



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, May 24, 2018
6:30 pm**

Peninsula Clean Energy, 2075 Woodside Road,
Redwood City, CA 94061

Teleconference Location:
10040 East Happy Valley
Scottsdale, AZ 85255

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. Appointment of CAC Members (Action)
5. Audit and Finance Committee Report (Discussion)
6. Marketing and Outreach Report (Discussion)
7. Regulatory and Legislative Report (Discussion)
8. Update on Power Charge Indifference Adjustment (PCIA) (Discussion)
9. Fiscal Year 2018-2019 Budget Review (Discussion)
10. Risks and Hedging for Power Purchases (Discussion)
11. Board Members' Reports (Discussion)

CONSENT AGENDA

12. Approval of the Minutes for the April 26, 2018 Meeting (Action)
13. Approve Disbursement Policy (Action)
14. Receive Procurement Report (Information Only)
15. Receive FY 2018-2019 Third Quarter Financial Statements (Information Only)
16. Update on NEM (Net Energy Metering) Cashout (Information Only)

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 AUTHORITY
Board Correspondence**

DATE: May 15, 2018
BOARD MEETING DATE: May 24, 2018
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors

FROM: Jan Pepper, Chief Executive Officer, and Ad Hoc Committee on
Citizens Advisory Committee Appointment

SUBJECT: Appointment of Members to Citizens Advisory Committee (CAC)

RECOMMENDATION: Adopt a Resolution Appointing Members of the Peninsula Clean Energy Authority Citizens Advisory Committee.

BACKGROUND:

On February 23, 2017, the PCE Board of Directors approved a proposal and a resolution on the formation of a new Citizens Advisory Committee (CAC), consisting of 11 to 15 members.

On May 24, 2017, the PCE Board of Directors appointed 15 members to the Citizens Advisory Committee (CAC).

As outlined by the PCE Board of Directors, the general term for CAC members is three years. However, initial CAC members were appointed to staggered terms of either one year, two years, and three years. CAC members assigned less than full terms are eligible for re-appointment.

Two CAC members have since stepped down over the past year (one with a one-year term and one with a two-year term). Another member with a one-year term declined to be considered for re-appointment. (Three of the members who had been appointed for a one-year term requested to be re-appointed to their positions.) Accordingly, there are three additional vacancies to fill.

Peninsula Clean Energy staff publicly solicited applications to fill the vacancies on the CAC from throughout the county during the period of March 15, 2018 through April 15, 2018. The applications were reviewed and candidates were interviewed by an ad hoc committee of the Board consisting of Ray Buenaventura, Donna Colson, and Marty Medina. The following criteria was used to select candidates:

Candidates must:

- Be Qualified in One or More of the Following:
 - Outreach
 - Legislative Advocacy
 - Technical Knowledge of Electricity Industry
- Represent Diversity of County:
 - Geography
 - Background
 - Ability to Reach Diverse Audiences

Discussion:

The Ad Hoc Committee on Citizens Advisory Committee Appointment are recommending the PCE Board of Directors reappoint three members whose one-year term expired in May. These members are Joe Fullerton from Half Moon Bay, Ted Howard from San Mateo, and Emily Leslie from Pacifica. All three have made valuable contributions to the CAC over the past year, and have served as active liaisons for PCE in their communities.

The Ad Hoc Committee on Citizens Advisory Committee Appointment are also recommending the appointment of three new members: Diane Bailey from Belmont, Cheryl McGovern from the Unincorporated County, and Walter Melville from San Bruno. More information on their qualifications is included in Attachment 1 of the resolution.

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * *

**RESOLUTION APPOINTING MEMBERS OF THE PENINSULA CLEAN ENERGY
AUTHORITY CITIZENS ADVISORY COMMITTEE.**

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

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, Section 3.5 of the PCE Joint Powers Agreement states that the “Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board”; and

WHEREAS, PCE believes that establishment of an advisory committee, made up of members drawn from the community, would assist PCE in carrying out its mission; and

WHEREAS, the Board approved the creation of a Citizens Advisory Committee (“Committee” or “CAC”) on February 23, 2017, to be appointed by the PCE Board through an application process including review and recommendation by an ad hoc committee of the PCE Board; and

WHEREAS, the Board appointed 15 members to the Citizens Advisory Committee on May 24, 2017, and

WHEREAS, there are three vacancies that need to be filled, as well as three members whose terms are expiring and who are eligible for reappointment, and

WHEREAS, the Board publicly solicited applications for the Citizens Advisory Committee from throughout the county during the period of March 15, 2018, through April 15, 2018, these applications were reviewed by the ad hoc committee, and that ad hoc committee has recommended specific applicants for appointment.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board appoints the individuals listed in Attachment 1 hereto as members of the Citizens Advisory Committee.

* * * * *

Attachment 1

May 2018 Recommendations for Appointment to the PCE Citizens Advisory Committee

Term (years)	First Name	Last Name	City	Key Strength(s)	Selected Background
3 <i>new member</i>	Diane	Bailey	Belmont	Outreach, Advocacy, Legislative	Director of Menlo Spark. Deep professional experience in environmental advocacy, environmental justice, and climate policy. Committed PCE champion from formation.
3 <i>new member</i>	Cheryl	McGovern	Unincorporated County	Outreach	Retired from USEPA, managed multi-city projects for watersheds. Designed low-income outreach materials for California Solar Initiative. Served on board of Emerald Hills Homeowners Association, organizes community creek clean ups.
3 <i>new member</i>	Walter	Melville	San Bruno	Technical, Advocacy	Retired Electrician and Electrical Engineer with City of San Francisco and SFPUC. Former member IBEW Local #6. Former member of Sierra Club Loma Prieta Chapter Executive Board.
3 <i>renewed term</i>	Joe	Fullerton	Half Moon Bay	Outreach, Technical	Energy and Sustainability Manager, San Mateo Community College District, installed major solar, battery storage, and EV charging systems. Experience in green building, utility rates, demand reduction, on-bill financing.
3	Ted	Howard	San Mateo	Legislative, Technical	Former Regulatory Analyst with CPUC's Policy and Planning Division encouraging distributed generation (DG). Consultant on DG. Participated in CPUC PCIA Working

<i>renewed term</i>					Group meetings in 2016. Active outreach volunteer.
3 <i>renewed term</i>	Emily	Leslie	Pacifica	Technical, Legislative	Renewable Energy Consultant, worked with SFO, ABAG, CPUC, environmental NGOs, Stanford, and Alcatraz Island on energy efficiency, renewables, microgrid. Active outreach volunteer.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: May 15, 2018

BOARD MEETING DATE: May 24, 2018

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors

FROM: Kirsten Andrews-Schwind, Communications and Outreach Manager, and
Leslie Brown, Director of Customer Care

SUBJECT: Update on PCE's 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:

Recent and Upcoming Outreach Events

28-Apr	San Mateo New Living Expo PCE Panel
28-Apr	Table at San Bruno Dia del Niño Book Fair
28-Apr	Table at Portola Valley Earth Day
28-Apr	Table at STEAM Fest in Redwood City
28-Apr	Table at Rebuilding Together Annual Volunteer Picnic
29-Apr	Table at Kermes Dia del Niño NFO
2-May	Present at Peninsula Family Services Senior Peer Counseling Group
3-May	Table at San Mateo Chamber Business Expo
4-May	Table at San Mateo Community & Benefits Fair
5-May	Table at Foster City Polynesian Fair in Foster City
5-May	Table at SSF Streets Alive, Parks Alive
6-May	Table at EPA Cinco de Mayo event
6-May	Table at Burlingame Streets Alive, Parks Alive
10-May	Table at SSF Bart Station Bike to Work Day
10-May	Fair Oaks Community School Dia de los Niños/Mother's Day Event
10-May	Present at Acterra Community Workshop in EPA
16-May	Table at Pacifica Senior Fair
16-May	BayREN Presentation
16-May	Table at East Palo Alto Senior Fair
17-May	Daly City/Colma Chamber of Commerce Scholarship
19-May	Table at San Carlos Hometown Days
19-May	Table at Daly City Shine Family Day
19-May	Daly City Library Chinese Presentation
24-May	Daly City Senior Fitness & Resource Event
24-May	BayREN Presentation
25-May	Presentation at Fair Oaks Community Center
31-May	SSF State of the City Address
2-Jun	North Fair Oaks Clean up event
2-Jun	Table at Foster City CityFEST
3-Jun	Table at Foster City CityFEST
3-Jun	Table at San Mateo Sunrise Rotary 5k Color Run
3-Jun	Table at San Bruno Posy Parade and Community Day
9-Jun	Facebook Festival

