M.
- Many CCAs, including RCEA, SCP, MCE, PCE, CPSF, and SVCE offer net energy metering programs with strong financial incentives for local customers to invest in on-site renewables.

CCAs also focus on affordability for their low-income and at-risk customers. Many CCAs have rate stabilization funds that can be used to buffer rates in the event of a sudden spike in wholesale energy markets. While rate stability is something all customers benefit from, CCAs recognize that it is particularly important for households operating on a thin financial margin for whom unpredictable cost increases can mean a choice between electricity and other essential products and services. Additionally, many CCAs are working to overcome obstacles that have historically prevented low-income customers from accessing behind-the-meter energy technologies that could help them lower their total energy costs. For example, customers that do not own their homes or who have low credit score have historically had difficulty reaping the

⁸ A recent report by The University of California, Los Angeles Luskin Center for Innovation "The Promises and Challenges of Community Choice Aggregation in California" reinforces this point finding that "CCAs offer ratepayers a more accessible decision-making process compared to IOUs' ratepayers" and that CCAs provide "their ratepayers with enhanced local community participation in governance decisions." Report at pgs. 6 and 21. Available at: <http://innovation.luskin.ucla.edu/content/promises-and-challenges-community-choice-aggregation-california-0>

benefits of behind the meter solar and the net energy metering tariffs provided by both IOUs and CCAs. Peninsula Clean Energy is exploring program opportunities designed to make solar more accessible to these customers through innovative programs that address access to capital.

In summary, CCAs are highly qualified to uphold the principle of affordability through reductions to electricity rates, programs that help consumers manage and reduce their energy spending, and targeted innovative initiatives serving low and moderate income communities. Regardless of whether a CCA chooses to offer lower rates than its incumbent IOU, its customers benefit from being served by a locally controlled entity that is governed by their own elected leaders. CCAs devote their entire resource budget to serving and reinvesting in their communities with very low overhead costs, making them uniquely qualified to deliver maximum customer value at minimum cost.

Decarbonization

Many CCAs were formed to expedite achievement of greenhouse gas reduction goals identified in their communities' local Climate Action Plans. Local governments saw the potential for CCAs to provide a rapid, flexible, and low-cost solution to reducing a local jurisdiction's GHG emissions by providing cleaner electricity to their residents and businesses. Today, CCAs across the state are leading the way on decarbonizing portfolios and developing innovative mitigation measures.

CCAs are required to fulfill the state's climate laws and are exceeding statewide standards. SVCE, a CCA serving approximately 248,000 accounts in Santa Clara, was created with the express purpose of providing carbon-free electricity from day one. Almost all of the state's operating CCAs currently offer a 100% renewable energy product option, and the average percentage of renewable resources in their portfolios through 2016 was 47% compared to 35% for the IOUs.⁹ Moreover, each CCA that forms increases the percentage of renewables in the IOUs' portfolio, because the IOUs' existing renewable contracts constitute a larger percentage of the remaining demand after CCA load departures. Thus, CCA customers contribute to both IOU portfolios (through the PCIA) and CCA portfolios (through their generation rates).

But this is only part of the story of why CCAs are valuable to California's decarbonization efforts. Once the entire California grid is decarbonized, additional carbon-free resources are no longer a distinguishing feature for any load serving entity. In this scenario, CCAs still add value to California's energy market because they can address issues beyond offering clean energy at low rates. In the most recent California greenhouse gas emissions inventory, emissions from electricity generation made up only 20% of the state's total emissions portfolio. Much of the other 80%, including transportation, residential, and commercial emissions, is under less centralized control than electricity and is governed to a greater extent by consumer behavior and

⁹ California's Renewables Portfolio Standard Annual Report, Nov. 2017. Tables 2 and 4. Available online at: http://www.cpuc.ca.gov/uploadedFiles/CPUC_Website/Content/Utilities_and_Industries/Energy/Reports_and_White_Papers/Nov%202017%20-%20RPS%20Annual%20Report.pdf

purchasing choices. In order to reduce emissions in these areas, consumers must be aware of both the change that is necessary and the options at their disposal for creating that change. Furthermore, these options must be affordable and relevant to consumers' lifestyles and needs.

CCAs are ideally positioned to develop programs and policies that meet these twin needs, because CCAs maintain close ties to the community members they serve. Accordingly, CCAs develop a unique understanding of what types of decarbonization technologies will be relevant to their customers and the obstacles that may be preventing these technologies from being adopted. Sometimes the obstacles are financial in nature, in which case a CCA can provide and publicize incentives. Others may be more location specific, in which case CCAs can develop programs uniquely appropriate for their communities. CCAs also enable customer access to accurate information about these technologies from a community institution that customers trust.

