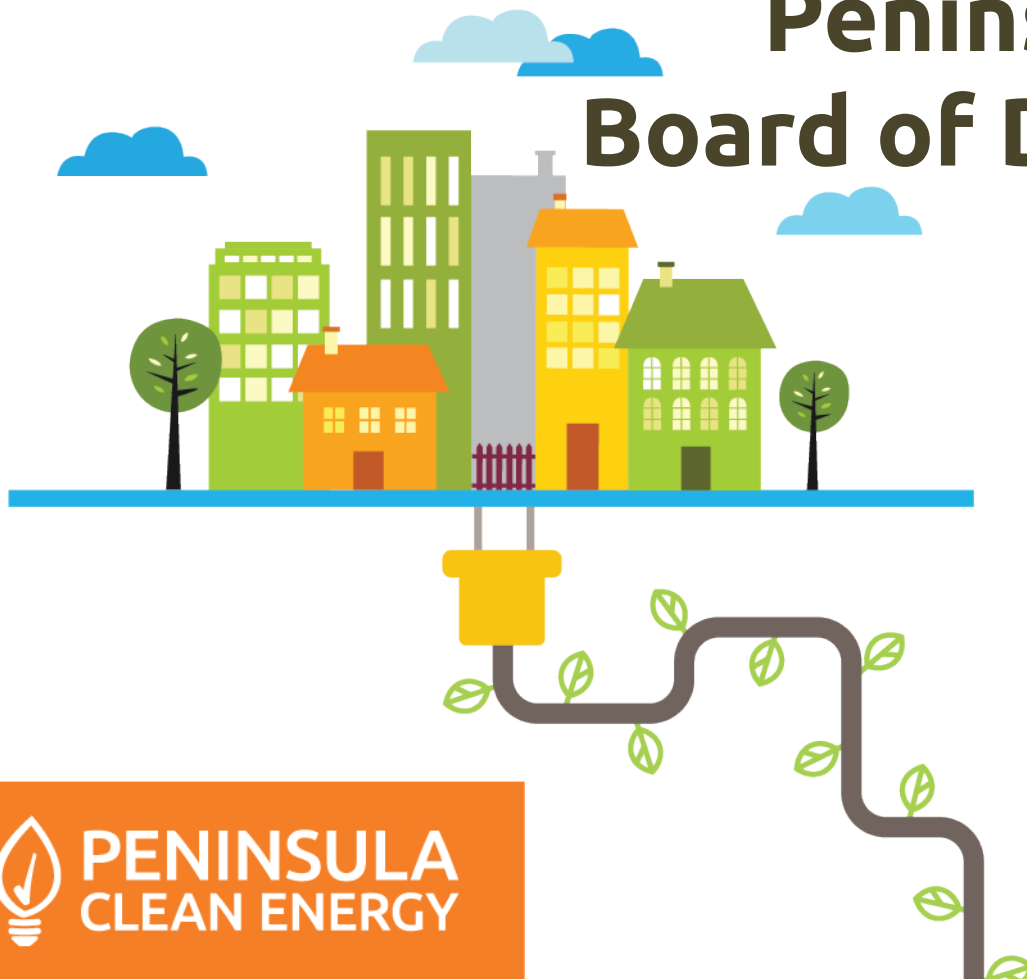


Peninsula Clean Energy Board of Directors Meeting

May 23, 2019



**PENINSULA
CLEAN ENERGY**

Agenda

Call to order / Roll call

Public Comment

**Action to set the agenda and approve
consent items**

Closed Session

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Executive Officer

Closed Session

2. CONFERENCE WITH LABOR NEGOTIATORS

Closed Session

**3. RECONVENE OPEN SESSION AND
REPORT ANY ACTION(S) TAKEN
DURING CLOSED SESSION**

Regular Agenda

1. Chair Report (Discussion)

Regular Agenda

2. CEO Report (Discussion)

Investment Grade Credit Rating

PCE received Baa2 rating by Moody's
on May 6, 2019



Personnel Update

Welcome to Peter Ambiel

* Energy Programs Specialist



Positions posted:

- Manager of Distributed Energy Resources (DER) Strategy
- Senior Financial Analyst
- Clean Energy Programs Manager (2)