12-Jun	Senior Day at the County Fair
13-Jun	Joint Mixer with San Carlos Chamber of Commerce
15-Jun	Senior Day on the Redwood City Square
30-Jun	San Mateo Coyote Point Kite Festival
11-Aug	Facebook Festival: SummerJam
18-Aug	Pescadero Arts & Fun Festival*
18-Aug	Burlingame on the Avenue
19-Aug	Burlingame on the Avenue
25-Aug	Senior Showcase in Menlo Park*
1-2-Sep	Millbrae Art & Wine Festival*
29-30-Sep	Pacifica Fog Fest, with Pacifica Resource Center
6-7-Oct	San Carlos Art & Wine Faire*
13-14 Oct	HMB Art & Pumpkin Festival*
16-Nov	Senior Showcase in Foster City*

**Registration pending*

VISA Opted-Up to ECO100

Visa Inc. has recently announced that it has opted-up to ECO100 for their corporate campus in Foster City. Visa's enrollment will prevent between 1,400 to 1,800 tons of greenhouse gases from entering the atmosphere compared to conventional energy sources.

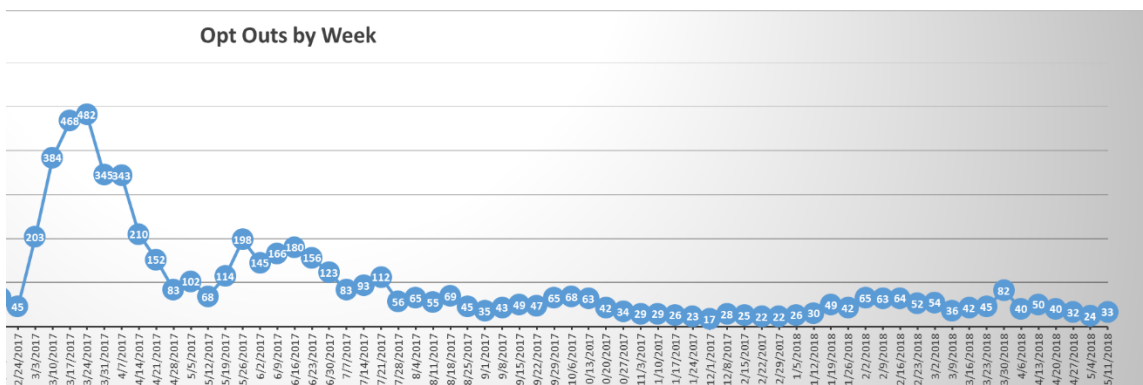
On May 8th, PCE and Visa Inc. issued a joint press release with the announcement. The press release has received 2,500+ views through Business Wire and was posted online by 265 news outlets across the country, as well as internationally. Notable publications include Los Angeles Business Journal, Nasdaq.com, Morningstar, Sacramento Business Journal, San Francisco Business Times, Silicon Valley Business Journal, and Solar Power World.

Net Energy Metering Workshop

PCE will be hosting its first Net Energy Metering (NEM) Workshop on Wednesday, June 20th from 6:30p-8:00p. The goal of the workshop is to teach NEM customers about PCE's Net Energy Metering program, its advantages, and how it relates to their PG&E bill. Customers can RSVP for the workshop by emailing Marketing@PeninsulaCleanEnergy.com. Please help spread the word.

Enrollment Statistics

Weekly opt-outs have slightly decreased with an average of 32 opt-outs for the past 4 weeks. To note, April is when customers receive the California Climate credit leading to lower bills this month. PCE tends to see lower opt-outs during months of lower bills. Four cities had “0” opt-outs in April: Atherton, Brisbane, Colma, and Woodside. Our overall opt-out rate is approximately 2.48%.



CITY	Eligible Accts	Total	TOTAL OPT OUT %
PORTOLA VALLEY INC	1,679	99	5.90%
SAN BRUNO INC	16,424	589	3.59%
PACIFICA INC	15,436	506	3.28%
SO SAN FRANCISCO INC	24,770	799	3.23%
DALY CITY INC	33,941	976	2.88%
MILLBRAE INC	9,366	249	2.66%
HALF MOON BAY INC	4,942	129	2.61%
UNINC SAN MATEO CO	24,413	625	2.56%
EAST PALO ALTO INC	7,797	199	2.55%
SAN MATEO INC	43,972	1018	2.32%
SAN CARLOS INC	14,441	332	2.30%
BELMONT INC	11,854	270	2.28%
HILLSBOROUGH INC	4,038	82	2.03%
BRISBANE INC	2,474	50	2.02%
REDWOOD CITY INC	34,784	675	1.94%
FOSTER CITY INC	14,645	281	1.92%
BURLINGAME INC	15,422	294	1.91%
WOODSIDE INC	2,282	37	1.62%
ATHERTON INC	2,694	42	1.56%
COLMA INC	797		1.38%
MENLO PARK INC	15,752	214	1.36%
Grand Total	301,923	7,477	2.48%

There are now over 5,000 accounts in ECO100, with a total number of ECO100 cities at 15 (plus the County). The ECO100 towns and cities as of May 15 include Atherton, Belmont, Brisbane, Burlingame, Colma, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Portola Valley, Redwood City, San Carlos, San Mateo, Woodside, and the County of San Mateo.

ACTIVE ACCTS BY CITY	Eligible Accts	May '18			
CITY	Full Territory	RES ACT	COM ACT	ACTIVE	ECO100
ATHERTON INC	2,694	2,395	226	2,621	55
BELMONT INC	11,854	10,547	936	11,483	145
BRISBANE INC	2,474	1,911	505	2,416	75
BURLINGAME INC	15,422	13,022	1,965	14,987	306
COLMA INC	797	501	274	775	28
DALY CITY INC	33,941	30,774	1,959	32,733	59
EAST PALO ALTO INC	7,797	7,088	444	7,532	16
FOSTER CITY INC	14,645	13,304	811	14,115	115
HALF MOON BAY INC	4,942	4,173	584	4,757	82
HILLSBOROUGH INC	4,038	3,781	145	3,926	59
MENLO PARK INC	15,752	13,630	1,720	15,350	412
MILLBRAE INC	9,366	8,401	662	9,063	87
PACIFICA INC	15,436	13,976	860	14,836	112
PORTOLA VALLEY INC	1,679	1,431	142	1,573	1,472
REDWOOD CITY INC	34,784	30,295	3,372	33,667	616
SAN BRUNO INC	16,424	14,603	1,102	15,705	80
SAN CARLOS INC	14,441	11,849	2,144	13,993	241
SAN MATEO INC	43,972	38,585	3,903	42,488	566
SO SAN FRANCISCO INC	24,770	20,610	3,215	23,825	71
UNINC SAN MATEO CO	24,413	20,616	2,862	23,478	442
WOODSIDE INC	2,282	2,006	217	2,223	48
Unallocated					
Unallocated (cust type)				241	
Grand Total	301,923	263,498	28,048	291,787	5,087



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: May 17, 2018
BOARD MEETING DATE: May 24, 2018
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
Jeremy Waen, Senior Regulatory Analyst

SUBJECT: Update on PCE's April and May Regulatory and Legislative Activities

BACKGROUND:

The end of April and early May were busy on a number of matters both legislative and regulatory. As discussed in more detail below, PCE, as part of CalCCA or coalitions of CCAs, submitted five pleadings at the California Public Utilities Commission (CPUC), one set of comments at the Air Resources Board (ARB), one set of comments at the California Independent System Operator (CAISO), one letter to the Governor's office, and one letter to members of the Legislature. PCE staff attended two other stakeholder meetings.