These dynamics are already driving results in the territories of many CCAs. For example:

- As discussed above, SCP's Drive Evergreen program resulted in a significant boost in EV sales by "solarizing" EVs. CCAs are reviewing SCP's program results as they prepare their own EV programs.
- Lancaster Choice Energy supported a 450,000 square foot electric vehicle factory to build hundreds of electric busses and convert the Antelope Valley Transit Authority to an all-electric bus fleet in three years while working closely with the City of Lancaster to enable the city to become the first zero-net energy city in California.
- CCAs, including RCEA who is investing in, and Pioneer who is planning to invest in local biomass power projects to maintain or create local, high-paying jobs, and transform the forest industry's waste products into sustainable energy.
- CalCCA is developing processes to share best practices related to CCA programs so emerging CCAs can institute impactful programs quickly and efficiently based on their community preferences.

These advantages are already recognized as an important component of achieving California's aggressive carbon reduction goals. AB 32 originally envisioned a wave of voluntary mitigation action across the state, and CCAs bear out that vision by connecting decarbonization resources with those who can use and benefit from them. In fact, climate change scoping plans developed by the Air Resources Board have repeatedly highlighted the essential role of local governments and communities in reducing GHG emissions beyond state requirements.¹⁰ The latest update to the scoping plan specifically recognizes that that local efforts can deliver substantial "additional GHG and criteria emissions reductions beyond what State policy can alone."¹¹ CCAs serve as a conduit between their communities and state-level resources for decarbonization, ultimately expanding and streamlining the entire state decarbonization effort.

¹⁰ For example, the 2008 Scoping Plan noted: "Local governments are essential partners in achieving California's goals to reduce GHG emissions." Scoping Plan at pg. 26.

¹¹ 2017 Revised Scoping Plan. October 27, 2017. p. 145. Available at: <https://www.arb.ca.gov/cc/scopingplan/revised2017spu.pdf>

In summary, in addition to aggressively decarbonizing their own procurement portfolios, CCAs are reducing emissions in other sectors in ways that other retail service providers are not well positioned to undertake.

Reliability

Reliability is arguably the single most important requirement for any energy provider. Near-perfect reliability at the customer level has been the norm and expectation in California for many decades, and CCAs both uphold and strengthen that tradition.

CCAs participate fully in the resource adequacy (RA) program and meet all its current obligations. CCAs are also assigned CAISO RA allocations and participate robustly in the market. Additionally, CCAs continue to demonstrate creditworthiness and ability to secure large, long-term power purchase agreements (PPAs), even at a very young age. For example, MCE has committed to PPAs which support 813 MW of new California renewable energy projects under long-term contracts, while PCE has recently signed PPAs for 300 MW of new solar resources in Merced and Kings County.

Beyond these baseline expectations, CCAs are developing ways to leverage their unique business models in support of statewide reliability efforts. For example, through the IDER and other policy mechanisms, CCAs could be of great help in identifying opportunities for local grid support projects like microgrids and working within their communities to support resiliency efforts. Microgrids, resiliency projects and other innovations in the energy sector can be accelerated once a mechanism is in place for CCAs and other stakeholders to receive the economic value they provide to distribution and transmission systems. Thus, it is critical that the Commission enforce current state law regarding development of nonwires alternatives and also complete the distribution resources planning as quickly as possible.

The CCA community is also looking into joint procurement for especially large projects, and there are already instances of joint CCA RFOs. For example, in September 2017 Silicon Valley Clean Energy (SVCE) and Monterey Bay Community Power (MBCP) issued a joint RFO for up to 700 GWh annually of carbon free generation. Like municipal utilities, CCAs also have the ability to offer tax-exempt bonds for the financing of particularly large projects.

In short, CCAs are dedicated to supporting California's high reliability standards and have the ability to both fulfill their existing obligations and push statewide efforts forward. CCAs bring unique tools to the reliability landscape at all scales, and are putting these to use for the benefit of all Californians.

Social Equity

In addition to sharing the Commission's focus on the three principles discussed above, CCAs are deeply committed to serving all of their customers, including low-income and hard-to-reach customers. As noted above, many CCAs are developing policies such as rate stabilization funds so customers do not experience drastic changes in their energy costs. CCAs are also collectively working to ensure rates are as low as possible as this is the most direct way to address energy

burdens within CCA communities. As noted above, many CCAs offer lower rates than their incumbent IOUs. Collectively, these lower rates produce substantial savings for families, schools, hospitals and businesses across the State. The Center for Climate Protection projects that California ratepayers will save \$188 million annually by the end of 2020 assuming CCAs offer at least a 1% rate discount compared to the incumbent IOU.¹² PCE estimates its 5% reduction from PG&E rates results in over \$17 million in savings per year for the residents and businesses of San Mateo County.

CCAs are also working to develop innovative programs to serve low-income and hard to reach communities. For example:

- MCE offers a targeted energy efficiency program called Low-Income Tenants & Families (LIFT) for hard to reach low-income customers at or below 200% Federal Poverty Guidelines with \$1,200 per unit rebate and electric heat pumps at no cost. MCE also allocates significant funds for targeted solar rebates for low-income customers, resulting in \$1M combined savings in energy costs for MCE CARE customers.
- SCP's DriveEvergreen program also offers an additional incentive of \$1500 for CARE/FERA program participants to support their purchase of a new or used EV with 30% of incentives allocated to low-income customers.
- CleanPowerSF has allocated over \$2 million in solar rebates to underserved residential customers and offers larger incentives for low-income customers, including 20-40% higher incentives for residents of environmental justice neighborhoods and 500% higher incentives for CARE program enrollees.
- PCE is working to develop energy programs that focus squarely on deeper issues related to access to credit for low and moderate income energy consumers seeking rooftop solar. Each of these programs, and others at CCAs, are designed to address continuing inequities within the energy system in targeted ways that build upon state efforts.

