Agenda

Call to order / Roll call

Administering the Oath of Office

Public Comment

Action to set the agenda and approve consent items
1. Updates from County Staff (Discussion)
2. Presentation on Ratesetting Process (Discussion)
PCE RATESETTING OVERVIEW

June 2016
PCE’s Ratesetting Authority

• Customers enrolled in the PCE program will pay a single electricity bill that includes PCE generation charges and PG&E delivery charges – billing to be performed by PG&E.

• PCE Board of Directors is responsible for adopting PCE generation rates.

• The California Public Utilities Commission is responsible for approving PG&E’s generation and delivery rates.
PCE’s Rate Design Process

• Rates are designed on a forecast “test year” basis using projections of energy sales and other billing quantities (“billing determinants”) specified by the proposed rate structure.

• The total revenue to be collected from proposed rates is known as the “revenue requirement”.

• The revenue requirement includes all program expenses forecast for the test year, such as power supply, administrative, debt service, and reserves.

• Rates can be designed in a variety of ways to recover the same revenue requirement.
Key Performance Impacts

Well-designed rates are important to the success of PCE, directly impacting two key areas of performance:

• **Financial**
  - As planned, PCE will be entirely funded through the electric rates charged to its customers.
  - The selected rate structure will impact cash flows, capital financing requirements and PCE’s credit profile among other considerations.

• **Customer Satisfaction**
  - Customers have the freedom to choose whether or not to participate in PCE, and rates are a primary driver of customer satisfaction.
  - Stable and competitive rates are among the significant benefits that can/will be provided by PCE.
Key Policy Considerations

**Revenue sufficiency**: rates must recover all program expenses, debt service requirements, and prudent reserves; i.e., the “revenue requirement”.

**Rate competitiveness**: rates must allow PCE to successfully compete in the marketplace to retain and attract customers.

**Rate stability**: rates changes should be minimized to reduce customer bill impacts.

**Customer understanding**: rates should be simple, transparent and easily understood by customers.

**Equity among customers**: rate differences among customers should be justified by differences in usage characteristics and/or cost of service.

**Efficiency**: rates should encourage conservation and efficient use of electricity (e.g., off-peak vehicle charging).
## PG&E’s Rates

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Small &amp; Medium Commercial</th>
<th>Large Commercial</th>
<th>Agriculture</th>
<th>Lighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>269,191</td>
<td>25,955</td>
<td>1,583</td>
<td>276</td>
<td>1,432</td>
</tr>
<tr>
<td>PG&amp;E Tariffs</td>
<td>20</td>
<td>11</td>
<td>11</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Examples</td>
<td>E-1</td>
<td>A-1, A-10</td>
<td>E-19, E-20</td>
<td>AG-1</td>
<td>LS-1</td>
</tr>
</tbody>
</table>

- Customers currently take service under 54 unique PG&E tariff options.
- Several tariff options have equivalent generation rates and can be consolidated for PCE ratesetting/comparisons.
Types of Electricity Charges

• Fixed Charges: $/meter per day in billing period
• Energy Charges: $/kWh of energy consumed during billing period
  • Flat
  • Tiered
  • Seasonal (summer/winter)
  • Time-of-use
• Demand Charges: $/kW of maximum metered demand during billing period
  • Seasonal
  • Time-of-use
  • Connected load
Electric Rate Cost Categories

GENERATION SERVICES

- **Generation Charges**: costs associated with the production or purchase of electric energy and capacity.
- **Cost Responsibility Surcharges or “Exit Fees”**: recovers certain above-market utility generation costs from CCE customers.
DELIVERY SERVICES

• Transmission charges: costs associated with moving energy across California’s high-voltage energy infrastructure.

• Distribution charges: costs associated with moving energy to its final destination – the customer’s home or business – across PG&E’s local network of “poles and wires”.

• Non-bypassable charges: costs associated with public purpose and other programs administered by PG&E and the state of California, such as energy efficiency, regulatory oversight, conservation incentives (for residential rates) etc.
## PG&E Residential Rate (E-1)

### Unbundling of Total Rates

Energy Rates by Component ($ per kWh)