EBCE/PCE Resiliency Project

- Received BAAQMD grant of \$300,000
- Scoping study to identify community shelter critical facilities in Alameda and San Mateo Counties that provide emergency services during natural disasters
 - Cleaner and more reliable than diesel with reduced operating costs
- Working with OOS to identify county-wide list of facilities
- PCE will be doing outreach to some cities in next couple of months on a subset of sites to assess 10 representative sites for solar+storage
- Develop financial model/incentives
- Design/assist in collective solar+storage procurement

Merced County Update

May 16 – Met with Merced Mayor, County Supervisor, MID, and Merced County Association of Governments

- Thank you to Rick Bonilla, Rick DeGolia, and John Keener

May 21 – Met with Los Banos City Attorney, Dos Palos Mayor and City Manager, Gustine City Council

- Thank you to Rick Bonilla and Rick DeGolia

Reach Codes Update

- All cities will be adopting new building codes this year
- Opportunity to adopt stronger codes for new building electrification and EV infrastructure through REACH CODES
- PCE working with SVCE and SJCE to promote this throughout the region



Encourage your city to sign the LOI for \$10,000 funding to support your consideration of the Reach codes

Reach Codes Status

City	LOI Status
Brisbane, Burlingame, San Mateo	
Atherton, Belmont, Colma, East Palo Alto, Hillsborough, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Mateo County, Woodside	
Daly City, Foster City, Half Moon Bay, San Carlos, South San Francisco	

Legislative Update

- AB 56 (Garcia) – central buyer for electricity
 - **ACTION NEEDED IMMEDIATELY –**
 - **Please contact Assembly Members Mullin, Berman and Ting to *OPPOSE***
 - Assembly floor vote on this bill due to occur on Friday



Scheduling Lunch / Coffee meetings

- Jan would like to spend time with each city
 - Either in your city or a convenient place for you
- Meet with each city's appointed members to PCE's Board, and their City Manager if possible
- Gain perspective on city needs / priorities
- Share ideas and focus for the future
- **Before you leave tonight** - Open your calendars and see Anne. Are you available on...
 - June 6, 19, 25, 26, 27?

Upcoming Events

- SVLG Energy and Sustainability Summit, June 14, Oracle
- ProspectSV Innovation and Impact Symposium, June 19, San Leandro
- Business of Local Energy Conference, June 20 - 21, Irvine
- Silicon Valley Energy Summit, June 21, Stanford
- CalCCA annual conference, Nov 6-7, Los Angeles



Regular Agenda

3. Citizens Advisory Committee Report (Discussion)

Regular Agenda

4. Appointments to the Citizens Advisory Committee (CAC) (Action)

Regular Agenda

5. CAC Workforce Working Group Report (Discussion)

Regular Agenda

6. Approve Joint CCA Resource Adequacy Portfolio Management and Procurement Contracts: (Action)

a. Approve Cost-Sharing and Reimbursement Agreement Between PCE, SVCE, SJCE, EBCE and MBCP

b. Approve Consulting Agreement Between the Peninsula Clean Energy Authority and Alliance for Cooperative Energy Services Power Marketing, LLC for Resource Adequacy Portfolio Management and Procurement Services for the Joint CCAs)



Joint CCA Cost-Sharing Agreement

and

RA Services Consulting Agreement

May 23, 2019



Outline

- a) Cost-Sharing and Reimbursement Agreement Between PCE, SVCE, SJCE, EBCE and MBCP (the Joint CCAs)
- b) Addendum to Cost-Sharing Agreement for RA Services
- c) Consulting Agreement Between the Peninsula Clean Energy Authority and Alliance for Cooperative Energy Services Power Marketing, LLC for Resource Adequacy Portfolio Management and Procurement Services for the Joint CCAs