Many CCAs have also developed workforce development and training programs designed to increase opportunities for disadvantaged community members to enter the energy industry. For example:

- MCE has allocated substantial funding and resources to Rising Sun Energy Center, RichmondBuild and FutureBuild to increase training opportunities for youth and unemployed adults in San Pablo, El Cerrito, Richmond, Pittsburg and Oakley for green collar jobs in energy efficiency, renewable installations, and call center services.
- CleanPowerSF partners with Grid Alternatives for local job training that is focused on underserved communities.
- Lancaster Choice Energy serves 46% CARE customers, offers Property Assessed Clean Energy (PACE) financing for efficiency measures, and provides free local transit to seniors with community partners.

¹² Center for Climate Protection, "Community Choice Energy Programs in California: Greenhouse Gas and Customer Cost Savings," p. 6. <https://climateprotection.org/wp-content/uploads/2017/06/Forecast-of-CCA-Impacts-in-CA-2016-2020-June-2-2017.pdf>

- More generally, CCAs have utilized project labor agreements to support the creation of high-quality, well-paying jobs as a result of CCA procurement. CCAs, like PCE, utilize strong board approved polices to support local business development, union labor and workforce development and training.¹³

Conclusion

CalCCA appreciates the opportunity to provide comment on the role CCAs play in advancing the principles of affordability, decarbonization, reliability and social equity. As mission-driven government agencies, CCAs focus daily on advancing each of these principles at the regional and community levels through transparent decision-making processes. The innovative programs and policies discussed in these comments are already demonstrating value to California's energy consumers. CCAs intend to build on and expand these programs going forward. Most importantly, CCAs intend to continue to work collaborative together through CalCCA, with the Commission and other state agencies, and with other market actors to move California forward towards our collective goals.

¹³ <https://www.peninsulacleanenergy.com/wp-content/uploads/2017/01/PCE-Policy-10-final-1.pdf>



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, November 16, 2017
MINUTES**

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

CALL TO ORDER

Meeting was called to order at 6:33 p.m.

ROLL CALL

Present: Dave Pine, County of San Mateo, *Chair*
Carole Groom, County of San Mateo
Jeff Aalfs, Town of Portola Valley, *Vice Chair*
Rick DeGolia, Town of Atherton
Greg Scoles, City of Belmont
Sigalle Michael, City of Burlingame
Rae P. Gonzalez, Town of Colma
Carlos Romero, City of East Palo Alto
Catherine Mahanpour, City of Foster City
Harvey Rarback, City of Half Moon Bay
Laurence May, Town of Hillsborough
Catherine Carlton, City of Menlo Park
Ann Schneider, City of Millbrae
John Keener, City of Pacifica
Ian Bain, City of Redwood City
Marty Medina, City of San Bruno
Rick Bonilla, City of San Mateo
Daniel Yost, Town of Woodside

Absent: City of Brisbane
City of Daly City
City of San Carlos
City of South San Francisco

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

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
TJ Carter, Marketing Associate
Alejandra Posada, Outreach Fellow
Charlsie Chang, Outreach Fellow
Nirit Eriksson, Associate General Counsel
Anne Bartoletti, Board Clerk/Executive Assistant to the CEO

A quorum was established.

PUBLIC COMMENT:

James Tuleya, Carbon Free Silicon Valley
Diane Bailey, Menlo Spark

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Jeff Aalfs—Vice Chair—pulled item 11.

Motion Made / Seconded: May / Schneider

Motion passed 16-0 (Absent: County of San Mateo-Pine, Brisbane, Daly City, East Palo Alto, San Carlos, South San Francisco.)

11. APPROVAL OF RECOMMENDATION OF 2018 BOARD MEETING DATES

Jeff Aalfs reported that the PCE staff have presented a recommendation of 2018 meeting dates for the Board of Directors. Anne Bartoletti—Board Clerk and Executive Assistant to the CEO—reported that the Executive Committee reviewed the recommended Board meeting dates on Monday, November 13, 2017 and had suggested one date change in September, to move the meeting to September 22, 2018 from 8:00 a.m. to 12:00 pm for the Board Retreat.

Motion Made / Seconded: DeGolia / Yost

Motion passed 16-0 (Absent: County of San Mateo-Pine, Brisbane, Daly City, East Palo Alto, San Carlos, South San Francisco.)

REGULAR AGENDA

1. CHAIR REPORT

Jeff Aalfs—Vice Chair—reported that he attended two informative conferences, the Clean Energy Finance Forum and the Annual Bits & Watts Symposium at Stanford University.

