Call to order / Roll call

Public Comment

Action to set the agenda and approve consent items
1. Chair Report (Discussion)
2. CEO Report (Discussion)
Personnel Update

- Dan Liebermann is leaving PCE to take a position at East Bay Community Energy in Oakland
- Key Accounts Executive – offer has been made
- Power Resources Manager – interviews on Friday; additional interviews in January; offer to be made in January
- Creative Content Designer- final interviews on Friday; offer to be made early next week
- Next Job Postings –
  - Legislative Analyst
  - Energy Programs Manager or Director
Multiple announcements on Friday, December 8:

• PG&E will not be changing generation rates or PCIA on January 1 – delayed until March 1

• CPUC Resolution 4907 – delays starts of new CCAs – CalCCA will be filing comments/protest

• CPUC Resolution 4909 – directs PG&E to procure energy storage – CalCCA will be filing comments/protest
Meeting Updates

• Meeting with CPUC Commissioner Rechtschaffen on January 16, 2018

• Next “Deeper Dive” on technical issues of 100% renewable resources on the grid:
  – January 12th, 2:30 to 4:30 pm
Financial Updates

On Friday, December 8, all ahead of schedule:

• PCE repaid the San Mateo County loan of $2,980,800 for start-up costs
• PCE repaid the San Mateo County loan of $1,500,000 used for collateral
• PCE repaid the Barclay’s Bank loan of $3,000,000
Energy Programs Update

Presented strawman schedule to Executive Committee:

1. Hire energy program lead – January 2018
2. Solicit proposals for pilot and full programs:
   - Post application on PCE website – February 2018
   - Accept applications – March 2018
3. PCE staff evaluation and select top 5 – April 2018
4. CAC provide input on top 5 – May 2018
5. PCE staff recommendation to board – June 2018
6. Implementation – July 2018 and beyond
3. Citizens Advisory Committee Report (Discussion)
4. Audit and Finance Committee Report (Discussion)
5. Accept Annual Audit Report (Action)
Report to the
Board of Directors
by Pisenti & Brinker LLP
December 14, 2017
Introduction...

• Brett Bradford, CPA
  – Audit Partner
  – 14 years in public accounting and performing audits of governmental entities

• Matt Brewer, CPA
  – Manager
  – 5 years in public accounting, audits of governments, not-for-profits
Audits of the periods ended June 30, 2017 and June 30, 2016 Financial Statements

Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control

- **Auditor** is responsible for auditing the Financial Statements
  - Considering risks of material misstatement in the Financial Statements – Inherent risk
  - Considering internal controls relevant to the Financial Statements – Control risk
  - Performing tests of year-end balances based on risk assessment
  - Evaluating adequacy of disclosures
Audits of the periods ended June 30, 2017 & June 30, 2016 Financial Statements

- Audit is complete – we reported:
  - Unqualified opinion – Based on our audit, the financial statements are materially accurate.
Risk Assessment for the periods ended
June 30, 2017 & June 30, 2016

• Significant areas of focus
  – Revenue recognition
    • Accounts receivable and accrued revenue
      – Test a sample of customer billings
      – Relate total cash received during the year to revenue
      – Look at cash received subsequent to year-end and relate to A/R
    • Cut-off
      – Review revenue recognition through year-end and method for determining (accrued revenue)
Risk Assessment for the periods ended
June 30, 2017 & June 30, 2016

- Cash – Existence
  - Confirmation sent to banks or County of San Mateo

- Accrued cost of electricity
  - Review subsequent bills from electricity providers and cash payments

- Notes payable
  - Confirmation sent to County of San Mateo or bank

- Financial Statement Note Disclosures – Complete and without bias
The significant accounting policies adopted by PCEA throughout the periods audited appeared appropriate and consistently applied.

No alternative treatments of accounting principles for material items in the financial statements were discussed with management.
Other Required Communications with those charged with governance:

• We did not propose any adjustments to the financial statements.

• We did not identify any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.
• There were no disagreements with management concerning the scope of our audits, the application of accounting principles, or the basis for management’s judgments on any significant matters.
Required Board Communications

• We did not encounter any difficulties in dealing with management during the performance of our audits.
Questions?

- Brett Bradford: 707-577-1582
- Matt Brewer: 707-559-7325
Regular Agenda

6. Adopt Investment Policy (Action)

To be continued to January
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.

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.
## Comparison of Procurement Authority

<table>
<thead>
<tr>
<th>CCA</th>
<th>Length Authority Restrictions</th>
</tr>
</thead>
</table>
| Lancaster Choice Energy | • 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.                                  |
| MCE Clean Energy | • 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.             |
| Sonoma Clean Power | Board Chair and Vice Chair approval required for contracts over 10 years.                     |
Recommendation

• **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.