<table>
<thead>
<tr>
<th>Component</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Generation:</strong></td>
<td>$0.09684 (R)</td>
</tr>
<tr>
<td><strong>Distribution</strong>:</td>
<td>$0.08338 (I)</td>
</tr>
<tr>
<td>Conservation Incentive Adjustment:</td>
<td></td>
</tr>
<tr>
<td>Baseline Usage</td>
<td>($0.04544) (R)</td>
</tr>
<tr>
<td>101% - 130% of Baseline</td>
<td>($0.00275) (I)</td>
</tr>
<tr>
<td>131% - 200% of Baseline</td>
<td>$0.05822 (I)</td>
</tr>
<tr>
<td>201% - 300% of Baseline</td>
<td>$0.13633 (I)</td>
</tr>
<tr>
<td>Over 300% of Baseline</td>
<td>$0.13633 (I)</td>
</tr>
<tr>
<td>Transmission* (all usage)</td>
<td>$0.02144 (I)</td>
</tr>
<tr>
<td>Transmission Rate Adjustments* (all usage)</td>
<td>$0.00010 (I)</td>
</tr>
<tr>
<td>Reliability Services* (all usage)</td>
<td>$0.00023</td>
</tr>
<tr>
<td>Public Purpose Programs (all usage)</td>
<td>$0.01405</td>
</tr>
<tr>
<td>Nuclear Decommissioning (all usage)</td>
<td>$0.00022</td>
</tr>
<tr>
<td>Competition Transition Charges (all usage)</td>
<td>$0.00338</td>
</tr>
<tr>
<td>Energy Cost Recovery Amount (all usage)</td>
<td>($0.00002)</td>
</tr>
<tr>
<td>DWR Bond (all usage)</td>
<td>$0.00539</td>
</tr>
<tr>
<td>New System Generation Charge (all usage)**</td>
<td>$0.00255</td>
</tr>
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</table>
## PG&E Residential Exit Fees

<table>
<thead>
<tr>
<th>Vintage</th>
<th>PCIA</th>
<th>FFS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Vintage</td>
<td>$0.02073</td>
<td>$0.00064</td>
<td>$0.02137</td>
</tr>
<tr>
<td>2010 Vintage</td>
<td>$0.02268</td>
<td>$0.00062</td>
<td>$0.02330</td>
</tr>
<tr>
<td>2011 Vintage</td>
<td>$0.02342</td>
<td>$0.00061</td>
<td>$0.02403</td>
</tr>
<tr>
<td>2012 Vintage</td>
<td>$0.02363</td>
<td>$0.00061</td>
<td>$0.02424</td>
</tr>
<tr>
<td>2013 Vintage</td>
<td>$0.02326</td>
<td>$0.00062</td>
<td>$0.02388</td>
</tr>
<tr>
<td>2014 Vintage</td>
<td>$0.02323</td>
<td>$0.00062</td>
<td>$0.02385</td>
</tr>
<tr>
<td>2015 Vintage</td>
<td>$0.02323</td>
<td>$0.00062</td>
<td>$0.02385</td>
</tr>
<tr>
<td>2016 Vintage</td>
<td>$0.02323</td>
<td>$0.00062</td>
<td>$0.02385</td>
</tr>
</tbody>
</table>
Comparing PCE and PG&E Rates

- All similarly situated customers will pay equivalent delivery charges whether taking service from PCE or PG&E.
- The primary basis for rate comparison/competition will be focused on generation charges (energy, demand and related adjustments) and exit fees.
- Offering a generally similar rate structure would facilitate comparability, ensure alignment with PG&E delivery rates, and ensure smooth service transition without significant bill impacts.
Proposed Approach to Ratesetting

- Establish initial PCE generation rates that are a specified percentage below currently applicable PG&E generation rates.
  - E.g., targeted rate savings of X% as measured across all PCE rate classifications.
  - Comparison to be based on the sum of the PCE generation rate and applicable PG&E customer surcharges (exit fees).
- Would be evaluated annually for possible adjustment.
- Expectation that PCE rates will remain competitive over time.
Residential E-1 Rate Example

Assume PCE to offer a 5% generation cost savings:

\[
PCE \text{ Rate} = (1 - 0.05) \times \text{PG&E Generation Rate} - \text{PCIA} - \text{FFS}
\]

\[
PCE \text{ Rate} = 0.95 \times $0.09684 - $0.02323 - $0.00062 = $0.06815 \text{ per KWh}
\]
Tariff Options and Programs

• Low income (CARE) program - discounts are fully reflected in delivery charges (PG&E).

• Net energy metering – PCE program development is underway and would be available at launch.

• EV charging – can offer equivalent time-of-use rates to encourage efficient charging.

• Demand response – customers to remain eligible for most PG&E programs, exceptions include:
  • SmartRate
  • Peak day pricing
Next Steps

- Determine initial PCE revenue requirement.
- Confirm ability to offer targeted customer cost reductions.
- Begin mapping PG&E tariff options to prospective PCE tariff options – identify rate schedules to be consolidated; consider types of charges that will be applicable in each PCE rate schedule.
- Establish draft schedule of PCE generation rates.
3. Marketing and Communications Update (Discussion)
Marketing Campaign Update
June 2, 2016 | Citizens Advisory Committee
Focus Group Results

- Feelings about PCE and Clean Energy
  - 100% are more likely to choose PCE knowing that every town is participating
  - 55% would choose 50% renewable option
  - 45% would choose 100% renewable option

- Feedback on Visual Concepts
  - Show diversity and multigenerational families
  - Show people thriving in the environment

- Preferred Messaging Themes
  - Renewable and Affordable
  - Keeping our environment healthy
  - A better future for my loved ones

- Preferred Taglines
  - Renewable. Affordable. Reliable
  - Now we have a choice
Website 2.0

What is Peninsula Clean Energy?
Peninsula Clean Energy (PCE) is an electric utility that is owned and controlled by the customers in San Mateo County. We deliver clean and reliable energy to customers in our community. We support our customers and businesses through a wide range of green and clean energy options. You can feel good about the energy you use when you choose PCE. Our mission is to provide cleaner and more reliable energy to our community.

