Peninsula Clean Energy Board of Directors Meeting

June 23, 2016





Call to order / Roll call

Public Comment

Action to set the agenda and approve consent items



1. Chair Report (Discussion)



2. CEO Report (Discussion)

Barclays Loan Agreements

Term Loan Agreement: County and PCEA

Total = \$12 million

Purpose: purchasing power and working capital

Term: Five years

County Loan Agreements

Agreement for Advance of Funds: County and PCEA

Total = \$6 million

Agreement for Loan of \$2,680,800 and Reimbursement of \$300,000: County and PCEA

Total = \$2,980,800

Purpose: Collateral for \$12 million Term Loan with Barclays Purpose: Start-up and operational costs for PCEA

Term: Two years from each draw of funds

Term: Five years

ESP Agreements and Signatories

Master Power Purchase & Sale Agreement: ESP1 and PCEA Master Power Purchase & Sale Agreement: ESP2 and PCEA Master Power Purchase & Sale Agreement: ESP3 and PCEA

Confirmation: ESP and PCEA

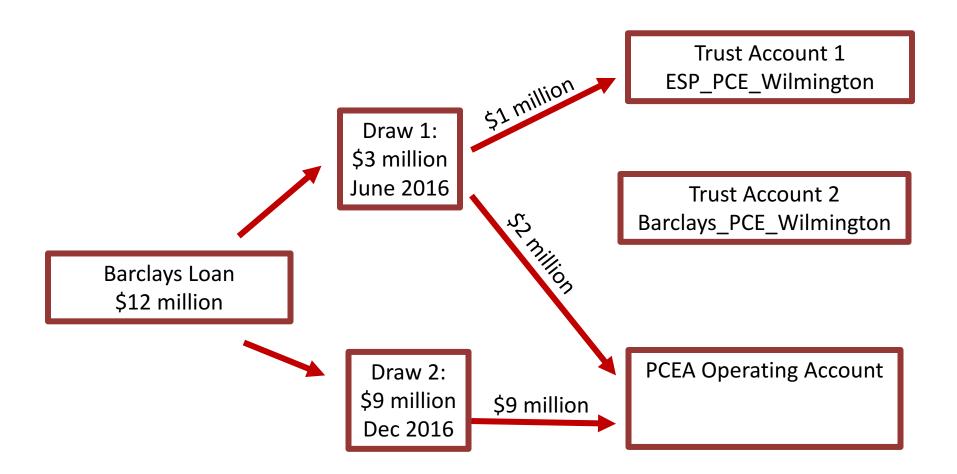
Intercreditor and Collateral Agency Agreement: Wilmington, ESP and PCEA

> Security Agreement: Wilmington and PCEA

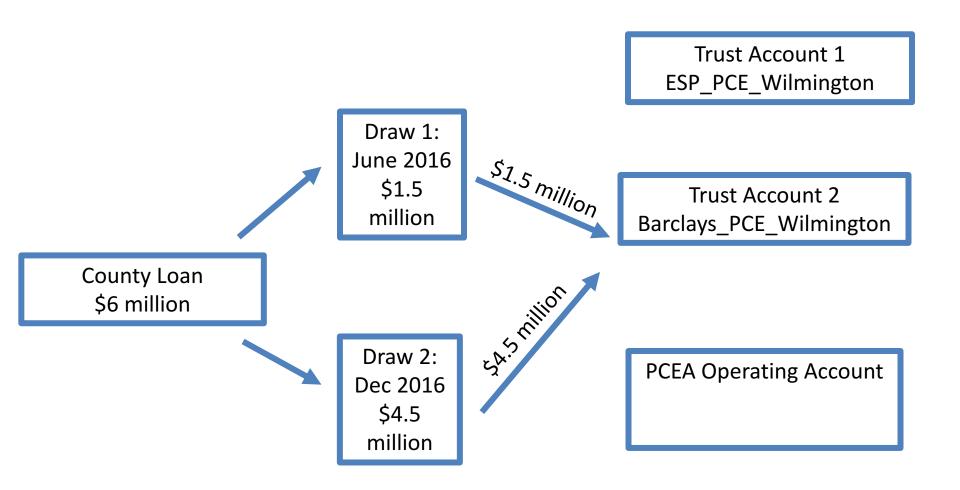
> > Trust Account 1:

Wilmington and PCEA

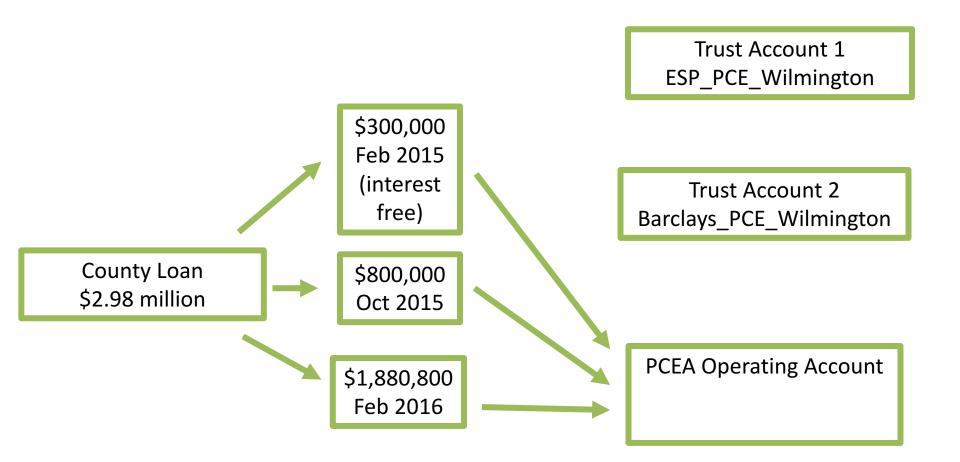
Where the funds go: Barclays



Where the funds go: County loan of \$6 million



Where the funds go: County loan of \$2.98 million



3. Limited delegation of authority to Chief Executive Officer to take action to support or oppose legislation or other initiatives

4. Adopt a Resolution Authorizing the incurrence by PCEA of indebtedness in the form of a loan or loans in an aggregate principal amount not to exceed \$12,000,000 from Barclays Bank PLC, the execution and delivery of a term loan agreement and an account control agreement in connection therewith, the creation of an operating fund account, and certain other related actions (Action)

Adopt a Resolution Authorizing the 5. Chair of the Board to execute a loan agreement between PCEA and the County of San Mateo in the amount of \$6,000,000 to be repaid by the County bye PCEA, for the purposes of securing a bank loan to address certain working capital needs over a term of up to two years and at variable rates provided in the agreement (Action)

Loan Agreement between County and PCEA for \$6 million

- Purpose: Provide collateral of 50% for \$12 million term loan from Barclays
- Plan to have two separate draws:
 - June 2016 \$1.5 million as 50% collateral for \$3 million of loan from Barclays
 - Dec 2016 \$4.5 million as 50% collateral for \$9 million of loan from Barclays
- Deposited as cash in Trust Account at Wilmington for the benefit of Barclays (Trust Account 2)

- Pay interest to County at San Mateo County Pooled Investment Fund rate
- Repay principal and interest to County the earlier of:
 - Two years after the date of when the funds were drawn
 - June 2018 \$1.5 million
 - Dec 2018 \$4.5 million

Ten days after the release of collateral by Barclays

Adopt a Resolution Authorizing the 6. Chair of the Board to execute a loan and repayment agreement between PCEA and the County of San Mateo in the amount of \$2,980,800 to be repaid to the County by PCEA, for the purposes of addressing certain working capital needs over a term of five years and at variable rates provided in the agreement (Action)