• **Medium-Term Agreements:** Chief Executive Officer, in consultation with the General Counsel, the Board Chair, and other members of the Board as CEO deems necessary, 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.

• **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.
8. Approve Integrated Resource Plan (IRP) (Action)
Background & Next Steps

• We started the IRP process this summer and provided updates to the Board along the way, particularly in September, October and November
  – This document is the culmination of that work pulling together the information provided over the past several months

• The California Public Utilities Commission (CPUC) is in the process of developing the requirements for an 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.

• Next Steps
  – Adopt IRP at December Board Meeting
  – Publish request for proposals for renewable energy projects in early January
  – Evaluate offers against these guidelines
  – Negotiate and execute contracts to continue to build a diverse portfolio
I. Executive Summary
II. Introduction
III. Regulatory Mandates
IV. PCE Procurement Goals and Policies
V. Customers and Consumption Forecast
VI. Current Procurement Status
VII. Resource Needs
VIII. Designing a Diverse Portfolio
IX. Developing Local Resources

Appendix A: Description of PCE’s 2017 Resources
Appendix B: List of Acronyms
I. Executive Summary

• 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.
II. Introduction

• This IRP documents PCE’s current procurement status and outlines PCE’s resource planning policies and objectives over the ten-year planning timeframe.

• The IRP has four primary purposes:
  – Document current procurement status following our first year of operations;
  – Quantify resource needs over a ten-year planning period;
  – Articulate relevant energy procurement policies;
  – Communicate PCE’s resource planning policies, objectives and planning framework to the public and key stakeholder groups.
III. Regulatory Mandates

- CCEs are primarily regulated by their local governing authority. In the case of PCE, this is the Board of Directors.
- Additionally, as a load serving entity (LSE) in California, PCE is required to meet certain regulatory requirements.
- 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.
## IV. PCE Procurement Goals and Policies

### PCE Strategic Goals

**Design a diverse power portfolio that is greenhouse gas free**
- 100% GHG free by 2021
- 100% CA RPS-eligible renewable energy 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**
- 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**
- 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**
## V. Customers and Consumption Forecast

### By Customer Type

<table>
<thead>
<tr>
<th></th>
<th>Total PCE</th>
<th>Residential</th>
<th>Commercial &amp; Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Customers</strong></td>
<td>283,025</td>
<td>258,677</td>
<td>28,015</td>
</tr>
<tr>
<td></td>
<td></td>
<td>90.2%</td>
<td>9.8%</td>
</tr>
<tr>
<td><strong>Total Retail Sales</strong></td>
<td>1,230,910,439</td>
<td>803,274,560</td>
<td>1,529,033,946</td>
</tr>
<tr>
<td>(kWh)</td>
<td></td>
<td>34.4%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

### By Product Type

<table>
<thead>
<tr>
<th></th>
<th>Total PCE</th>
<th>ECOplus</th>
<th>Eco100</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Customers</strong></td>
<td>283,025</td>
<td>278,791</td>
<td>4,234</td>
</tr>
<tr>
<td></td>
<td></td>
<td>98.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Total Retail Sales</strong></td>
<td>1,230,910,439</td>
<td>1,210,734,300</td>
<td>20,176,139</td>
</tr>
<tr>
<td>(kWh)</td>
<td></td>
<td>98.4%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>
V. Customers and Consumption Forecast

PCE's Typical Daily Load Profile 2018

- Cuyama (solar)
- Buena Vista (Wind)
- Hatchet Creek (Small Hydro)
- Karen Avenue (Wind)
- Roaring Creek (Small Hydro)
- Bidwell (Small Hydro)
- Direct Shaped
- Constellation Shaped
- Load

Hour of Day

MW
V. Customers and Consumption Forecast: ECOplus

ECOplus

ECOplus 2017
PROJECTED

OVERALL: 80% GHG-Free Energy

Large Hydro 30%
Wind 30%
Biomass 9%
Small Hydro 11%
Unspecified Power 20%

OVERALL: 20% Non GHG-Free Energy

ECOplus 2018
EXPECTED

OVERALL: 85% GHG-Free Energy

Large Hydro 35%
Wind 25%
Small Hydro 5%
Solar 5%
Biogas 10%
Biomass 1%
Unspecified Power 15%

OVERALL: 15% Non GHG-Free Energy
V. Customers and Consumption Forecast: ECO100

ECO100 2017
Projected

OVERALL:
100% GHG-Free Energy

Wind 100%

ECO100 2018
Expected

OVERALL:
100% GHG-Free Energy

Wind 50%
Solar 50%
VI. Current Procurement Status
VII. Resource Needs

PCE Energy Procurement by Resource Type

Unspecified Power
GHG-Free energy (Non-RPS Eligible)
REC-PCC1
REC-PCC2
Small Hydro
Wind
Solar PV
PCE Load
Open Position