2. CEO REPORT

Jan Pepper—Chief Executive Officer—reported that positions have been posted for a Key Accounts Executive, Power Resources Manager, and a part-time Creative Content Designer, and the Senior Regulatory Analyst position will be re-posted. Jan reported that she attended the CalCCA (California Community Choice Association) Board meeting and Legislative Retreat, and that she, Dan Lieberman, and Siobhan Doherty spoke on three different panels at the Community Choice Energy Summit in Santa Clara. Jan announced that she, Joe Wiedman, and some PCE Board members will meet with Senator Jerry Hill on Friday to discuss the upcoming legislative session.

3. CITIZENS ADVISORY COMMITTEE REPORT

Michael Closson—Chair of the Citizens Advisory Committee—reported that at the Citizens Advisory Committee (CAC) meeting, Siobhan Doherty presented information on PCE's power procurement, and they reviewed local programs being conducted by other CCAs (Community Choice Aggregator). Ted Howard—Vice Chair of the Citizens Advisory Committee—reported on additional local program options, including energy storage, micro-grids, and DER (Distributed Energy Resources).

4. MARKETING AND OUTREACH REPORT

Dan Lieberman—Director of Marketing and Public Affairs—reported that the marketing team has been busy doing outreach, meeting with key account customers, and preparing for future advertising campaigns. Dan also reported that PCE has applied for Green-e certification to start on January 1, 2018, and staff prepared an application to The Climate Registry.

5. REGULATORY AND LEGISLATIVE REPORT

Joe Wiedman—Director of Legislative and Regulatory Affairs—reported that from the end of October through November, PCE, as part of various coalitions, submitted seven pleadings at the California Public Utilities Commission (CPUC), and PCE staff attended five workshops or stakeholder meetings during this period. Joe also reported that the CalCCA Legislative Committee held a retreat to plan for the upcoming legislative session.

6. APPROVAL OF NEW RATES

Leslie Brown—Manager of Customer Care—reported that PCE staff consulted with Pacific Energy Advisors (PEA) to project PG&E's rates that will be effective January 1, 2018. Based on the expected increase in the PCIA and the expected increase in PG&E's generation rates, most of PCE's rates should continue to be 5% below PG&E's generation rates starting in 2018. For those selected rates where it appears the 5% discount may be reduced, PCE staff is recommending that adjustments to those rates be made in December in order to maintain the 5% discount on all PCE rates effective January 1, 2018.

Motion Made / Seconded: Carlton / Harvey

Motion passed 17-0 (Absent: County of San Mateo-Pine, Brisbane, Daly City, San Carlos, South San Francisco.)

7. APPROVE ENDORSEMENT OF CITIZEN’S CLIMATE LOBBY

Gary White—Group Leader of the San Mateo chapter of the Citizen’s Climate Lobby (CCL)—presented information on CCL as a non-profit, non-partisan, grassroots advocacy organization focused on gaining national support for their “Carbon Fee and Dividend” proposal to address climate change. He explained that their proposal seeks to place a price on carbon, with fees collected returned to households as a monthly energy dividend. Jan Pepper reported that a proposed resolution in support of CCL’s proposal was included in the supplemental agenda packet, and that it mirrors the resolution adopted by the County of San Mateo Board of Supervisors.

Dave Pine reported that the County Board of Supervisors unanimously supported this proposal, and that a carbon tax in the United Kingdom was instrumental in reducing their GHG emissions and their carbon footprint. Gary White clarified that the resolution is asking for an endorsement of a carbon fee, not an endorsement of the CCL organization. Board members discussed the pros and cons of a carbon tax versus cap-and-trade.

PUBLIC COMMENT:

Mark Roest, SeaWave Battery, Inc.

Dave Pine suggested moving this item to the January meeting to give Board members time to review the CCL’s proposal.

Motion Made / Seconded: Pine / Carlton

Motion passed 18-0 (Absent: Brisbane, Daly City, San Carlos, South San Francisco.)

8. INTEGRATED RESOURCE PLAN (IRP) UPDATE

Siobhan Doherty—Director of Power Resources—reported that PCE’s Integrated Resource Plan (IRP) takes into consideration PCE’s strategic goals and policies, regulatory requirements, PCE’s daily load, diversity of resources and technology, and additionality, which means that a project or activity would not have happened without PCE. Board members discussed best practices and tactics to mitigate risks and price variations. Siobhan reported that the next step is to distribute a draft IRP to the Board the week before the next meeting, and adopt it in December.

PUBLIC COMMENT:

Mark Roest, SeaWave Battery, Inc.

9. BOARD MEMBERS' REPORTS

Dave Pine reported that the production of meat is problematic for certain environmental and climate protection goals. He reported that Impossible Foods has a meat substitute that is impressive. Ian Bain—Mayor of Redwood City—reported that Impossible Foods is headquartered in Redwood City.

ADJOURNMENT

Meeting was adjourned at 8:37 p.m.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: December 4, 2017
BOARD MEETING DATE: December 14, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Anne Bartoletti, Staff, Peninsula Clean Energy Authority
SUBJECT: Approve the minutes of the October 27, 2016 meeting

RECOMMENDATION: Approval of the Minutes for the October 27, 2016 meeting.