Loan and Repayment Agreement between County and PCEA for \$2,980,800

- Purpose: Set terms for repayment of funds appropriated by County for start-up operations of Peninsula Clean Energy
- Appropriations:
 - February 2015 \$ 300,000
 - October 2015 \$ 800,000
 - February 2016 \$1,880,800
 - TOTAL \$2,980,800

• Repayment terms:

- All principal and interest due on July 1, 2021

- Interest rate and start date for calculation:
 - \$ 300,000 0%
 - \$ 800,000 San Mateo County Pooled Investment Fund Rate, starting Oct 20, 2015
 - \$1,880,800 San Mateo County Pooled Investment Fund Rate, starting June 30, 2016

7. Review and adopt customer rates for power that will be effective on October 1, 2016 (Action)

PCE PROPOSED RATES

June 2016



Rate Proposal Summary

- Adopt similar offering of rate schedules as PG&E
- Design PCE rates to net a 5% reduction in customer generation costs
- Set rate for 100% renewable energy service option as a 1 cent per kWh premium to the PCE default service rate
- Monitor potential PG&E rate changes for 2017 and consider PCE rate adjustments, if appropriate later this year



Proposed Rate Schedules

Residential	Commercial	Large Com./Industrial	Agricultural and Pumping	Other
E-1	A-1-A A-1-B (TOU)	All are TOU S, P, and T refer to service voltage	AG-1-A (connected load) AG-1-B (demand)	SL (Street Lights)
E-6 (TOU)	A-6 (TOU)	E-19-S (Demand) E-19-P (Demand) E-19-T (Demand)	AG-RA (TOU, connected load) AG-RB (TOU, demand)	TC-1 (Traffic Control)
EV (Electric Vehicle TOU)	A-10-A (Demand)	E-19-R-S (Energy) E-19-R-P (Energy) E-19-R-T (Energy)	AG-VA (TOU, connected load) AG-VB (TOU, demand)	
E-TOU-A	A-10-B (TOU, Demand)	E-20-S (Demand) E-20-P (Demand) E-20-T (Demand)	AG-4-A (TOU, connected load) AG-4-B (TOU, demand) AG-4-C (TOU, demand)	
E-TOU-B		E-20-R-S (Energy) E-20-R-P (Energy) E-20-R-T (Energy)	AG-5-A (TOU, connected load) AG-5-B (TOU, demand) AG-5-C (TOU, demand)	



Proposed Rate Design

- Establish initial PCE generation rates that are 5% below currently applicable PG&E generation rates.
 - Targeted rate savings of 5% as measured across all PCE rate classifications.
 - Comparison to be based on the sum of the PCE generation rate and applicable PG&E customer surcharges (Power Charge Indifference Adjustment and Franchise Fee Surcharge).
- PCE Rate = (1-.05)*PG&E Generation Rate PCIA FFS



Residential E-1 Rate Example

Rate Component	PG&E Generation		PCIA	FFS	PCE Generation
ENERGY CHARGE (\$/KWH)	0.09684	*0.95 -	0.02323	0.00062	= 0.06815



Commercial A-10-B Rate Example

		PG&E				PCE
Rate Component		Generation		PCIA	FFS	Generation
ENERGY CHARGE (\$/KWH)						
	<u>SUMMER</u>					
	PEAK	0.15860	*0.95 -	0.01880 -	0.00068 =	0.13119
	PART-PEAK	0.10347	*0.95 -	0.01880 -	0.00068 =	0.07882
	OFF-PEAK	0.07540	*0.95 -	0.01880 -	0.00068 =	0.05215
	<u>WINTER</u>					
	PART-PEAK	0.08753	*0.95 -	0.01880 -	0.00068 =	0.06367
	OFF-PEAK	0.07047	*0.95 -	0.01880 -	0.00068 =	0.04747
DEMAND CHARGE (\$/KW)						
	<u>SUMMER</u>					
	Max	4.83	*0.95 -	0 -	0 =	4.59



