Inaugural Meeting of the Peninsula Clean Energy Authority

March 24, 2016
PCE Implementation Plan
CCA Implementation Plan: Overview

The Implementation Plan (or “iPlan”) is:

• A statutory requirement: Public Utilities Code (Code), Section 366.2.(c)(3)
• Provides detail regarding process and consequences of aggregation
• A document that must be considered and adopted at a public hearing
• A document that must be submitted to (and certified by) the CPUC

The iPlan is not:

• A detailed business plan for all intended PCE programs
• A detailed inventory of PCE’s intended tariff options
• A description of future projects that may be developed/financed by PCE
Implementation Plan Requirements

To meet pertinent requirements of the Code, the iPlan must address the following elements:

- An organizational structure of the program, its operations, and its funding
- A financing plan
- Rate setting and other costs to participants
- Provisions for disclosure and due process in setting rates and allocating costs
- Methods for entering into and terminating agreements with other entities
- Description of third parties supplying energy products and related services
Key Elements of PCE’s iPlan

PCE’s Retail Service Options:

- Default service offering with minimum 50% renewable energy content
- Voluntary service offering with 100% renewable energy content

Identification of Customer Programs (details to be developed prior to PCE launch or during early-stage operation):

- Net energy metering (pre-launch)
- Energy efficiency (early-stage)
- Demand response (early-stage)
- Other distributed generation programs (example: Feed-In Tariff)
Key Elements of PCE’s iPlan (continued)

Program Phase-In:

- **Phase 1 (October 2016):** all municipal accounts, all small and medium commercial accounts, 20 percent of residential accounts, and all customer accounts that have voluntarily committed to Phase 1 enrollment

- **Phase 2 (April 2017):** all large commercial and industrial accounts as well as 35 percent of residential accounts

- **Phase 3 (October 2017):** all agricultural and street lighting accounts as well as the remaining 45 percent of residential accounts

- **Phase 4 (TBD):** any remaining accounts, if necessary
Key Elements of PCE’s iPlan (continued)

Rate Setting and Design:
- Competitive with similar rates offered by PG&E
- Match available PG&E rate options (eligibility and structures)
- CARE, FERA and Medical Baseline programs will remain available to PCE customers (with discounts applied via T&D rate adjustments)

Termination Fee:
- Residential Customers - $5
- Non-Residential Customers - $25
Key Elements of PCE’s iPlan (continued)

Financing Plan:

- Estimated total PCE financing requirements of $13.5 million
  - County will provide a total of $1.5 million
  - Debt to be repaid over initial five years of program operations
- Financing will cover start-up costs and working capital needs through Phase 2 launch
- Detailed pro forma used to derive financing requirements
Key Elements of PCE’s iPlan (continued)

PCE Organizational Structure:

• Board of Directors: policy setting and general oversight
• Executive Director: PCE program management and operational oversight
• Executive Director responsible for staffing PCE Program and/or hiring contractors to address the following functions:
  • Resource planning
  • Electric supply operations
  • Local energy programs
  • Finance and rates
  • Communications and customer service
  • Legal and regulatory representation
Key Elements of PCE’s iPlan (continued)

Identification of prospective Energy Services Provider(s):

- Supplier selection for Phase 1 to occur in June 2016
- Request for Proposals (RFP) process, specifying energy products and services described in iPlan
- Brief description of RFP process and timing included in iPlan

Identification of prospective Data Manager:

- Functions include billing services, call center operation, CRM system management and CAISO interface
- RFP released on February 23, 2016; proposals due on March 22, 2016
PCE Request for Proposals for Energy Products and Services
RFP Overview

The RFP is:

• PCE’s inaugural power supply solicitation... with many, many more to follow
• Intended to identify qualified suppliers of the energy products and services that will allow for Phase 1 operation
• Part of a process that may result in the execution of one or more contracts not to exceed 51 months in duration
• Customer service cannot commence without such agreements in place
• Additional solicitations/contracts will be necessary to serve subsequent phases

The RFP is **NOT:**

• A contract for the development of ancillary programs and services such as energy efficiency, demand response, feed-in-tariff, and net energy metering
• The end all, be all for PCE’s portfolio composition
Requested Products and Services

Shaped Conventional Energy:

- Electric energy delivered to PCE service area
- Hourly deliveries (shape) align with projected energy use of PCE’s prospective Phase 1 customers
- Hourly shape based on historic usage data from PG&E
- Conventional electric energy predominantly generated through the combustion of natural gas (the most commonly used conventional fuel source in California)
Requested Products and Services (cont.)