- We recommend the following contracting guidelines for fixed price contracts
  - Forward contracts increase cost certainty
  - Maintain flexibility and ensure portfolio diversification
- Annual procurements to meet 15-25% of load (550 – 950 GWh)

<table>
<thead>
<tr>
<th></th>
<th>% of Load Procured</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Min</td>
</tr>
<tr>
<td>Current Year</td>
<td>90%</td>
</tr>
<tr>
<td>Year 2</td>
<td>75%</td>
</tr>
<tr>
<td>Year 3</td>
<td>65%</td>
</tr>
<tr>
<td>Year 4 and Beyond</td>
<td>55%</td>
</tr>
</tbody>
</table>
VIII. Designing A Diverse Portfolio

Term Length

Additionality

Ownership

Size

Location

Technology
Additionality

- Additionality means that a project or activity would not have happened without the buyer
- Recommendation: Minimum 50% of portfolio from “New” projects v. existing projects
- New: Means projects that PCE causes to be built or repowered
  - For example, Wright and Mustang 2 would both be considered new projects and count towards this guideline
- Repowered: For repowered facilities to count towards our new goal, would require a significant investment in the repowering
### Term Length

- SB 350 requires that CCAs have at least 65% of their RPS procurement under contracts of 10 years or longer starting in 2021

### Long Term Contract Requirement (% of Retail Sales)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPS Req’t</td>
<td>35%</td>
<td>36%</td>
<td>38%</td>
<td>40%</td>
<td>42%</td>
</tr>
<tr>
<td>LT Req’d (%)</td>
<td>23%</td>
<td>24%</td>
<td>25%</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>Retail Sales (GWh)</td>
<td>3,768</td>
<td>3,787</td>
<td>3,806</td>
<td>3,825</td>
<td>3,844</td>
</tr>
<tr>
<td>LT Req’d (GWh)</td>
<td>850</td>
<td>896</td>
<td>942</td>
<td>989</td>
<td>1,037</td>
</tr>
</tbody>
</table>
Term Length

- Recommendation:
  - Target 50% of portfolio from long term contracts
  - Fill remainder of portfolio with diversity of contract lengths

### Long Term Contract Requirement (% of Portfolio)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT Required (per SB350)</td>
<td>23%</td>
<td>24%</td>
<td>25%</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>LT Add’l</td>
<td>27%</td>
<td>26%</td>
<td>25%</td>
<td>24%</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Total LT (&gt;10 yrs)</strong></td>
<td><strong>50%</strong></td>
<td><strong>50%</strong></td>
<td><strong>50%</strong></td>
<td><strong>50%</strong></td>
<td><strong>50%</strong></td>
</tr>
<tr>
<td>Short (&lt;1 yr)</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Medium (1-4 yrs)</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Interm. (5-10 yrs)</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
<td>17.5%</td>
</tr>
</tbody>
</table>
Guideline

Pursue diversity of project sizes

No one project output makes up more than 15% of GWh load

Percentage of Load by Project 2021

- Shiloh (Wind) 7.33%
- Mustang Two (Solar) 7.61%
- Wright (Solar) 14%
- Hatchet (Small Hydro) 0.42%
- Open 70.6%
Ownership

- Limit exposure to any one developer/owner
- Ensure developer/owner has experience to develop/operate project

<table>
<thead>
<tr>
<th>Guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td>No more than 15% of GWh load from any one owner</td>
</tr>
<tr>
<td>Experience developing &amp; operating similar size projects</td>
</tr>
<tr>
<td>Financing plan and successful track record with finance organizations</td>
</tr>
<tr>
<td>Don’t work with owners that oppose CCAs</td>
</tr>
<tr>
<td>Financially stable organization</td>
</tr>
</tbody>
</table>
Resource / Technology Mix

- Limit exposure to any one manufacturer
- Match our generation profile to our load profile

Guideline

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

- Limit exposure to price differentials between our service territory and project locations
- Limit exposure to any one pricing node
- Diversify generation profiles to aggregate portfolio to match load
Energy Price Change With Congestion

- SP Solar
- NP Solar
- ZP Solar
- NP Wind
- SP Wind
- OOS Wind
<table>
<thead>
<tr>
<th>Guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prioritize projects / locations to minimize congestion pricing</td>
</tr>
<tr>
<td>No more than 15% of load from one LMP / interconnection point</td>
</tr>
<tr>
<td>Supports PCE’s Sustainable Workforce Policy</td>
</tr>
<tr>
<td>Evaluate environmental impacts</td>
</tr>
<tr>
<td>Prioritize projects that help to match supply to load</td>
</tr>
</tbody>
</table>
IX. Developing Local Resources