BACKGROUND:

Peninsula Clean Energy (PCE) and its subcommittees usually approve the minutes of their meetings as part of the agenda of the next scheduled meeting. The consent agenda for the November 17, 2016 meeting of PCE's Board of Directors included an item to approve the minutes of the October 27, 2016 meeting, however the minutes were inadvertently not included in the agenda packet.

DISCUSSION:

PCE staff has included the October 27, 2016 meeting minutes in the December 14, 2017 meeting's Board packet, and requests that the Board approve said minutes.



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, October 27, 2016
MINUTES**

San Mateo County Office of Education, Pine and Oak Room
101 Twin Dolphin Drive, Redwood City, CA 94065
6:30pm

CALL TO ORDER

Meeting was called to order at 6:33 pm.

ROLL CALL

Present: Dave Pine, County of San Mateo, *Chair*
Jim Eggemeyer, County of San Mateo
Rick DeGolia, Town of Atherton
Charles Stone, City of Belmont
Terry O'Connell, City of Brisbane
Sigalle Michael, City of Burlingame
Joseph Silva, Town of Colma
Larry Moody, City of East Palo Alto
Laurence May, Town of Hillsborough
Wayne Lee, City of Millbrae
John Keener, City of Pacifica
Jeff Aalfs, Town of Portola Valley, *Vice Chair*
Ian Bain, City of Redwood City
Marty Medina, City of San Bruno
Cameron Johnson, City of San Carlos
Joe Goethals, City of San Mateo
Pradeep Gupta, City of South San Francisco
Daniel Yost, Town of Woodside

Absent: Michael Guingona, City of Daly City
Gary Pollard, City of Foster City
Deborah Penrose, City of Half Moon Bay
Catherine Carlton, City of Menlo Park

Staff: Jan Pepper, Chief Executive Officer
David Silberman, General Counsel

Nirit Eriksson, Associate General Counsel
George Wiltsee, Director of Power Resources and Energy Programs
Dan Lieberman, Director of Marketing and Public Affairs
Anne Bartoletti, Board Clerk / Executive Assistant to the CEO
Carolyn Raider, Office of Sustainability

A quorum was established.

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: Yost/ lee

Motion passed unanimously 15-0 (Absent: Pine, Michael, Guingona, Moody, Pollard, Penrose, Carlton)

PUBLIC COMMENT

Landis Marttila

REGULAR AGENDA

1. CHAIR REPORT

Vice Chair Aalfs discussed the CalCCA Policy Summit that took place on October 20th. He noted that many Community Choice Aggregators (CCAs) were present, and several Board members attended.

2. CEO REPORT

Jan Pepper—Chief Executive Officer—announced that Peninsula Clean Energy (PCE) had a press event on October 6th to officially launch the delivery of clean energy to San Mateo County. The event was well attended and there was local press coverage. She updated the Board on recruitments. The CalCCA Policy Summit was discussed, and Jan noted that PCE had 6 board members in attendance: Jeff Aalfs, Rick DeGolia, Pradeep Gupta, John Keener, Wayne Lee, and Lori Liu. In addition, PCE had 6 staff in attendance at the summit: Jan Pepper, George Wiltsee, Dan Lieberman, Anne Bartoletti, David Silberman, and Nirit Eriksson. Jan announced the following contracts that were signed over the past month: Accion Group (RFO support), All Covered (IT support), Circlepoint (marketing and outreach support), LEAN Energy US (legislative and regulatory support), Maher Accountancy (finance and accounting support), PEA (Pacific Energy Advisors – technical support for power supply forecasting and Resource Adequacy compliance).

A special meeting of the Board – the “Board Retreat” – will take place on Saturday, November 12th from 9:00 a.m. to 3:00 p.m. at the Portola Valley Community Hall, 765 Portola Rd in Portola Valley.

3. PROVIDE AN UPDATE ON THE CITIZENS ADVISORY COMMITTEE

Dave Pine announced that the Citizens Advisory Committee (CAC) was unable to meet at their last scheduled meeting. The future makeup of the Citizens Committee is on the agenda to be discussed during the Board Retreat.

4. PROVIDE AN UPDATE ON RECENT COMMUNITY OUTREACH AND MARKETING EFFORTS

Dan Lieberman—Director of Marketing and Public Affairs—presented information on community workshops, ad campaigns, social media, press coverage, Opt-Outs, Opt-Ups, and volunteers doing business outreach over the past month.

5. PROVIDE AN OVERVIEW AND UPDATE OF THE RENEWABLE SUPPLY REQUEST FOR OFFERS

Jan Pepper—Chief Executive Officer—discussed the Diversity of our Supply, working toward a balance of varying contract lengths, project ownership, project location, and varying technology. She introduced George Wiltsee, Director of Power Resources. George answered questions about energy procurement.

6. REVIEW DRAFT AGENDA FOR NOVEMBER 12TH BOARD RETREAT

Jan Pepper explained the outline of the draft agenda for the Retreat.