Renewable Energy:

- Electric energy generated by RPS-eligible renewable resources located within or delivering power to the state of California ("bucket 1" and "bucket 2")

- Commonly available renewable fuel sources include, but are not limited to: photovoltaic solar, wind, small hydroelectric, geothermal, and biogas technologies

- Requested volumes will be sufficient to ensure the default service offering is at least 50% renewable (with additional volumes included to accommodate projected 100% renewable program participation)

- Requested pricing specification: $/MWh premium on top of proposed conventional energy price
Requested Products and Services (cont.)

Carbon-Free Energy:

• Electric energy generated by large hydroelectric facilities (greater than 30 MW)
  
• Large hydroelectric facilities must be located in or deliver electric power to the state of California
  
• Addition of carbon-free energy will allow PCE to achieve its GHG emissions reduction objectives
  
  • Carbon-free energy will supplement requested renewable energy volumes
  
  • PCE is targeting an overall carbon-free power content of 70-75%
  
• Requested pricing specification: $/MWh premium on top of proposed conventional energy price
Requested Products and Services (cont.)

Resource Adequacy Capacity (“RA”):

- **Purpose**: ensure the availability of sufficient generating capacity, including reserves, to promote reliable grid operation when contingencies occur.

- **Monthly compliance requirements** administered by the CPUC and CEC to ensure that monthly peak demand periods can be met by available resources.

- **Ensures** that PCE is contracted with specific generators sufficient to supply 115% of PCE’s estimated monthly peak demand (highest hourly usage).

- **RA** is typically contracted over a twelve month period to align with the regulatory compliance cycle.

- **Annual and monthly compliance** (filing) obligations with the CPUC and CEC.
Requested Products and Services (cont.)

Scheduling Coordinator Services (“SC Services”):

- SC serves as the operational interface between PCE and the California Independent System Operator (“CAISO”)
  - CAISO is responsible for balancing supply and demand across most of California
- SC forecasts and schedules daily/hourly PCE customer usage with the CAISO
- Manages one of PCE’s risk mitigation instruments know as Congestion Revenue Rights (“CRRs”)
- Performs all PCE-specific financial settlements with the CAISO
Proposed RFP Timeline

- Timeline is somewhat expedited to provide for October 1, 2016 launch
- Pricing “refreshes” may be requested between April 15th and June 14th

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<thead>
<tr>
<th>EVENT</th>
<th>DATE</th>
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<tbody>
<tr>
<td>Release Request for Proposals</td>
<td>April 4, 2016</td>
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<tr>
<td>Questions Submitted (by Prospective Respondents) to County</td>
<td>April 11, 2016</td>
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<tr>
<td>Publish PCE Responses to Respondent Questions</td>
<td>April 13, 2016</td>
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<tr>
<td>Deadline for Proposal Submittal (5:00 P.M. PPT)</td>
<td>April 15, 2016</td>
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<td>Short-List Notification and Interview Scheduling</td>
<td>April 19, 2016</td>
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<td>Conduct Short-List Interviews</td>
<td>April 26, 2016</td>
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<tr>
<td>Final Selection; Commence Contract Negotiations</td>
<td>May 2, 2016</td>
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<td>Execution of Master Agreement(s)</td>
<td>June 9, 2016</td>
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<td>Best and Final Pricing Provided by Preferred Supplier(s)</td>
<td>June 14, 2016</td>
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<td>Execution of Transaction Confirmation(s)</td>
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Questions & Discussion