• Net Energy Metering
  – PCE currently has approximately 11,000 customer accounts representing 70 MW enrolled in its NEM program.
  – 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.
  – Possible programs might include energy storage, electric vehicle programs, or demand response.
Next Steps

• Adopt IRP at December Board Meeting
• Publish request for proposals for renewable energy projects in early January
• Evaluate offers against these guidelines
• Negotiate and execute contracts to continue to build a diverse portfolio
9. Marketing and Outreach Report (Discussion)
Op Ed Plan for 2018

• Publish Op-Ed by different board members in various publications in San Mateo County each month
• PCE will write Op-Eds
• Sign up for month and topic of interest
• Are there other topics that would be of interest to your community?
<table>
<thead>
<tr>
<th>Month</th>
<th>Possible Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>Helping cities meet CAP goals</td>
</tr>
<tr>
<td>February</td>
<td>Energy efficiency tips</td>
</tr>
<tr>
<td>March</td>
<td>Rates update</td>
</tr>
<tr>
<td>April</td>
<td>Earth Day/ECO100</td>
</tr>
<tr>
<td>May</td>
<td>How PCE and PG&amp;E work together</td>
</tr>
<tr>
<td>June</td>
<td>PCE savings (Joint rate mailer)</td>
</tr>
<tr>
<td>July</td>
<td>PCE Programs</td>
</tr>
<tr>
<td>August</td>
<td>PCE mission and strategic goals and results</td>
</tr>
<tr>
<td>September</td>
<td>PCE and schools</td>
</tr>
<tr>
<td>October</td>
<td>Where your energy comes from (PCL mailing)</td>
</tr>
<tr>
<td>November</td>
<td>Battery storage - how it helps to save money and bring more renewable energy online</td>
</tr>
<tr>
<td>December</td>
<td>Thought piece</td>
</tr>
</tbody>
</table>
Outreach Small Grants: Pilot Goals

• Increase familiarity with PCE and how it appears on energy bills

• Reach key demographics of price-sensitive customers:
  – Low income
  – Seniors
  – Medical Baseline discount
  – Low English proficiency

• Strengthen long-term relationships with community organizations
Outreach Small Grants: Budget

• $50K allocated from existing line items in Communications budget
• Up to $10K each for five nonprofits reaching key residents in San Mateo County
• Funds five-month collaboration on outreach
• Evaluate pilot, and if successful then adjust and do another round of grants
Outreach Small Grants: Timeline

- Dec/Jan: Launch application
- Jan/Feb: Review applications and award grants
- Feb-June: Outreach Collaboration

Please help us disseminate applications in your community!
10. Regulatory and Legislative Report (Discussion)
Regulatory and Legislative Report
December 14, 2017

Joseph Wiedman
Director of Regulatory & Legislative Affairs
November/December Regulatory Activities

- Filings
  - PCE filed **Comments** supporting the proposed decision in PG&E’s Diablo Canyon Application on November 29th. PCE, as part of a coalition of CCAs and other parties, filed reply comments on December 4th (A.16-08-006).
  - PCE filed a **Response** to a motion by PG&E to supplement the record in PG&E’s 2018 ERRA Docket (A.17-06-005).
  - PCE, as part of the Smart Charging Coalition, filed **Comments** with the Air Resources Board concerning reform of the Low Carbon Fuel Standard on December 4th (no docket).

- Other Regulatory Activities
  - CalCCA submitted **Comments** on November 28th following the California Customer Choice Workshop held in Sacramento on October 31st.
  - Joseph Wiedman met with Maria Sotero (Comm. Guzman’s office) to discuss utilizing virtual net metering to increase access to renewables in disadvantaged communities.
The following meetings were held to provide an update on PCE’s development and discuss the upcoming legislative session.

– November 17th – Jan Pepper, Joe Wiedman, Rick DeGolia, John Keener, Jeff Alfs, Pradeep Gupta, Marty Medina, Rick Bonilla, and Catherine Carlson met with Senator Jerry Hill

– December 1st – Jan Pepper, Joe Wiedman, Rick DeGolia, and John Keener met with Assemblymember Marc Berman

– December 12th – Jan Pepper, Joe Wiedman, Pradeep Gupta and Wayne Lee met with Assemblymember Kevin Mullin

– December 14th – Jan Pepper, Joe Wiedman, Pradeep Gupta, Wayne Lee, Jeff Aalfs, and John Keener met with Assemblymember Phil Ting and Senator Scott Wiener
11. Board Members’ Reports (Discussion)
Adjourn