Public comment:

Michael Closson, Menlo Spark
Mark Roest, SeaWave Battery, Inc.

7. REQUEST APPROVAL TO GIVE BROADER AUTHORITY TO THE CEO TO NEGOTIATE A LEASE

Jan Pepper—Chief Executive Officer— said that the Office of Sustainability has been very kind to allow PCE to use their office space, but PCE does not have any room for growth in the current location and we need to bring on some new employees. Nirit Eriksson, Associate General Counsel for PCE, explained that this action will give authority for the CEO to negotiate a lease within the limits of \$40,000 per month that the board has previously approved, if for some reason the lease currently in negotiations falls through. Key property elements were discussed.

Nirit Eriksson clarified that this action is granting the CEO authority to do the final execution of a lease for a not identified property, if the current property under negotiation falls through. She explained that any request for the Board to have a different role would be a different motion.

Motion Made / Seconded: Bonilla / Moody

Amendment up to \$35,000 with all costs.

Motion Made / Seconded: Pine / DeGolia

Motion passed unanimously 15-0 (Absent: Eggemeyer, Guingona, Pollard, Penrose, Carlton, Bain, Yost)

CLOSED SESSION

9 CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: 155 Linfield, Menlo Park

Agency Negotiators: Jan Pepper, David Silberman, and Nirit Eriksson

Negotiating Party: Barclays

Under Negotiation: price and terms

CLOSED SESSION REPORT

No reportable actions were taken.

8. BOARD MEMBERS REPORT

None

ADJOURNMENT

Meeting was adjourned.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: December 5, 2017
BOARD MEETING DATE: December 14, 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: PCE 2018 Electric Rates

RECOMMENDATION:

Authorize the Chief Executive Officer to adjust all 2018 PCE rates, as necessary, after PG&E's new rates have been confirmed in January 2018, to provide a 5% discount compared to PG&E's generation rates.

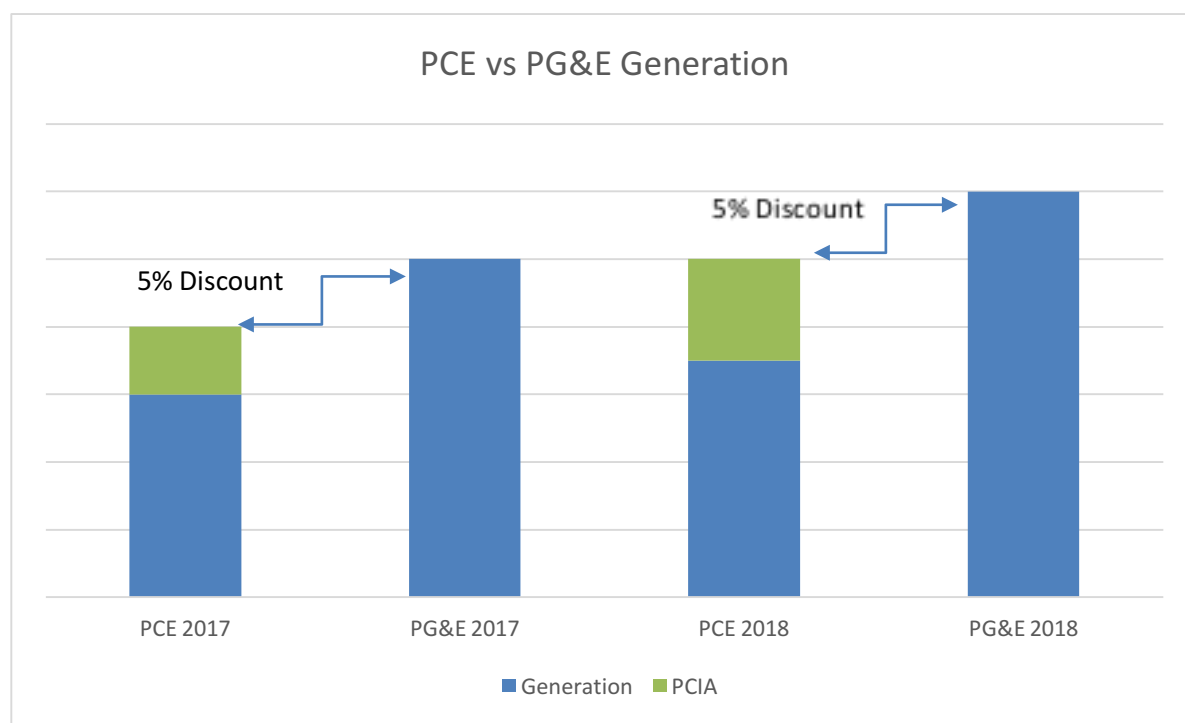
BACKGROUND:

As discussed in a previous Board meeting, PG&E's actual rate adjustments will not be publicly known until they are in effect on January 1, 2018. However the November update of the 2018 ERRRA proceeding does indicate an across the board increase in the PCIA (14-17% for most rate classes). Preliminary review of the update also indicates instead of a slight decrease in PG&E's generation rate that was initially predicted, there will likely be a small increase in PG&E's generation rate. The increase in PG&E's generation rate and adjustment of rates in various TOU schedules will make it necessary for Peninsula Clean Energy to make adjustments to most rate schedules in order to align with our stated goal of a 5% discount on generation across the board.