How it works
PCE acquires energy supplies from a variety of companies, which are then delivered to your home or business. We work with these companies to ensure that the energy they provide is clean and reliable. Once the energy is delivered to your home or business, you can choose to use it as you wish. PCE is committed to providing you with the best possible service and support.

Coming October 2016!
We're bringing you PCE's new and innovative customer experience. By October 2016, you will be able to access all of your PCE-related information and services through our new website and mobile app. With our new platform, you will be able to access your energy usage data, pay your bills, and manage your account online. We are excited to introduce you to our new website and to provide you with a more convenient and efficient way to manage your energy usage.

Benefits
- Lower carbon footprint
- Increased energy efficiency
- Supporting local businesses
- Creating jobs
- Improving our community
Notice #1

Cleaner energy, local control
PenCleanEnergy.com

Dear Customer,

Peninsula Clean Energy (PCE) will soon be offering electricity from cleaner sources like wind, solar, geothermal and hydropower, while partnering with PG&E to continue delivering power. It’s a great combination with the same reliability we’re used to, but with more renewable power at competitive prices.

Who we are
PCE is a public agency based in San Mateo County, which was formed by the public to provide greener electricity and invest in our local economy. We’re governed by a Board of Directors comprised of elected representatives from the County and each of its 36 participating cities and towns. Our goal is to create a more competitive electricity market, investing our earnings in lowering costs while supporting cleaner power and our local economy.

The way it works is that service will automatically start in October 2016 with our basic (50% product) package, unless you pick another option. Because of the quantity of customers involved, all residential and commercial taxpayers will be enrolled through a process over a period of 12 months.

Your account is one of the first 10,000 now eligible to participate.

In October 2016 you’ll be automatically enrolled in our (50% product) program, unless you choose another option.

The choice is yours

If you take no action, you’ll be enrolled in (50% product), our basic electric service in October 2016, on your regular billing date. (50% product) is 50% renewable and costs 2 to 3 percent less than what you pay for PG&E’s standard service. It’s also better for your wallet, the planet and your community.

If you want to do even more to create a clean energy economy today, sign up for (100% product) 100% local renewable service. The premium is $1 per kilowatt hour, or about $6 extra.

Learn more about this exciting opportunity by visiting peninseaplenenergy.com and register today.

You may opt out of Peninsula Clean Energy and continue to purchase PG&E’s standard service. Just call toll free 1 (888) 999-0000 or visit PenCleanEnergy.com. Be sure you have your PG&E bill on hand—we’ll need your account information to help you.

www.PenCleanEnergy.com  Facebook.com/PenCleanEnergy  Twitter.com/PenCleanEnergy

Ahora tenemos una opción de energía más limpia.

Ngayon, makapagpapasya na tayo para sa enerhiyang higit na mabuti para sa kapaligiran.
## Media Plan

### Advertising Mix

<table>
<thead>
<tr>
<th>Medium</th>
<th>Percent</th>
<th>Outlet</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>25%</td>
<td>Comcast Cable</td>
</tr>
<tr>
<td>Digital</td>
<td>16%</td>
<td>Google, Facebook, Instagram, YouTube</td>
</tr>
<tr>
<td>Transit</td>
<td>25%</td>
<td>SamTrans Shelters</td>
</tr>
</tbody>
</table>

### Additional Options
- Radio, SamTrans Bus Exteriors, Movie Theatres
Partner Toolkit

Peninsula Clean Energy is the right choice for us because its renewable, affordable, and reliable.

We are Peninsula Clean Energy
Coming October 2016!

For the first time ever, you’ll have a choice in where your electricity comes from! Peninsula Clean Energy (PCE) provides electricity to energy customers in San Mateo County with the reliability that you expect with competitive prices, while offering economic and environmental benefits.

PCE provides multiple electricity options, each with a different amount of renewable energy from sustainable resources to help reduce greenhouse gases.

You’re also boosting the local economy because excess profits are reinvested in the community in the form of energy efficiency projects and programs, which can create new jobs!

Enroll me now!
Be among the first to receive cleaner electricity by signing up as an Early Adopter! Together, we can make our community more sustainable.

Sign up by September 1st at PenCleanEnergy.com/EarlyAdopter

Learn more at PenCleanEnergy.com

Facebook.com/PenCleanEnergy
Twitter @PenCleanEnergy
LinkedIn.com/company/PenCleanEnergy
Questions?
3. Committee Member Reports
Adjourn

(next meeting July 7)