DISCUSSION:

Regulatory Outreach

On Thursday, May 3rd, Joseph Wiedman participated in a webinar hosted by the CPUC to discuss the release of a recent CPUC Policy and Planning Division white paper titled: California Customer Choice: An Evaluation of Regulatory Framework Options for an Evolving Electricity Market, which CPUC staff has dubbed the "Green Book." The white paper generally expresses concern over the rise of CCAs and argues that a plan for the transition to greater customer choice is lacking. Mr. Wiedman is coordinating CalCCA's response to the white paper.

On Thursday, May 10th, Joseph Wiedman, as part of CalCCA, participated in an ex parte meeting with Jason Houck, advisor to Commissioner Liane Randolph, regarding development of a mechanism to measure greenhouse gas emissions in the Commission's ongoing Integrated Resources Planning docket (R.16-02-007). Energy Division staff has released a proposed accounting methodology called "clean net short" (CNS) which would only count resources that are power content category (PCC 1) as GHG free energy. Firmed and shaped PCC 2, large

hydro resources (both in-state and out-of-state) and PCC 3 resources would have the GHG emissions from underlying resources used to serve load count within the methodology rather than the emissions profile of the resource that generated the renewable energy credit. Representatives explained that an abrupt change in how GHG emissions are counted would be disruptive to energy procurement, that CNS is at odds with how the grid is optimized, and that CNS could result in high costs to energy consumers.

Regulatory Advocacy

R.17-06-026 – Power Charge Indifference Adjustment (PCIA) Order Instituting Rulemaking (OIR)

– On Monday, April 23rd, CalCCA served rebuttal testimony responding to opening testimony filed by stakeholders on April 2nd. CalCCA's rebuttal testimony responded to numerous issues including:

- Responding to the Joint Investor-owned Utilities' (IOUs) proposal for forced allocation of renewable resources under the proposed Green Allocation Mechanism (GAM) and sale of utility-owned generation and battery storage resources in short term markets under the portfolio monetization mechanism (PMM);
- Rebutting the Joint IOUs' arguments that CCAs only serve relatively wealthy coastal areas, the values set in the current market price benchmark are too high, and the Joint IOUs' views that they are doing all they can to dispose of unneeded resources; and
- Responding to other parties' proposals for auctioning resources, limiting benefits to only market revenues received under current IOU efforts, and other topics.

Hearings were held on May 7th through 11th.

R.16-02-007 – Integrated Resource Planning OIR – On Friday, April 20th, CalCCA filed comments on Staff's clean net short proposal and reply comments on Monday, April 30th.

CalCCA generally advocated against the clean net short proposal arguing that it was counter to state policies established in SB 350, undermined ARB statutory mandates regarding the setting of emissions benchmarks, undermined early voluntary action to reduce GHG emissions, might violate the commerce clause, and other concerns.

R.03-10-003 – CCA Bond Methodology OIR – On Thursday, April 26th, CalCCA filed comments on a proposed decision (PD) addressing financial security requirements (FSR) for CCAs.

CalCCA filed reply comments responding to parties' comments on the PD on Tuesday, May 1st. The PD grants about half of CalCCA's requests and the other requests it opts, generally, for the requirements placed on ESPs. In particular, the PD finds that the CCAs should be required to post an FSR that equals anticipated administrative costs of customers returning to IOU service plus six months of anticipated procurement costs. The PD finds that the administrative costs should be determined based on fees set by the IOUs in their general rate cases. Moreover, procurement cost will be determined by a formula which will be updated every six months using publicly available data from ICE (InterContinental Exchange). A deadband of 10% is created up or down so that small changes in the anticipated procurement costs do not result in need to change the FSR. The PD also determines that negative procurement costs should offset anticipated administrative fees. As of now, the procurement costs are negative so the FSR would be zero for PCE. The FSR can be a letter of credit or cash held by a third party, but not a surety bond.

Congestion Revenue Right (CRR) Auction Efficiency – On Friday, May 4th, PCE jointly filed comments with Sonoma Clean Power at the CAISO. The CAISO has initiated an ongoing stakeholder initiative to consider reforms to its CRR market due to persisting revenue shortfalls

in the program. The CAISO has already concluded Track 1A of this initiative in which it proposes to greatly reduce the number of CRR units to be transacted in its 2019 market. PCE and SCP noted their support for these Track 1A changes and generally advocated for holding off on consideration of further changes in Track 1B until the impacts of changes in Track 1A are better understood.

ARB Low Carbon Fuel Standard (LCFS) – On April 23rd, PCE jointly submitted comments concerning reforming the ARB Low Carbon Fuel Standard (LCFS) as part of a broad coalition of interested parties called the Smart EV Charging Group. A hearing on the proposed changes and comments filed on the 23rd was held April 27th. The Smart EV Charging Group advocated for three changes: 1. CCA customers who buy EVs and charge them from a portfolio which is less GHG intensive than the statewide average should earn additional LCFS credits, which would be administered by their CCA for EV marketing, incentives, and related infrastructure; 2. CCAs should be the recipients and administrators of LCFS credits for their customers (these currently go to the electric distribution utility (e.g. PG&E) even if the customer takes generation service from a CCA); 3. A clear hierarchy for who receives unclaimed LCFS credits should be created and it should be based on customer designation. We anticipate further changes to the proposed rules which will trigger a fifteen-day comment period.

Legislative Advocacy

CalCCA legislative committee continues to review numerous bills as they move through the committee process this month.

AB 813 (Holden) – Would require study of regionalization and authorize regionalization if certain actions are undertaken and benefits are found – CalCCA voted to support the legislation as currently drafted (PCE abstained from the vote).

AB 893 (Garcia) – Would require procurement of geothermal resources from the Salton Sea area – CalCCA voted to oppose.

SB 1088 (Dodd) – Would impact third-party ownership of distributed energy resources under the guise of safety and reliability planning efforts – CalCCA voted to oppose unless amended.

SB 1347 (Stern) – Would require procurement of 2000 MW of energy storage facilities by the IOUs with a nonbypassable charge to other load-serving entities – CalCCA voted to oppose unless amended.

On May 9th, CalCCA sent a letter to Governor Brown's office responding to the Governor's request for details on procurement being undertaken by CCAs. CalCCA's letter spoke about each CCA's ongoing procurement efforts and noted that of the approximately 1136 MW of projects discussed in the document, approximately 1014 MW or 89% are supported by long term contracts of more than 10 years. Of the approximately 276 MW of facilities already in operation, 53% of the projects have long term power purchase agreements (PPAs). Of the 747 MW under development in the list, 100% of the projects are supported by long term contracts.

On May 9th, CalCCA sent a letter to State Assemblymembers and Senators who supported CCAs during the development and resolution of the CPUC's Resolution E-4907. Resolution E-4907 changed CCA implementation requirements under a truncated commission process. The letter discussed three points: 1. CCAs are meeting all current resource adequacy requirements;

2. CCAs are driving decarbonization faster than state mandates; and 3. CCAs are proposing fixes to California's PCIA framework which will save all ratepayers money.