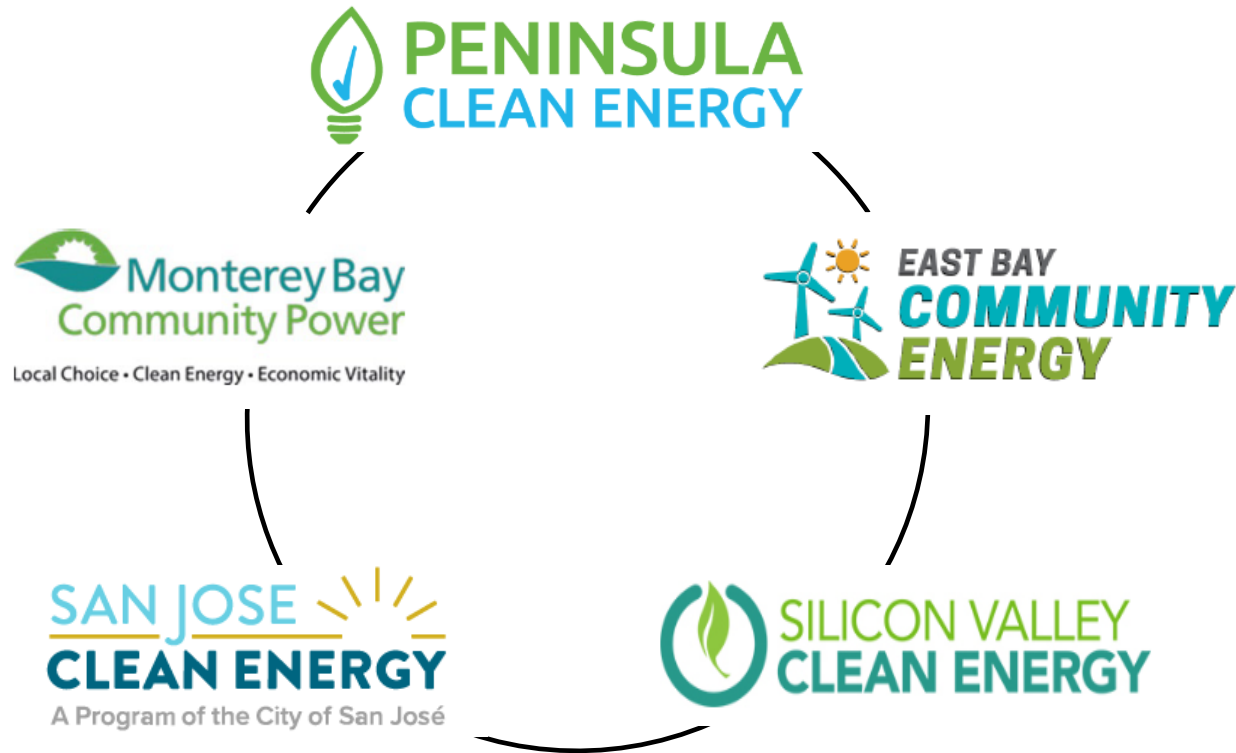
Cost Sharing Agreement

- a) Purpose
- b) Participants
- c) Structure
- d) Key Terms

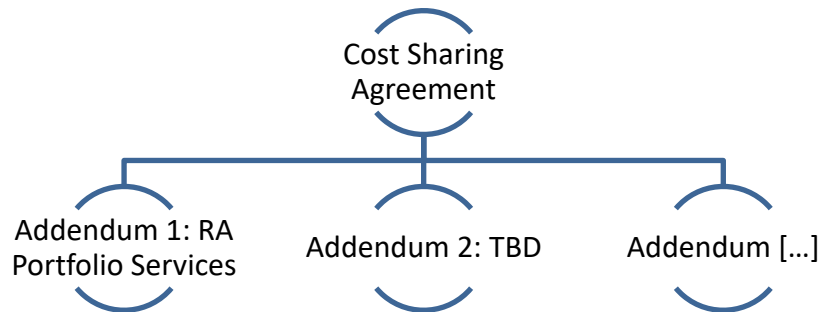
Purpose – Cost Sharing Agreement

- The Joint CCAs procure similar third-party services to meet organizational objectives or regulatory requirements
- Such services may include
 - Resource Adequacy Portfolio Management
 - Data Management
- Reduce costs by aggregating and collectively procuring services

Participants – Cost Sharing



Structure– Cost Sharing Agreement



- Structured to accommodate procurement of multiple joint-service solutions
- Agreement includes general contract terms and conditions related to:
 - Participation
 - Payment
 - Notifications
 - Termination
 - Indemnification
- An Addendum will be negotiated and signed for each specific procurement detailing:
 - Specific Participants
 - Scope of Work
 - Responsible Party
 - Scope of Work

Key Terms – Cost Sharing Agreement

Termination Rights –

- A CCA may terminate with or without cause w/ a 30 day notice.
- Remaining CCAs choose one of the following:
 1. Terminate the contract;
 2. Amend the contract to reduce the scope of work and the cost; or
 3. Continue with the contract but reallocate the costs that remain from the CCA that terminated
- Remaining CCAs will make reasonable efforts to terminate or amend the Addendum and corresponding contract to reduce scope of work or cost
 - If they are unable to do so, terminating CCA will remain obligated to pay its shared cost obligation

