## 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

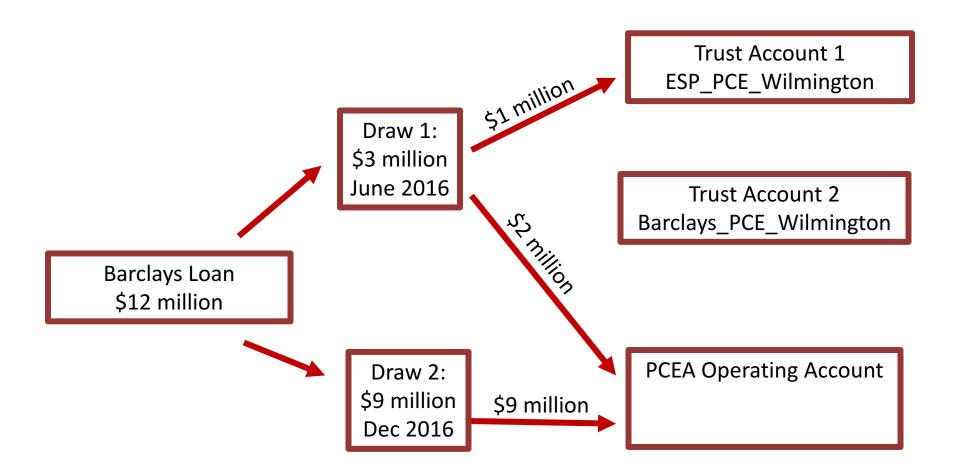
Intercreditor and Collateral Agency Agreement: Wilmington, ESP and PCEA

> Security Agreement: Wilmington and PCEA

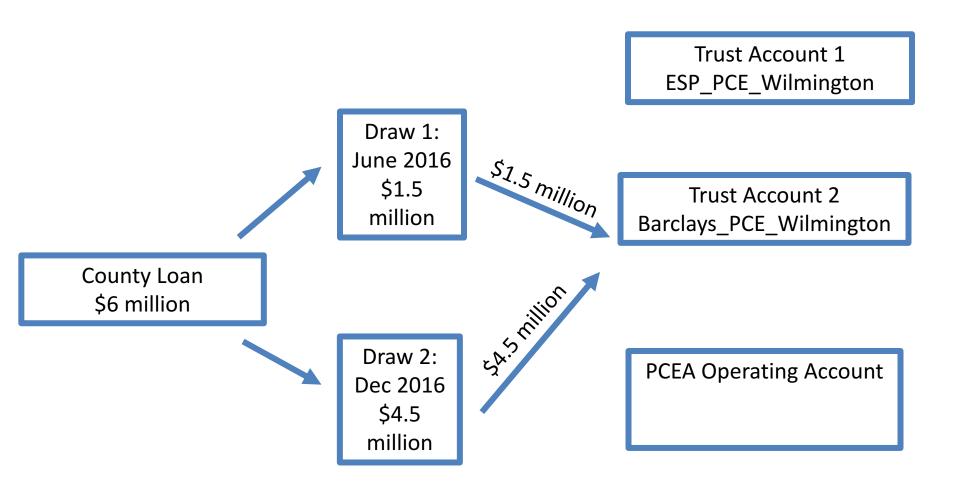
> > Trust Account 1:

Wilmington and PCEA

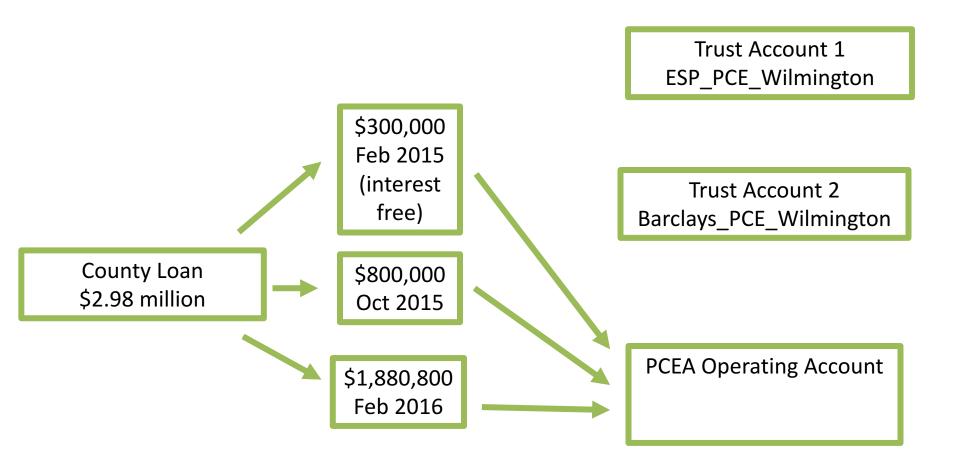
#### Where the funds go: Barclays



#### 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	<b>A-1-A</b> <b>A-1-B</b> (TOU)	All are TOU S, P, and T refer to service voltage	AG-1-A (connected load) AG-1-B (demand)	<b>SL</b> (Street Lights)
E-6 (TOU)	<b>A-6</b> (TOU)	E-19-S (Demand) E-19-P (Demand) E-19-T (Demand)	<b>AG-RA</b> (TOU, connected load) <b>AG-RB</b> (TOU, demand)	<b>TC-1</b> (Traffic Control)
<b>EV</b> (Electric Vehicle TOU)	<b>A-10-A</b> (Demand)	E-19-R-S (Energy) E-19-R-P (Energy) E-19-R-T (Energy)	<b>AG-VA</b> (TOU, connected load) <b>AG-VB</b> (TOU, demand)	
E-TOU-A	<b>A-10-B</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
<b>Reserves Contribution</b>	\$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