FISCAL IMPACT:

Not applicable.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: May 17, 2018
BOARD MEETING DATE: May 24, 2018
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
Jeremy Waen, Senior Regulatory Analyst

SUBJECT: Update on Power Charge Indifference Adjustment (PCIA) Docket *R.17-06-026*

DISCUSSION:

On Monday, April 2nd, CalCCA served opening testimony in the CPUC's PCIA docket.

CalCCA's testimony addressed utilizing securitization of utility-owned generation and buy-down/buy-out of existing renewable portfolio standard contracts as means to reduce costs for all ratepayers – bundled and unbundled, updating the PCIA benchmark to more accurately reflect the value of the IOUs' portfolios so that departing load customers only pay for IOU portfolio costs that are truly above market, and, over the nearer term, developing an auction process to realign IOU portfolios to match reduced IOU needs and increased CCA needs. CalCCA also proposed that prices obtained in the auction could be utilized to update the PCIA benchmark with actual values versus administratively determined values.

CalCCA's testimony demonstrated that Pacific Gas & Electric Company's (PG&E) above market costs for 2018 were approximately \$2.2 billion. However, securitization of PG&E's utility-owned generation currently included within the PCIA would remove \$1.2 billion in above market costs. CalCCA testimony also demonstrated that the PCIA "benchmark" undervalues "green" attributes, omits values for GHG-free resources, and undervalues ancillary services. If the PCIA benchmark is updated to reflect Commission approved long-term values for these attributes, above market costs would be reduced by another \$500 million leaving approximately \$512 million in above market costs.

CalCCA testimony also encouraged development of a Staggered Portfolio Auction which would be held quarterly. Under CalCCA's proposal, each investor-owned utility (IOU) portfolio – both particular resources and products created from those resources – would be made available via an auction open to all load serving entities (including the IOUs). Load serving entities would be

able to bid for particular projects or product types within the auction. The prices for products would be utilized to update the PCIA benchmarks so that market prices would be utilized rather than administratively determined benchmarks. During the development of the auction, as noted above, updated benchmark values determined in this docket would be utilized to assess above market costs.

CalCCA's testimony also addressed sunseting of the PCIA over time, the possibility of a rate cap on the PCIA, long-term forecasting of the PCIA to allow better planning for CCAs, full or partial prepayment of the PCIA, moving the PCIA to a line item on all customer bills, and highlighting the need to consider reforming which entity – the IOU or the CCA – is the provider of last resort.

Opening testimony was also filed by the IOUs, TURN, Office of Ratepayer Advocates, Energy Users Forum, AReM/DACC, Protect Our Communities, Commercial Energy, and UCAN.

The IOUs' testimony was a variant of the Portfolio Allocation Mechanism seen in May 2017. However, instead of forced allocation of all resources contained in the PCIA based on a pro-rata share of LSE load, the IOUs now argue that LSEs should only be allocated the green portion of the IOUs portfolio – renewable and large hydro resources. They called this the Green Allocation Mechanism (GAM). LSEs would not pay a PCIA on these resources as they would be directly allocated to the LSE. Excess brown power (gas fired generation), nuclear, and energy storage resources would be sold into short-term markets with revenues offsetting costs. They called this mechanism the Portfolio Monetization Mechanism (PMM). The PCIA would recover the remaining costs. While the IOUs did respond to CCA concerns over forced allocation of brown power and nuclear resources, the GAM would be allocated on a quarterly-basis with a true-up each subsequent quarter to determine what was actually made available to the LSE from production of intermittent resources.

The IOUs argued that state law requires this complex structure with true-ups because the law requires mathematical precision in determining costs and benefits between bundled and unbundled customers, otherwise an illegal cost shift will occur. The IOUs also argued that it was too complex to create an auction to allocate resources over the longer term. In general, the tone of the IOUs' advocacy was that they were passive entities forced to do what they did by state mandates and the outcome needed in this docket was results oriented. IOUs also argued that there should be no sunset or caps on PCIA, that they were complying with all PUC mandates in managing their portfolios, that certain departing load customers that currently pay the PCIA should be exempted, and that the 10-year limit on cost recovery of utility-owned generation should be removed so that recovery continues for the full life of their facilities.

Other parties' testimony was not nearly as detailed or comprehensive as CalCCA or IOU testimony. This is to be expected as they are not directly impacted by the issues in play as much as the CCAs and the IOUs. Commercial Energy offered an auction concept based off of its experience in the natural gas industry. Protect Our Communities argued that the IOUs mismanaged their contracting process and that CPUC oversight was inadequate. TURN generally supported the idea of an auction but noted that only actual revenues or benefits could be considered in drawing the line between bundled and unbundled customers' cost responsibilities.

Rebuttal testimony was served on April 23rd and hearings were held on May 7th to 11th. CalCCA's rebuttal testimony focused on responding to the IOUs' proposed GAM and PMM.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: May 16, 2018
BOARD MEETING DATE: May 24, 2018
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Board of Directors
FROM: Jay Modi, Director of Finance & Admin, Peninsula Clean Energy
SUBJECT: Review Fiscal Year 2018-2019 Budget

RECOMMENDATION:

Review Fiscal Year 2018-2019 Budget

DISCUSSION:

A draft of the Fiscal Year 2018-2019 (July 2018 through June 2019) budget will be provided for review. The bottoms-up approach included discussions with the department heads to develop their portions of the budget. The budget was reviewed with the Audit & Finance Committee on May 8th and with the Executive Committee on May 14th.

Fiscal Year 2018 - 2019 Budget Overview

Items	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Revenues	\$ 247,950,713	\$ 236,718,411	\$ (11,232,302)	-5%
Cost of Energy	181,715,000	176,147,894	(5,567,106)	-3%
Other Operating Exp.	13,932,060	18,356,570	4,424,510	32%
Non-Operating Rev/Exp.	-	392,000	392,000	0%
Other Uses (Debt)	8,481,000	42,000	(8,439,000)	-100%
Change in Net Position	43,822,653	42,563,946	(1,258,706)	-3%

ATTACHMENTS:

Fiscal Year 2018-2019 Budget

BUDGET ANALYSIS:

Revenues: Revenues consist of sales of energy and demand charges, and the ECO100 premium. FY 2019 revenue is 5% lower than FY 2018 due to a revised load forecast based on actual 2017 energy sales by customer class. Previous load forecasts were based on energy sales data that was 3 years old, and not representative of current customer energy demand.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Revenues	\$ 247,950,713	\$ 236,718,411	\$ (11,232,302)	-5%

Cost of Energy: Cost of energy includes various attributes of energy including PCC1, PCC2, Carbon Free (GHG), System Power, Resource Adequacy, CRR costs/revenues, scheduling coordinator charges, and CAISO charges. The forecasted cost of energy is 3% lower in FY 2019 vs FY 2018 due to reduced energy demand based on the revised load forecast as described above.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Cost of energy	\$ 181,715,000	\$ 176,147,894	\$ (5,567,106)	-3%

Data Manager: PCE's contract with Calpine Energy Services expires on June 30, 2018 for data management services, billing services, and call center operations. The estimate for FY 2019 data manager costs reflects an expected reduction in costs for these services under a new contract.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Data Manager	\$ 3,970,000	\$ 3,758,400	\$ (211,600)	-5%

PG&E Service Fees: These fees are charged by PG&E for billing PCE's customers. PG&E has reduced this fee, which is reflected in the lower charge for FY 2019 compared to FY 2018.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Service Fees - PG&E	\$ 1,636,000	\$ 1,260,000	\$ (376,000)	-23%