Addendum to Cost Sharing Agreement

- First consulting agreement under Cost Sharing Agreement is to procure RA portfolio management services
- Participating CCAs agree to equally split the fees and costs for the services they elect to procure under the contract
- PCE elected to be the “Responsible Party”:
 - PCE will enter into contract with ACES & participating CCAs will mutually agree to the terms of the contract
 - PCE will invoice the CCAs individually for their share of the monthly cost for the services procured
 - A CCA that does not pay may result in a default
 - PCE will directly supervise the services provided by ACES

Consulting Agreement for RA Services

- a) Purpose
- b) Selection Process
- c) Counterparty Background
- d) Scope of Work
- e) Key Terms
- f) Cost

Purpose – RA Services Agreement

- Decrease time spent managing the RA portfolio and submitting RA compliance filings
- Attract greater interest from sellers in the market to help satisfy RA obligations
- Decrease cost of individually procuring similar consulting services
- Help balance deficit and surplus positions among the Joint CCAs

Selection Process – RA Services Agreement

- Joint CCAs distributed RFP in February
- Received Five Proposals
- Scored & Ranked proposals based on:
 - Organizational Experience and Staff Credentials
 - Proposal – Approach, Systems, Innovation
 - Overall Cost
- Conducted in-person interviews with each of the respondents
- Selected Alliance for Cooperative Energy Services Power Marketing, LLC (ACES) based on the criteria above

Counterparty – RA Services Agreement

- Owned by 21 public power entities, all not-for-profit
- No energy is bought or sold by ACES, acts only as “agent”
- Provide a variety of energy services including portfolio management, power trading, risk management, regulatory services and resource adequacy
- ~50 customers around the country including its member owners and independent market participants such as CCAs
- Provides services (including RA) to 6 public power entities in CAISO



Scope of Work – RA Services

- 3-Year Term
- RA Portfolio Management
 - Aggregate/Pool and Manage Net Open Positions
 - Issue Solicitations on behalf of RA Pool
 - Respond to Others' Solicitations
 - Negotiate Bilateral Transactions
 - Report results to each CCA to make procurement decisions
 - Support execution of transactions and review draft confirms
- Compliance Reporting – Optional
 - Month-Ahead & Year-Ahead RA filings
 - Submit load forecasts for RA

Cost – RA Services Agreement

Requested Board Authorization (Covers 3-Year Term)	\$650,000
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Total Cost for All CCAs	3 Years	Per Year
Contractual Not to Exceed	\$600,000	\$200,000
RA Management & Procurement	\$238,350	\$79,450
Regulatory/Compliance (Optional – Assumes 4 CCAs)	\$353,400	\$117,800
Total Expected Cost	\$591,750	\$197,250

PCE's Portion of Costs	3 Years	Per Year
RA Management & Procurement	\$47,670	\$15,890
Regulatory/Compliance (Partial Year 1)	\$79,866	\$29,450
Total Cost	\$127,536	\$45,340

Regulatory/Compliance Services are optional and can be added or removed. Currently 3 CCAs are expected to elect this service. The budget here assumes 4 CCAs elect the service. PCE will elect to receive this service starting in October 2019.

Recommendation

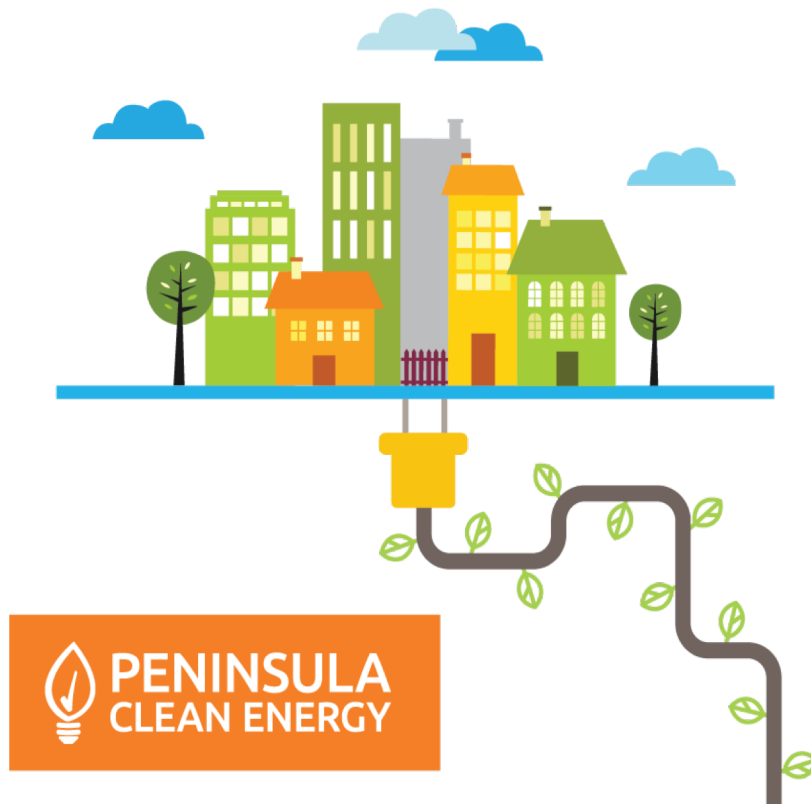
Delegate authority to the CEO to execute the following agreements:

- a) Cost-Sharing and Reimbursement Agreement Between PCE, SVCE, SJCE, EBCE and MBCP (the Joint CCAs)
- b) Addendum to Cost-Sharing Agreement for RA Services
- c) Consulting Agreement Between the Peninsula Clean Energy Authority and Alliance for Cooperative Energy Services Power Marketing, LLC for Resource Adequacy Portfolio Management and Procurement Services for the Joint CCAs

Regular Agenda

7. Fiscal Year 2019-2020 Budget Review (Discussion)

Peninsula Clean Energy Board Meeting May 23, 2019



**PENINSULA
CLEAN ENERGY**

Financial Summary March 2019 Year to Date

Overview of March, 2019 YTD Financials

- Q3 Cost of Energy was significantly higher than budgeted level (more detail to follow)
- Financial Reserves are Critical
 - Energy Markets can be volatile
 - PCE had been in a period of stability and low prices
 - Q3 provided a view of the impact of energy price volatility
- Reinforces need for:
 - Additional Power Purchase Agreements (and/or Hedge contracts) to ensure price/cost predictability
 - Substantial financial reserves to sustain periods of volatility

Change in Net Position (YTD as of March 2019)

Change in Net Position - As of

March, 2019

\$ in millions

Accounts	Year-to-date vs Budget		
	Actual	Budget	Var Fav/(Unf)
Revenues	\$192.5	\$190.3	\$2.2
Cost of Energy	146.5	133.6	(12.9)
Other Opex	9.3	13.0	3.7
Non-Opex/(Income)	(1.3)	(0.2)	1.2
Net Position	38.1	43.9	(5.7)

- Revenues: Slightly above budget
- Cost of Energy: Higher than budget, all from Q3
- Other OPEX: Nearly 30% below budget—most significant area was delayed spending in Programs
- Non-Operating Income: Above budget due to higher interest & investment income than budgeted
- Ending Net Position: \$123.5 million as of March 31, 2019

Revenue – Quarterly Detail

Revenue as of

March, 2019

\$ in millions

Quarter	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY2018/19	\$72.0	\$75.9	(\$3.8)
Q2-FY2018/19	64.7	60.3	4.4
Q3-FY2018/19	55.8	54.1	1.7
Total YTD	\$192.5	\$190.3	\$2.2

YTD Revenues closely aligned with Budgeted level

- Revenues in Q1 lower than budget due to cooler weather than prior year
- Revenues in Q2 higher than budget mostly as a result of higher than expected commercial demand charge revenues
- Revenues in Q3 higher than budget due to commercial energy use 3.7% higher than budgeted

Cost of Energy – Quarterly Detail

Cost of Energy as of

March, 2019

\$ in millions

Quarter	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY2018/19	\$46.1	\$46.5	\$0.3
Q2-FY2018/19	41.7	42.4	0.7
Q3-FY2018/19	58.6	44.7	(13.9)
Total YTD	\$146.5	\$133.6	(12.9)

Detailed Cost of Energy Components

\$ in millions

	Quarter (Jan-Mar, 2019)			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
Cost of energy						
Capacity purchases - RA	\$5.1	\$3.7	(\$1.4)	\$12.8	\$11.1	(\$1.7)
Energy purchases	43.4	37.5	(5.9)	115.2	112.9	(2.3)
RECs and GHG purchases	10.3	3.2	(7.0)	17.2	8.7	(8.4)
Other	(0.1)	0.3	0.4	1.2	0.9	(0.4)
Total Cost of energy	\$58.6	\$44.7	(13.9)	\$146.5	\$133.6	(12.9)