Commercial E-19 Rate Example

Rate Component		PG&E Generation		ΡΟΙΑ	FFS	PCE Generation
ENERGY CHARGE (\$/KWH)						
	<u>SUMMER</u>					
	PEAK	0.12432	*0.95 -	0.01588 -	0.00065 =	0.10157
	PART-PEAK	0.08420	*0.95 -	0.01588 -	0.00065 =	0.06346
	OFF-PEAK	0.05763	*0.95 -	0.01588 -	0.00065 =	0.03822
	<u>WINTER</u>					
	PART-PEAK	0.07871	*0.95 -	0.01588 -	0.00065 =	0.05824
	OFF-PEAK	0.06423	*0.95 -	0.01588 -	0.00065 =	0.04449
DEMAND CHARGE (\$/KW)						
	<u>SUMMER</u>					
	PEAK	12.51	*0.95 -	0 -	0 =	11.88
	PART-PEAK	3.09	*0.95 -	0 -	0 =	2.94



100% Renewable Energy Option

- Requires incremental renewable energy equal to 50% of participating customers' usage
- Rate designed as a premium to the standard PCE rate schedule to cover the incremental cost relative to the default service offering
- \$0.01 per kWh premium would allow for incremental renewable energy supply using bundled renewable energy products



Generation Cost Comparison (E-1)

	PCE 50%	PCE 100%	PG&E 30%	PG&E 50%	PG&E 100%
Gen. Rate (\$/KWh)	0.09200	0.10200	0.09684	0.11474	0.13264
Monthly Gen. Cost (\$)	\$40.94	\$45.39	\$43.09	\$51.06	\$59.02

- PCE figures include PG&E surcharges.
- PG&E 30% reflects PG&E's 2015 renewable energy content; 50% and 100% include corresponding "Solar Choice" program premiums.
- Figures do not include PG&E delivery charges, which will not change for customers joining PCE.



Future PCE Rate Changes

- Adopted rates to apply until changed by PCE Board.
- Rates to be evaluated annually for possible adjustment due to changes in PCE budget or other policy decisions.
- May recommend adjustment for 2017 if necessary to maintain competitiveness relative to PG&E service.



Pro Forma Projections (10/16-9/17)

	At Proposed Rates
Revenue	\$147.0
Expenditures	\$118.8
Reserves Contribution	\$28.2

- Assumes phased enrollments per Implementation Plan.
- Actual results may vary based on customer participation and usage, final contract prices for energy, budgetary and rate decisions and other variances.



Recommendation

 Adopt proposed rates set forth in Attachment A, effective July 1, 2016.



8. Adopt a Resolution Authorizing the Chief Executive Officer to:

(A) Execute the Phase 1 Confirmation Agreement with the Energy Service Provider selected by the Chief Executive Officer Executive Director with terms consistent with those presented, in a form approved by the General Counsel and for a term of up to 51 months subject to the conditions that the binding final prices received from the selected Energy Service Provider are at or below a level that will (1) permit PCEA to deliver power to its customers at rates that are less than PG&E's currently effective rates (as of June 23, 2016), net of the currently effective Power Charge Indifference Adjustment and Franchise Fee surcharges; and (2) that the PCEA rates referenced above are anticipated to be sufficient to recover all projected power supply expenses, other program operating expenses, scheduled debt service, and yield a rate stabilization reserve of no less than 5% of projected revenues for the twelve month period from October 1, 2016 through September 30, 2017;

(B) Execute a Master Agreement with terms consistent with those presented, in a form approved by the General Counsel with each of the three short-listed Energy Service Providers; and

Execute an Intercreditor and Collateral (C) Agency Agreement, Security Agreement and **Deposit Account Control Agreement with** Wilmington in a form of agreement approved by the General Counsel and transfer funds to Wilmington sufficient to meet contractual obligations under the foregoing agreements (Action)



9. Board Members Reports

Regular Agenda

Adjourn

Next meeting: July 14, 2016