Bad Debt Expense: Based on PCE's Bad Debt policy, the bad debt is accounted for as 0.35% of revenues. Since this moves in line with revenues, this expense is slightly lower in FY 2019 compared to FY 2018.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Bad Debt expense	\$ 865,248	\$ 828,514	\$ (36,734)	-4%

Communications and Outreach: This includes advertising, consultants (graphic designer, videographer, and PR), grants, sponsorships and memberships, website updates, and promotion and branding, and new local energy programs outreach and advertising.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Communications and Outreach	\$ 1,049,000	\$ 1,010,600	\$ (38,400)	-4%

General and Administrative: This includes several administrative line items including bank fees, building maintenance, professional development, industry memberships, rent, and office supplies among others. The FY 2019 is 54% higher than FY 2018 due to increasing costs for CalCCA, including membership fees and regulatory/litigation support.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
General and Administrative	\$ 795,207	\$ 1,227,200	\$ 431,993	54%

Professional Services: This includes fees for the annual audit, and consulting fees for accounting, IT, power resources, energy programs, and human resources. The increase in budget for FY 2019 is due to consultants for local energy programs.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Professional Services	\$ 1,017,000	\$ 1,432,511	\$ 415,511	41%

Energy Programs: This reflects the launch of PCE's energy programs in FY 2018-19, including the EV incentive program, the pilot local programs initiative, and other programs that will be launched throughout the fiscal year.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Energy Programs	\$ 250,000	\$ 3,200,000	\$ 2,950,000	1180%

Legal: This is broken into three areas: legal support for power purchase negotiations, legal support provided by the county counsel's office, and legal support for regulatory matters. The increase of 11% in FY 2019 budget is driven by a expected increase in legal support for regulatory matters.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Legal	\$ 1,030,000	\$ 1,146,600	\$ 116,600	11%

Personnel: This line captures all the personnel related costs including salaries and wages, insurance, retirement contributions, and other benefits. The increase in budgeted spend is a result of an increase in PCE's staffing and inflation adjustment to salaries and wages.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Personnel	\$ 3,319,605	\$ 4,492,745	\$ 1,173,140	35%

Nonoperating Revenues (Exp.): This reflects the interest income from investment of cash reserves. PCE is expected to earn \$440k in FY 2019 from interest income. PCE paid off all of its debt in December 2017, however we still maintain a \$12 million line of credit with Barclays Bank (upon which none is currently drawn). The interest expense includes the commitment fee paid to Barclays for this line of credit.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Nonoperating Revenues (Exp.)	\$ -	\$ 392,000	\$ 392,000	0%

Other Uses: This includes debt service payments and capital outlay on assets like furniture, projectors, computers, and related costs. PCE paid off all of its debt in December 2017. The budgeted amount for FY 2019 is for additional computers and equipment.

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
Other Uses	\$ 8,481,000	\$ 42,000	\$ (8,439,000)	-100%

PENINSULA CLEAN ENERGY
Fiscal Year 2018 - 2019 Budget (Draft)

Scenario Type: Base

Category	FY 2017-18	FY 2018-19	Change in \$\$\$	Change in %
OPERATING REVENUES				
Electricity Sales	247,213,713	235,967,569	(11,246,144)	-5%
ECO100 Premium	737,000	750,842	13,842	2%
Total Operating Revenues	247,950,713	236,718,411	(11,232,302)	-5%

OPERATING EXPENSES

Cost of energy	181,715,000	176,147,894	(5,567,106)	-3%
Data Manager	3,970,000	3,758,400	(211,600)	-5%
Service Fees - PG&E	1,636,000	1,260,000	(376,000)	-23%
Bad Debt expense	865,248	828,514	(36,734)	-4%
Communications and Outreach	1,049,000	1,010,600	(38,400)	-4%
General and Administrative	795,207	1,227,200	431,993	54%
Professional Services	1,017,000	1,432,511	415,511	41%
Energy Programs	250,000	3,200,000	2,950,000	1180%
Legal	1,030,000	1,146,600	116,600	11%
Personnel	3,319,605	4,492,745	1,173,140	35%
Total Operating Expenses	195,647,060	194,504,465	(1,142,596)	-1%

Operating Income (Loss)	52,303,653	42,213,946	(10,089,706)	-19%
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NON-OPERATING REVENUES (EXP.)

Interest Income	-	440,000	440,000	0%
Interest and related expense	-	(48,000)	(48,000)	0%
Total Nonoperating Revenues (Exp.)	-	392,000	392,000	0%

OTHER USES

Capital Outlay	484,000	42,000	(442,000)	-91%
Debt Service Principal	7,997,000	-	(7,997,000)	-100%
Total Other Uses	8,481,000	42,000	(8,439,000)	-100%

CHANGE IN NET POSITION

Net Position at the beginning of period	21,710,529	65,533,182	43,822,653	202%
Increase in Net Position	43,822,653	42,563,946	(1,258,706)	-3%
Net Position at the end of period	65,533,182	108,097,128	42,563,946	65%



PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: May 14, 2018
BOARD MEETING DATE: May 24, 2018
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Siobhan Doherty, Director of Power Resources

SUBJECT: Risks and Hedging for Power Purchases

The Power Resources team will present on the risks of power purchases and PCE's energy hedging strategy to manage those risks.



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, April 26, 2018
MINUTES**

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

CALL TO ORDER

Meeting was called to order at 6:36 p.m.

ROLL CALL

Present: Dave Pine, County of San Mateo
Carole Groom, County of San Mateo
Jeff Aalfs, Town of Portola Valley, *Chair*
Rick DeGolia, Town of Atherton, *Vice Chair*
Charles Stone, City of Belmont
Donna Colson, City of Burlingame
Raymond Buenaventura, City of Daly City
Carlos Romero, City of East Palo Alto
Catherine Mahanpour, City of Foster City
Harvey Rarback, City of Half Moon Bay
Elizabeth Cullinan, Town of Hillsborough
Wayne Lee, City of Millbrae
Marty Medina, City of San Bruno
Cameron Johnson, City of San Carlos
Rick Bonilla, City of San Mateo
Pradeep Gupta, City of South San Francisco
Daniel Yost, Town of Woodside

Absent: City of Brisbane
Town of Colma
City of Menlo Park
City of Pacifica
City of Redwood City

Staff: Jan Pepper, Chief Executive Officer
Rafael Reyes, Director of Energy Programs

Jay Modi, Director of Finance and Administration
Leslie Brown, Director of Customer Care
Joseph Wiedman, Director of Legislative and Regulatory Affairs
Jeremy Waen, Senior Regulatory Analyst
Kirsten Andrews-Schwind, Communications and Outreach Manager
TJ Carter, Marketing Associate
David Silberman, General Counsel
Anne Bartoletti, Board Clerk/Executive Assistant to the CEO

A quorum was established.

PUBLIC COMMENT:

Wayne Roth
Alex Cannara

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: Lee / Stone

Motion passed 17-0 (Absent: Brisbane, Colma, Menlo Park, Pacifica, Redwood City)

REGULAR AGENDA

1. CHAIR REPORT

Jeff Aalfs—Chair—reported that he and Rick DeGolia toured the CAISO (California Independent System Operator) facility in Folsom, California, with many other CCAs. He also reported on Acterra's Party for the Planet, and he congratulated Founding Chair Dave Pine for being honored at that event.

2. CEO REPORT

Jan Pepper—Chief Executive Officer—reported that Tina Caratan will start on May 1, 2018, as the Interim CFO, and a recruiter had been hired for the CFO search. She introduced Chelsea Keyes, who started on March 26, 2018 as Power Resources Manager, and Rafael Reyes, who started on April 9, 2018 as Energy Programs Director.

Jan noted that she would be seeking Board Member volunteers from time-to-time to meet with staff and provide feedback on legislative matters of interest to PCE, and she announced that the groundbreaking on the Wright Solar project will take place in October 2018.