YTD cost of energy above budget – all in Q3

Energy Costs – Explanation of Variances (page 1 of 2)

- Market Prices were unusually high
 - Unusual events
 - Feb/Mar – Natural gas pipeline outages (SoCal, British Columbia, AZ)
 - Average market prices significantly higher than budgeted level
 - January - 28% higher than budget, February - 159% higher, March 58% higher
 - Q3 is typically a time of lower prices
 - New hedge contracts started in March
- Unusual for Day-Ahead Prices to exceed Real-Time Prices
 - Actual Load exceeded Budgeted Load in February and March (the ones with highest price variances) – Impact: purchased at higher prices
 - Scheduled Load was higher than Actual Load in 2 out of 3 months – Impact: purchased at higher prices and sold back at lower
- Capacity Purchases - Resource Adequacy
 - Significantly higher prices to comply with requirements

Energy Costs – Explanation of Variances (page 2 of 2)

➤ Renewable Energy Credits (RECs)

- Timing of RECs – Compliance is on calendar year basis - \$3.6 million was from prior Fiscal Year
- Participation in ECO100 was higher than budgeted - \$2.5 million (annual impact)

➤ PCC1/PCC2

- Higher prices for PCC1 (demand from CCAs)
- Due to AB1110, move to more PCC1 added \$4.3 million cost, largely in Q3

Current Fiscal year (FY18/19) – Forecast

FY 2018-2019 Budget & Projections	FY 2019	FY 2019	FY 2019	Variance
	Approved Budget	YTD Actual through March 2019	Forecasted FY2019	Fav/(Unf) vs. FY18/19 Budget
OPERATING REVENUES				
Electricity Sales, net	254,018,832	190,707,134	252,676,717	(1,342,115)
ECO100 Premium	1,627,364	1,827,944	2,440,425	813,061
Total Operating Revenues	255,646,196	192,535,078	255,117,143	(529,053)
OPERATING EXPENSES				
Cost of electricity	176,147,894	146,462,492	194,924,579	(18,776,685)
Personnel	4,492,745	2,238,319	3,108,194	1,384,552
Data Manager	3,758,400	2,824,229	3,765,639	(7,239)
Service Fees - PG&E	1,260,000	928,120	1,237,493	22,507
Professional Services	632,510	445,652	602,919	29,591
Legal/Regulatory	1,146,600	1,022,777	1,382,777	(236,177)
Communications and Outreach	1,010,600	601,272	766,297	244,303
General and Administrative	1,227,200	780,568	1,071,517	155,683
Community Energy Programs	4,000,000	398,451	869,284	3,130,716
Depreciation	42,000	54,289	72,889	(30,889)
Total Operating Expenses	193,717,950	155,756,168	207,801,588	(14,083,638)
Operating Income/(Loss)	61,928,246	36,778,909	47,315,555	(14,612,692)
NON-OPERATING REVENUES (EXP.)				
Interest Income	440,000	1,458,177	1,833,177	1,393,177
Interest and related expense	(168,000)	(127,867)	(169,867)	(1,867)
Total Nonoperating Revenues (Exp.)	272,000	1,330,310	1,663,310	1,391,310
CHANGE IN NET POSITION	62,200,246	38,109,219	48,978,865	(13,221,382)
CHANGE IN NET POSITION				
Net Position at the beginning of period	78,197,442	85,365,490	85,365,490	7,168,048
Inc/(Dec) in Net Position	62,200,246	38,109,219	48,978,865	(13,221,382)
Net Position at the end of period	140,397,688	123,474,709	134,344,355	(6,053,334)
Approx. Cash & Cash Equivalents	66,689,412	121,938,646	125,665,799	

Significant
Variances –

see next

page

B

C

D

Significant Variances – FY18/19 Forecast vs. Budget

- A. Cost of Energy
 - Assumptions on cost of energy were too low
- B. Personnel costs below Budget
 - Several open positions
 - Conservative budgeting
- C. Legal Expenses
 - Extra expense related to PG&E bankruptcy
- D. Community Energy Programs
 - Delays in start-up of program initiatives