DISCUSSION:

Staff will be working closely with Pacific Energy Advisors and Calpine to ensure the new rates are calculated and implemented in a timely manner as soon as PG&E's actual rates are public. The intention is to have all rates programmed, tested and implemented prior to February 1, 2018 to minimize billing confusion as much as possible.

The chart below provides a general example of how PCE staff plans to adjust most rates to mirror the 5% overall discount for 2018. There will be some cases where the PCIA increase and PG&E generation rate adjustment require PCE to lower our rates slightly to maintain the 5% discount, but we expect that most will be like the example below.



FISCAL IMPACT:

This action will ensure that PCE is able to continue the 5% value proposition of ECOplus compared to PG&E's generation rate for our customer base. PCE will continue to price ECO100 at a \$0.01/kWh premium over ECOplus. A full reporting of the financial impact will be presented to the Board after the necessary rate adjustments are implemented.

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * *

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO ADJUST
PENINSULA CLEAN ENERGY'S RATES AFTER JANUARY 1, 2018, TO MAINTAIN
A 5% DISCOUNT IN GENERATION CHARGES COMPARED TO PG&E**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California ("Peninsula Clean Energy" or "PCE"), that

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

WHEREAS, the Board has established a set of strategic goals to guide PCE including maintaining a cost competitive electric generation rate for County Residents and Businesses; and

WHEREAS, effective January 1, 2018, PG&E will be implementing adjustments to both the Power Charge Indifference Adjustment (PCIA) and their own generation rates; and

WHEREAS, PG&E's rate changes will necessitate changes to PCE's rates in order to maintain a 5% discount in generation charges; and

WHEREAS, PCE staff expects the rate adjustments will result in some PCE rates decreasing, some increasing slightly, and some remaining the same.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board authorizes the Chief Executive Officer to implement adjustments to PCE's rates after January 1, 2018 in order to maintain a 5% discount in generation charges compared to PG&E.

* * * * *



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: December 4, 2017
BOARD MEETING DATE: December 14, 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 (Tenaska Power Services Co.)

RECOMMENDATION:

Approve Resolution delegating authority to the Chief Executive Officer to execute an EEI (Edison Electric Institute) Cover Sheet and Confirmation for purchase of GHG Free electricity from Tenaska Power Services Co. in a form approved by the General Counsel and for a Delivery Term of January 1, 2018 through December 31, 2022, in an amount not to exceed \$3,500,000 (Action)

BACKGROUND:

PCE has a goal to provide customers with 85% Greenhouse Gas Free energy in 2018 increasing 100% by 2021. PCE has made several purchases of GHG free energy in the past to meet its obligations to customers, but will need to complete additional purchases over the next several years to meet our increasing goals.

DISCUSSION:

Tenaska offered a competitive price to PCE's request for pricing. PCE and Tenaska have agreed to use the EEI Master Agreement for this purchase of greenhouse gas free energy. The Board is being asked to authorize the CEO to execute an EEI Cover Sheet and Confirmation with Tenaska, 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 AN EEI (EDISON ELECTRIC INSTITUTE) COVER SHEET AND
CONFIRMATION FOR PURCHASE OF GHG FREE ELECTRICITY FROM
TENSASKA POWER SERVICES CO. IN A FORM APPROVED BY THE GENERAL
COUNSEL AND FOR A DELIVERY TERM OF JANUARY 1, 2018 THROUGH
DECEMBER 31, 2022, IN AN AMOUNT NOT TO EXCEED \$3,500,000**

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

WHEREAS, Tenaska Power Services Co. (“Contractor”) provides a competitively priced option for GHG Free Energy for January 1, 2018 through December 31, 2022; and

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

WHEREAS, PCE has negotiated a Cover Sheet to the EEI Master Agreement with the Contractor; and

WHEREAS, PCE has negotiated a Confirmation agreement with the Contractor for the necessary volumes, reference to which should be made for further particulars; and

WHEREAS, a form of the EEI Master Agreement has been provided to the Board for its review at the June 23, 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 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 with the Contractor in a form approved by the General Counsel and for a delivery term of January 1, 2018 through December 31, 2022, in an amount not to exceed \$3,500,000.

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**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: December 4, 2017
BOARD MEETING DATE: December 14, 2017
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Dan Lieberman, Staff, Peninsula Clean Energy Authority
SUBJECT: Donation of San Mateo on Ice Tickets

RECOMMENDATION: Approve donation of San Mateo on Ice tickets to the Mid-Peninsula Boys & Girls Club.

BACKGROUND:

Peninsula Clean Energy is a sponsor of this year's San Mateo on Ice, the ice rink in San Mateo's Central Park. We paid \$1,000 in exchange for a display advertisement on a 8'W x 32"H dasherboard at the ice rink. As a sponsor, PCE received 40 sponsor tickets. Each ticket provides admission and skate rental for one, which is a \$15 value each.