3. PRESENTATION ON STEM SCIENCE FAIR AWARD RECIPIENTS

TJ Carter—Marketing Associate—reported on PCE's involvement in San Mateo County's Office of Education STEM Fair (Science, Technology, Engineering, Math), and that PCE had presented special awards to two 7th grade students. TJ introduced Charlotte Sullivan from Nesbit Middle

School in Belmont, whose project combined solar panels and wind turbines, and Georgia Hutchinson from Woodside Middle School, who designed a data-driven dual-axis solar tracker.

4. CITIZENS ADVISORY COMMITTEE REPORT

Michael Closson—Chair of the Citizens Advisory Committee (CAC)—and Ted Howard—Vice Chair of the CAC—reported on discussions that took place at the last CAC meeting.

5. MARKETING AND OUTREACH REPORT

Kirsten Andrews-Schwind—Communications and Outreach Manager—reported on recent community outreach efforts and activities planned throughout Earth Month in April. She announced that five groups were awarded grants in PCE’s Community Outreach Small Grant Pilot, and PCE staff will collaborate with the awardees on outreach over the next six months. Kirsten also reported that Visa announced it has opted up and is powering its Foster City campus with ECO100.

6. REGULATORY AND LEGISLATIVE REPORT

Joe Wiedman—Director of Legislative and Regulatory Affairs—reported on several bills in the California legislature, and reported on recent filings, including opening testimony in the CPUC’s (California Public Utility Commission) PCIA (Power Charge Indifference Adjustment) docket. Joe also reported on an Ex Parte meeting on virtual net metering with CPUC President Picker’s advisor Nidhi Thakar, and an Ex Parte meeting on Resource Adequacy with CPUC Commissioner Peterman’s advisor Joanna Gubman.

7. RFO RENEWABLES UPDATE

Siobhan Doherty—Director of Power Resources—reported on the current status of the RFO (Request for Offers) process, and presented an overview of the shortlisted offers being considered.

PUBLIC COMMENT:

Alex Cannara

8. LOCAL ENERGY PROGRAMS

8.1 AUTHORIZE THE FIRST PHASE OF THE LOCAL ENERGY PROGRAMS: COMMUNITY PILOT PROPOSALS, WITH FUNDING UP TO \$450,000 FOR FISCAL YEAR 2018-2019.

Rafael Reyes—Director of Energy Programs—reported on two proposals to initiate PCE’s Local Energy Programs. He reported that the first proposal would launch criteria the Board had approved in September of 2017 to engage the community in submitting proposals for a set of

pilot programs, each eligible for funding up to \$75,000 apiece, with total funding up to \$450,000 for fiscal year 2018-2019.

Board members discussed the pros and cons of higher and lower funding amounts, the methodology for evaluating proposed projects using Board approved criteria, and the convening of a group of Board Members to review and evaluate proposed projects.

PUBLIC COMMENT:

James Tuleya

Motion Made / Seconded: Yost / Bonilla

Motion passed 17-0 (Absent: Brisbane, Colma, Menlo Park, Pacifica, Redwood City)

8.2 AUTHORIZE THE FIRST PHASE OF AN INITIAL ELECTRIC VEHICLE PROGRAM FOR FY18-19 INTENDED TO INCREASE EV AWARENESS, DRIVE SALES, AND BEGIN TO ADDRESS KEY BARRIERS WITH TOAL FUNDING OF \$745,000.

Rafael Reyes reported that the second proposal would launch an electric vehicle (EV) program to accelerate the adoption of EVs in San Mateo County by initiating steps to overcome several EV adoption barriers. He reported that this proposal would provide incentives to both the general consumer and low-income residents, with a total funding of \$745,000 for fiscal year 2018-2019.

Board members discussed the pros and cons of providing incentives for buying new EVs versus used hybrids, and bifurcating this proposal to implement incentives for new EV purchases first vs announcing incentives for both new EVs and used hybrid purchases at the same time.

PUBLIC COMMENT:

James Tuleya
Ariane Erickson
Mark Roest
Diane Bailey

Motion Made (on full 8.2 proposal) / Seconded: Romero / Bonilla

Motion passed 16-1 (Opposed: Johnson. Absent: Brisbane, Colma, Menlo Park, Pacifica, Redwood City)

9. UPDATE ON POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA)

Jeremy Waen—Senior Regulatory Analyst—began his report on PCIA, but due to the late hour there was a motion to continue this item.

Motion Made / Seconded: Stone / Bonilla

Motion passed 17-0 (Absent: Brisbane, Colma, Menlo Park, Pacifica, Redwood City)

10. EPA GREEN POWER PARTNERSHIP UPDATE

Leslie Brown—Director of Customer Care—reported that the EPA is in transition, and the Green Power Partnership (GPP) program requirements are in the process of changing in ways that could impact the ability of several cities to receive Green Power Partner status. She reported that PCE staff will monitor the program changes and pursue obtaining GPP recognition for qualifying cities.

11. BOARD MEMBERS' REPORTS

None.

ADJOURNMENT

Meeting was adjourned at 9:26 p.m.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: May 8, 2018

BOARD MEETING DATE: May 24, 2018

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: Approve Disbursement Policy

RECOMMENDATION:

Approve Disbursement Policy.

BACKGROUND:

Peninsula Clean Energy is strengthening internal controls through implementation of the proposed Disbursement Policy.

DISCUSSION:

To strengthen the disbursement process through cash, check, wire, and ACH, the Director of Finance and Administration is proposing approval of the disbursement policy. This policy was reviewed by the Audit and Finance Committee and is recommended for approval.

ATTACHMENTS

Disbursement Policy.



Policy Number: 17

Adoption Date:

May 24, 2018

Subject: Disbursement Policy

1.0 Purpose: The purpose of this policy is to provide procedures for the disbursement process through cash, check, wire, ACH or any other form of payment.

2.0 Responsible Parties: The Director of Finance and Administration is responsible for ensuring uniform policies and procedures are followed for disbursement policy.

3.0 Scope:

3.1 The policy applies to all employees of Peninsula Clean Energy.

3.2 The policy does not cover the disbursement of funds from Wilmington Trust lockbox facility which is covered by separate agreements.

4.0 Signature Authority:

Any PCE staff requesting a manual check will submit a written request to the Director of Finance and Administration and the Chief Executive Officer. The Director of Finance and Administration can sign the checks per PCE's Delegation of Authority Policy, Section 5.2 after written approval from the Chief Executive Officer. Manual checks over \$1,000 must be co-signed by the Director of Finance and Administration and the Chief Executive Officer. The company should attempt to keep the use of manual checks to a minimum.

5.0 Safeguard of Check Stock:

Check stock shall be physically secured in PCE's office at 2075 Woodside Road, Redwood City, CA 94061. Access will be limited to the Director of Finance and Administration, the CEO, and the Office Manager.

6.0 Controls at PCE's Bank:

6.1 PCE maintains its Operating Account at First Republic Bank (FRB).

6.2 The Payee Positive Pay function has been enabled at FRB to detect check fraud. The function allows matching of payee, check number and dollar amount of each check presented for payment against a list of checks previously authorized and issued by PCE.

6.3 FRB will place a debit block to protect the account against fraud or unauthorized payments.

6.4 Direct Debit Vendors: At times, certain vendors or taxing authorities will only

transact with PCE if we allow them to direct debit (extract funds) from a PCE designated bank account. All vendors with this requirement will be preapproved by the Chief Executive Officer and the Director of Finance and Administration. Additionally, the Director of Finance and Administration will maintain a list of all vendors that fall into this category. PCE will attempt to keep the number of vendors with this type of arrangement to a minimum.