Draft Budget FY2019-20

Draft

FY2019/20 Significant Budget Assumptions

Draft only. Final version to be presented at June 27, 2019 Board meeting

- Rates – One rate change on Jan 1, 2020 reflecting our current expectation of PG&E rates and PCIA changes
- Energy Costs
 - Cost of RECs assumed significantly higher than prior year budget
 - Open Position Energy cost assumed much higher than prior year budget
 - No additional PPAs assumed – If signed, would likely reduce costs in future years. Plan to include in 5 year plan to be presented at next Board meeting
- Programs
 - Significant EV Infrastructure rebates start in September 2019
 - Significant expansion/initiation of several programs

Draft FY2019/20 Budget vs. FY2018/19 Forecast

FY 2019-2020 Budget & Projections	FY 2019	FY 2019	FY 2020	FY 2020
	Approved Budget	Forecasted FY2019	Draft Budget FY2020	Change FY2020 Draft Budget vs. Forecast FY2019
OPERATING REVENUES				
Electricity Sales, net	254,018,832	252,676,717	269,583,674	16,906,957
ECO100 Premium	1,627,364	2,440,425	2,989,654	549,229
Total Operating Revenues	255,646,196	255,117,143	272,573,329	17,456,186
OPERATING EXPENSES				
Cost of electricity	176,147,894	194,924,579	218,376,089	(23,451,511)
Personnel	4,492,745	3,108,194	4,637,331	(1,529,137)
Data Manager	3,758,400	3,765,639	3,765,639	-
Service Fees - PG&E	1,260,000	1,237,493	1,237,493	-
Professional Services	632,510	602,919	726,333	(123,415)
Legal	1,146,600	1,382,777	1,471,500	(88,723)
Communications and Outreach	1,010,600	766,297	1,814,800	(1,048,503)
General and Administrative	1,227,200	1,071,517	1,277,187	(205,669)
Community Energy Programs	4,000,000	869,284	5,094,473	(4,225,189)
Depreciation	42,000	72,889	98,400	(25,511)
Total Operating Expenses	193,717,950	207,801,588	238,499,245	(30,697,657)
Operating Income/(Loss)	61,928,246	47,315,555	34,074,083	(13,241,472)
Total Nonoperating Revenues (Exp.)	272,000	1,663,310	1,332,000	(331,310)
CHANGE IN NET POSITION	62,200,246	48,978,865	35,406,083	(13,572,781)
CHANGE IN NET POSITION				
Net Position at the beginning of period	78,197,442	85,365,490	134,344,355	
Inc/(Dec) in Net Position	62,200,246	48,978,865	35,406,083	
Net Position at the end of period	140,397,688	134,344,355	169,750,438	
Approx. Cash & Cash Equivalents	66,689,412	125,665,799	161,071,882	

Budgeted Cost Detail – Staff Compensation

FY 2019-2020 Budget & Projections	FY 2019	FY 2019	FY 2020	FY 2020
	Approved Budget	Forecasted FY2019	Draft Budget FY2020	Change FY2020 Draft Budget vs. Forecast FY2019
OPERATING EXPENSES				
Personnel Total	4,492,745	3,108,194	4,637,331	(1,529,137)
Employee welfare	310,500	160,988	225,910	(64,922)
Payroll tax expense	158,063	163,823	263,562	(99,738)
Retirement plan contributions	328,057	239,219	357,691	(118,472)
Salaries and wages	3,349,205	2,517,726	3,765,168	(1,247,442)
Workers comp insurance	12,000	18,438	25,000	(6,562)
Other	334,920	8,000	-	8,000

Significant Assumptions

- Growth from current headcount of 19 people to 31 people by end of year
- 3 open positions today

Draft

Budgeted Cost Detail – Data Manager/Service Fees

	FY 2019	FY 2019	FY 2020	FY 2020
	Approved Budget	Forecasted FY2019	Draft Budget FY2020	Change FY2020 Draft Budget vs. Forecast FY2019
OPERATING EXPENSES				
Data Manager	3,758,400	3,765,639	3,765,639	-
Service Fees - PG&E	1,260,000	1,237,493	1,237,493	-

Significant Assumptions

- Data Manager Fees
 - Calpine servicing for billing and coordination with PG&E
 - Monthly fee per account
- PG&E Service Fees
 - Service fees to bill customers and collect amounts
 - Monthly fee per account