DISCUSSION:

Donating the tickets would build goodwill in the community. The Mid-Peninsula Boys & Girls club is located less than two miles from the skating rink, and accepts donations of in-kind products and services.

FISCAL IMPACT:

None



**PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence**

DATE: December 14, 2017
BOARD MEETING DATE: December 14, 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 Authority
SUBJECT: Authorize the CEO to execute an amendment to the agreement with Barclays for a Line of Credit

RECOMMENDATION:

Authorize the CEO to execute an amendment to the agreement with Barclays Bank PLC that reduces the interest rate and makes other minor changes in a form approved by the General Counsel

BACKGROUND:

In December 2015, County staff, on behalf of the Peninsula Clean Energy Authority (PCEA) began to solicit interest from and meet with a number of local and regional banks with the capacity to provide required financing. A loan in the amount not to exceed \$12 million was sought in order to establish a reserve fund in support of the power purchase agreements entered into by the PCEA, to provide working capital for the pre-revenue collection phase as well as to account for seasonal differences in cash flow, for deposits required by California Independent Service Operator (CAISO) and the California Public Utilities Commission (CPUC), and other operating needs such as internal staffing costs and other administrative overhead. In June 2016, Barclays Bank PLC was selected for providing this line of credit.

As part of the loan agreement with Barclays, PCEA was required to pay annual interest equal to 1.925% for the undrawn funds. It is of note that, on December 8, 2017, PCEA fully repaid the \$3 million which PCEA actually borrowed from Barclay's. Although PCEA has repaid the amount actually borrowed from Barclay's, PCEA is interested in continuing to have the \$12 million line of credit with Barclay's.

In November 2017, PCEA and Barclay's discussed renegotiating the annual interest on the undrawn line of credit and agreed on a reduction in the rate from 1.925% to 1.40%.

DISCUSSION:

Barclays only just provided PCEA with a draft of an amendment and there is insufficient time to conduct a review and bring a final version to the Board for this month's meeting. It necessary to execute the amendment this year in order to lock-in the more favorable interest rate.

Accordingly, PCEA is requesting that the Board authorize the CEO to amend the agreement to reduce the interest rate for the undrawn funds, in a form approved by the General Counsel.

FISCAL IMPACT:

The annual impact will be reduced annual interest payments from \$231,000 to \$168,000, saving PCEA \$63,000.

RESOLUTION NO. _____

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

* * * * *

**RESOLUTION AUTHORIZING THE CEO TO EXECUTE AN AMENDMENT TO THE
AGREEMENT WITH BARCLAYS BANK PLC THAT REDUCES THE INTEREST
RATE AND MAKES OTHER MINOR CHANGES IN A FORM APPROVED BY THE
GENERAL COUNSEL**

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, PCEA sought a line of credit in an amount not to exceed \$12 million; and

WHEREAS, the line of credit was to provide working capital, initial power purchases, and to meet internal staffing costs and administrative overhead; and

WHEREAS, In June 2016, Barclays Bank PLC was selected to provide the line of credit; and

WHEREAS, the annual interest rate required was 1.925% for the undrawn funds; and

WHEREAS, in November 2017, PCEA renegotiated the interest rate from 1.925% to 1.40% for the undrawn funds; and

WHEREAS, PCEA has to amend the existing agreement with Barclays to reflect this change; and

WHEREAS, PCEA is requesting that the Board of Directors delegate authority to the CEO to execute the amended agreement with Barclays for the line of credit, in a form approved by the General Counsel.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board of Directors hereby authorizes the CEO to execute an amendment to the agreement with Barclays Bank PLC that reduces the interest rate and makes other minor changes in a form approved by the General Counsel

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[CCO-113499]



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: December 7, 2017
BOARD MEETING DATE: December 14, 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: Authorize an Amendment to the Agreement with Pacific Energy Advisors (PEA) to provide professional services through December 31, 2018, increasing the amount by \$100,000.

RECOMMENDATION:

Authorize an Amendment to the Agreement with Pacific Energy Advisors (PEA) to provide professional services through December 31, 2018, increasing the amount by \$100,000.

BACKGROUND:

PCE has ongoing needs for implementation and operational support to its programs and to ensure the reliability of electric service.

DISCUSSION:

In October 2016 PCE and PEA executed an agreement for implementation and operational support to PCE's programs. The initial PCE/PEA services agreement was for \$95,000. In April 2017, the agreement was amended to extend the agreement to June 30, 2018 and add an additional \$100,000 to the agreement, for a total of \$195,000. Approximately \$20,000 of funds remain on the agreement and it is the desire of the parties to continue receiving/providing those professional services. Therefore, it is requested that an additional \$100,000 be added to the agreement and for the agreement to be extended to December 31, 2018.

PEA has unique capabilities to provide implementation and operational support to PCE, in view of the facts that PEA has been providing these services since prior to formation of PCE and has been advising most of the active CCAs in California. There are no other

vendors with the same skill set and experience directly related to the implementation, operational and compliance issues relevant to California CCAs.