7.0 Segregation of Duties:

To ensure appropriate processing of payments, the staff must follow the approved segregation of duties where the same person cannot initiate a wire and approve the payment. A wire can be initiated by 1) the Director of Finance and Administration or 2) Maher Accountancy and must be approved by the CEO based on the approval workflow per section 8 below. If a wire is initiated by the Director of Finance and Administration, it must be approved by the Chief Executive Officer.

If the CEO is not available to approve the wire, the Chair of the Board can approve it. If the Chair of the Board is not available to approve the wire, the Vice Chair can approve it.

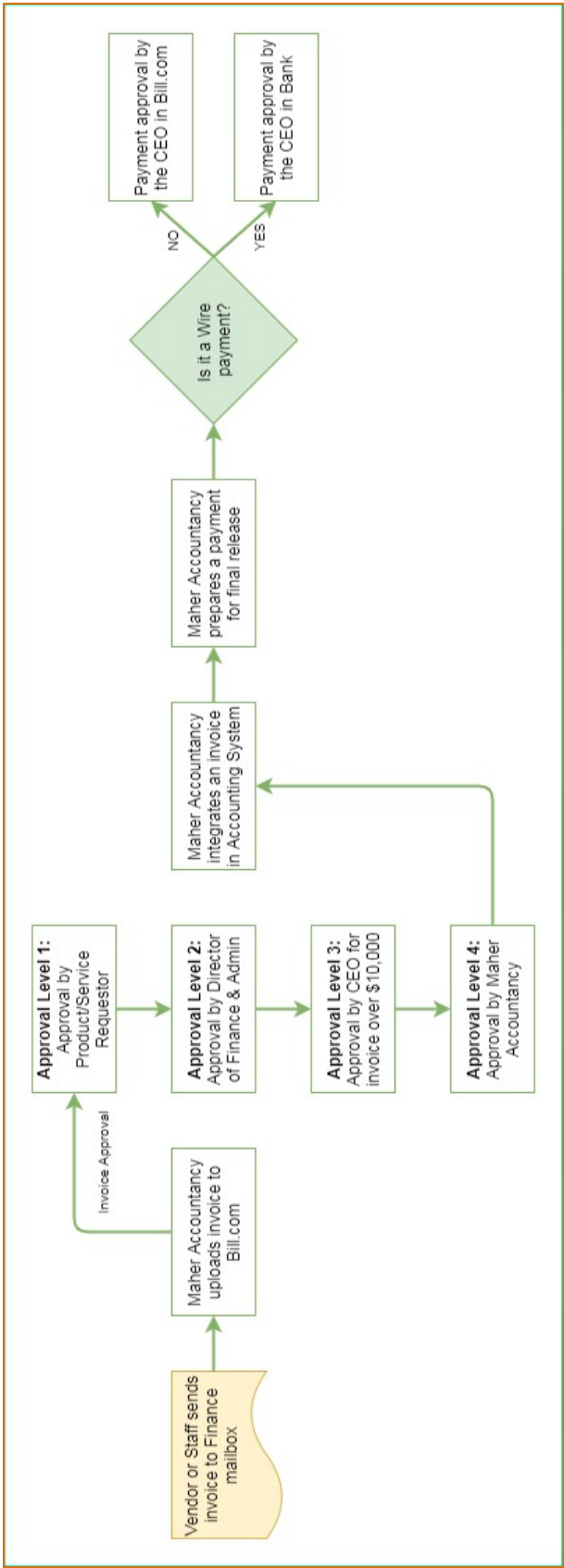
8.0 Payment Process:

All the parties involved in the disbursement process should follow the payment process as mapped in the Attachment A.

9.0 Policy Enforcement:

- 9.1 This policy will be shared with Maher Accountancy and FRB, who are expected to follow the defined processes.
- 9.2 Elimination of the approval step in the process or failing to follow this policy will be subject to disciplinary action or termination.

Attachment A: Payment Process







PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: May 14, 2018
BOARD MEETING DATE: May 24, 2018
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Energy Supply Procurement Report – May 2018

This memo summarizes agreements entered into by the Chief Executive Officer since the last regular Board meeting in April. This summary is provided to the Board for information purposes only.

Execution Month	Purpose	Counterparty	Term
April 2018	Purchase of Hedged Energy	Morgan Stanley	1.5 years
May 2018	Purchase of Resource Adequacy	Calpine	5 years

In December 2017, the Board approved the following Policy Number 15 – 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: May 16, 2018

BOARD MEETING DATE: May 24, 2018

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

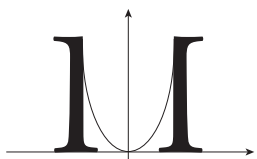
TO: Honorable Peninsula Clean Energy Board of Directors

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

SUBJECT: Receive FY 2017-2018 Third Quarter Financial Statements

ATTACHMENTS

Two Compilation Reports from Maher Accountancy



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying financial statements of Peninsula Clean Energy Authority (the Authority), a California Joint Powers Authority, which comprise the statements of net position as of March 31, 2018, and February 28, 2018, and the statements of revenues, expenses, and changes in net position for the month and year-to-date ending March 31, 2018, and the statement cash flows for the period ended March 31, 2018, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
April 30, 2018



PENINSULA CLEAN ENERGY AUTHORITY

STATEMENTS OF NET POSITION As of March 31, and February 28, 2018

	March	February	Increase (Decrease)
ASSETS			
Current assets			
Cash and cash equivalents	\$ 59,341,293	\$ 57,019,910	\$ 2,321,383
Accounts receivable, net of allowance	16,168,111	15,817,133	350,978
Other receivables	206,497	90,357	116,140
Accrued revenue	10,205,706	9,818,516	387,190
Prepaid expenses	158,800	109,594	49,206
Deposits	614,556	1,924,926	(1,310,370)
Total current assets	86,694,963	84,780,436	1,914,527
Noncurrent assets			
Capital assets, net of depreciation	311,729	313,261	(1,532)
Deposits	135,355	135,355	-
Total noncurrent assets	447,084	448,616	(1,532)
Total assets	87,142,047	85,229,052	1,912,995
LIABILITIES			
Current liabilities			
Accounts payable	1,165,865	342,485	823,380
Accrued cost of electricity	25,514,949	24,672,747	842,202
Accrued payroll and related liabilities	132,778	124,456	8,322
Other accrued liabilities	-	365,000	(365,000)
Supplier security deposits	50,000	50,000	-
User taxes and energy surcharges due to other govts	722,944	626,175	96,769
Total current liabilities	27,586,536	26,180,863	1,405,673
Noncurrent liabilities			
Supplier security deposits	192,190	75,000	117,190
Total liabilities	27,778,726	26,255,863	1,522,863
NET POSITION			
Net investment in capital assets	311,729	313,261	(1,532)
Unrestricted	59,051,592	58,659,928	391,664
Total net position	\$ 59,363,321	\$ 58,973,189	\$ 390,132

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENTS OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

Month and Nine Months Ended March 31, 2018

	Month	Nine Months
OPERATING REVENUES		
Electricity sales, net	\$ 17,561,223	\$ 176,840,652
Green electricity premium	171,464	1,009,101
Electricity sales for resale	23,750	23,750
Total operating revenues	<u>17,756,437</u>	<u>177,873,503</u>
OPERATING EXPENSES		
Cost of electricity	16,353,624	131,930,950
Staff compensation and benefits	194,526	1,527,911
Data manager	348,885	3,037,125
Service fees - PG&E	102,805	1,123,349
Consultants and other professional fees	22,510	356,817
Legal	139,277	945,197
Communications and noticing	20,568	429,151
General and administration	160,909	641,157
Depreciation	5,328	39,161
Total operating expenses	<u>17,348,432</u>	<u>140,030,818</u>
Operating income (loss)	<u>408,005</u>	<u>37,842,685</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	19,927	30,480
Interest and related expense	(37,800)	(220,373)
Total nonoperating revenues (expenses)	<u>(17,873)</u>	<u>(189,893)</u>
CHANGE IN NET POSITION	390,132	37,652,792
Net position at beginning of period	58,973,189	21,710,529
Net position at end of period	<u>\$ 59,363,321</u>	<u>\$ 59,363,321</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS July 1, 2017 through March 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 184,439,994
Receipts from supplier security deposits	117,190
Tax and surcharge receipts from customers	3,103,297
Payments to purchase electricity	(130,867,944)
Payments for staff compensation and benefits	(1,510,061)
Payments for data manager	(2,689,288)
Payments for service fees - PG&E	(1,149,937)
Payments for consultants and other professional fees	(368,878)
Payments for legal	(926,680)
Payments for communications and noticing	(507,412)
Payments for general and administration	(539,758)
Tax and surcharge payments to other governments	(3,038,236)
Net cash provided (used) by operating activities	<u>46,062,287</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Principal payments on loan	(7,480,800)
Deposits and collateral paid	(2,633,718)
Deposits and collateral received	3,426,120
Interest and related expense payments	<u>(216,703)</u>
Net cash provided (used) by non-capital financing activities	<u>(6,905,101)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(228,629)</u>
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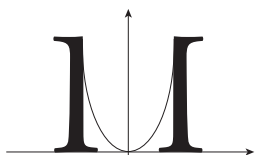
CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>31,038</u>
Net change in cash and cash equivalents	38,959,595
Cash and cash equivalents at beginning of year	20,381,698
Cash and cash equivalents at end of period	<u><u>\$ 59,341,293</u></u>

PENINSULA CLEAN ENERGY AUTHORITY
STATEMENT OF CASH FLOWS (continued)
July 1, 2017 through March 31, 2018

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 37,842,685
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	39,161
Revenue reduced for uncollectible accounts	624,660
(Increase) decrease in accounts receivable	4,332,067
(Increase) decrease in other receivables	(173,238)
(Increase) decrease in accrued revenue	1,664,413
(Increase) decrease in prepaid expenses	65,724
Increase (decrease) in accounts payable	371,256
Increase (decrease) in accrued payroll and related	16,773
Increase (decrease) in accrued cost of electricity	1,127,434
Increase (decrease) in user taxes and energy surcharges due to other governments	34,162
Increase (decrease) in supplier security deposits	117,190
Net cash provided (used) by operating activities	<u><u>\$ 46,062,287</u></u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying special purpose statement of Peninsula Clean Energy Authority (the Authority), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended March 31, 2018, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of PCE.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about the Authority's results of operations. Accordingly, this special purpose budgetary comparison statement is not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
April 30, 2018



**PENINSULA CLEAN ENERGY AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2017 through March 31, 2018**

	<u>2017/18 YTD Budget</u>	<u>2017/18 YTD Actual</u>	<u>2017/18 YTD Budget Variance (Under) Over</u>	<u>2017/18 YTD Actual/Budget %</u>	<u>2017/18 Annual Budget</u>	<u>2017/18 Budget Remaining</u>
REVENUE AND OTHER SOURCES						
Revenue - Electricity, net	\$ 185,430,965	\$ 176,840,652	\$ (8,590,313)	95%	\$ 248,082,000	\$ 71,241,348
Revenue - Green Premium, net	560,919	1,009,101	448,182	180%	737,000	(272,101)
Electricity sales for resale	-	23,750	23,750			
Interest income	-	30,480	30,480			
Total revenue and other sources	<u>185,991,884</u>	<u>177,903,983</u>	<u>(8,087,901)</u>	<u>96%</u>	<u>248,819,000</u>	<u>70,969,247</u>
EXPENDITURES AND OTHER USES						
CURRENT EXPENDITURES						
Cost of energy	138,637,814	131,930,950	(6,706,864)	95%	181,715,000	49,784,050
Data manager	2,974,930	3,037,125	62,195	102%	3,970,000	932,875
PG&E service fees	1,219,975	1,123,349	(96,626)	92%	1,636,000	512,651
Personnel	2,400,000	1,527,911	(872,089)	64%	3,320,000	1,792,089
Customer noticing	225,000	178,894	(46,106)	80%	425,000	246,106
Outreach and communications	468,000	250,257	(217,743)	53%	624,000	373,743
Professional services	762,750	356,817	(405,933)	47%	1,017,000	660,183
Legal and regulatory	805,000	945,197	140,197	117%	1,030,000	84,803
Energy programs	175,000	-	(175,000)	0%	250,000	250,000
General and administration	608,750	641,157	32,407	105%	795,000	153,843
Total current expenditures	<u>148,277,219</u>	<u>139,991,657</u>	<u>(8,285,562)</u>	<u>94%</u>	<u>194,782,000</u>	<u>54,790,343</u>
OTHER USES						
Rate stabilization reserve *	9,299,594	-	(9,299,594)	0%	12,440,950	12,440,950
Capital outlay	440,000	331,977	(108,023)	75%	484,000	152,023
Total other uses	<u>9,739,594</u>	<u>331,977</u>	<u>(9,407,617)</u>	<u>3%</u>	<u>12,924,950</u>	<u>12,592,973</u>
DEBT SERVICE	7,997,000	7,701,173	(295,827)	96%	7,997,000	295,827
Total Expenditures, Other Uses and Debt Service	<u>166,013,813</u>	<u>148,024,807</u>	<u>(17,989,006)</u>	<u>89%</u>	<u>215,703,950</u>	<u>67,679,143</u>
Net increase (decrease) in available fund balance	<u>\$ 19,978,071</u>	<u>\$ 29,879,176</u>	<u>\$ 9,901,105</u>	<u>150%</u>	<u>\$ 33,115,050</u>	<u>\$ 3,290,104</u>

* The rate stabilization reserve will be recognized at the end of the fiscal year

PENINSULA CLEAN ENERGY AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2017 through March 31, 2018

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 29,879,176
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(39,161)
Add back capital asset acquisitions	331,977
Add back principal payments on debt	7,480,800
Change in net position	<u>\$ 37,652,792</u>



PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: May 16, 2018
BOARD MEETING DATE: May 24, 2018
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors
FROM: Leslie Brown, Director of Customer Care
SUBJECT: Update on April 2018 NEM Cash-out payments

DISCUSSION:

Peninsula Clean Energy's NEM (Net Energy Metering) program credits solar electric customers at the full retail generation rate plus a \$0.01 bonus on any net excess kWhs generated every billing cycle. These credits are carried forward on the customers' account to first, offset generation costs in future months or second, to be paid directly to the customer following the April billing cycle if the credit account balance exceeds \$100. Unlike PG&E, PCE does not recalculate or devalue NEM credits after they are earned prior to cash-out. PCE NEM customers are currently receiving a significantly higher payout for excess generation than they would otherwise be receiving if they were a PG&E bundled customer.

PCE enrolled NEM customers throughout this past year in batches every two months to align as best as possible with the customer's previous annual true-up with PG&E. As such there were very few customers eligible for cash out in April 2017. April 2018 represents the first time when a majority of NEM customers would have been eligible for a cash-out payment from PCE. PCE has approximately 11,000 active NEM customers and after the April 2018 billing cycle, 920 of them had account credits over \$100 and were eligible for cash-out payments. The total amount being sent to customers is \$402,347.85.

Of those 920 customers, 862 are receiving checks of \$1000 or less, 48 customers are receiving checks between \$1000-\$5000, and 10 customers are receiving payments greater than \$5000. Although PCE does not currently impose a cap on NEM payouts there is at least one CCA that does. PCE staff plans to bring this item up for discussion at a future Executive Committee meeting for evaluation.