Budgeted Cost Detail – Professional Services

	FY 2019	FY 2019	FY 2020	FY 2020
	Approved Budget	Forecasted FY2019	Draft Budget FY2020	Change FY2020 Draft Budget vs. Forecast FY2019
OPERATING EXPENSES				
Professional Services Total	632,510	602,919	726,333	(123,415)
Accounting & Auditing	140,110	150,501	165,000	(14,499)
Human Resources Consulting	18,000	68,379	68,000	379
IT Consulting	42,000	39,041	48,000	(8,959)
Other Consultants	72,400	107,265	120,000	(12,735)
Power Resources Consulting	360,000	237,733	325,333	(87,601)

Significant Assumptions

- Higher investment in Energy Price forecasting and analytics
- Slightly higher accounting service fees

Draft

Budgeted Cost Detail – Legal

	FY 2019	FY 2019	FY 2020	FY 2020
	Approved Budget	Forecasted FY2019	Draft Budget FY2020	Change FY2020 Draft Budget vs. Forecast FY2019
OPERATING EXPENSES				
Legal Total	1,146,600	1,382,777	1,471,500	(88,723)
Legal Legislative	21,000	111,496	210,000	(98,504)
Legal Power Resources	540,000	505,500	540,000	(34,500)
Legal Agency	249,600	318,322	240,000	78,322
Legal Regulatory	336,000	447,460	481,500	(34,040)

Significant Assumptions

- Change in methodology for allocating County Agency support fees
 - Higher Legislative fees and lower Agency fees
- Full year of Legislative Lobbying support

Draft

Budgeted Cost Detail – Communications & Outreach

	FY 2019	FY 2019	FY 2020	FY 2020
	Approved Budget	Forecasted FY2019	Draft Budget FY2020	Change FY2020 Draft Budget vs. Forecast FY2019
OPERATING EXPENSES				
Communications and Outreach Total	1,010,600	766,297	1,814,800	(1,048,503)
Advertising	160,000	43,165	73,000	(29,835)
Communications consultants	219,600	119,444	420,000	(300,556)
Sponsorships and memberships	102,000	48,245	100,000	(51,756)
Website	20,000	6,446	14,800	(8,354)
Promotions & Branding	63,000	90,576	50,000	40,576
Communications - misc expenses	30,000	15,159	8,000	7,159
Grants	196,000	120,708	807,000	(686,292)
Printing and Mailing	220,000	322,556	342,000	(19,444)

Significant Assumptions

- Expected increases in Consulting fees (video, Graphic Design, PR) related to significant Community Programs expansion
- Expansion of local sponsorships due to increased visibility
- Expansion in local grants
 - Outreach Grants increased from \$10K per grant to \$40K
 - Roll-out of Energy Dashboard to County school districts

Draft

Budgeted Cost Detail – General & Administrative

	FY 2019	FY 2019	FY 2020	FY 2020
	Approved Budget	Forecasted FY2019	Draft Budget FY2020	Change FY2020 Draft Budget vs. Forecast FY2019
OPERATING EXPENSES				
General and Administrative Total	1,262,600	1,071,517	1,277,187	(205,669)
Bank service fee	24,000	53,952	60,000	(6,048)
Building maintenance	-	2,184	3,000	(816)
Business meals	15,000	9,382	12,000	(2,618)
Conferences & Prof development	100,000	23,042	42,000	(18,958)
Equipment lease	24,000	3,374	3,600	(226)
Industry memberships and dues	482,000	344,625	425,000	(80,375)
Insurance	37,800	35,240	84,000	(48,760)
Miscellaneous G&A	12,000	1,167	12,000	(10,833)
Office supplies and postage	24,000	15,708	18,000	(2,292)
Payroll service fees	12,000	18,542	18,000	542
Rent	371,000	369,771	381,787	(12,015)
Small equipment & software	24,000	67,935	72,000	(4,065)
Subscriptions	12,000	55,129	60,000	(4,871)
Utilities	54,000	44,160	48,000	(3,840)
Travel	35,400	27,306	37,800	(10,494)

Significant Assumptions

- Increased insurance costs related to new Board-approved program
- Increase in Industry Memberships (including CalCCA)
- Increase in rent costs per contract

Budgeted Cost Detail – Community Energy Programs

	FY 2019	FY 2019	FY 2020	FY 2020
	Approved Budget	Forecasted FY2019	Draft Budget FY2020	Change FY2020 Draft Budget vs. Forecast FY2019
OPERATING EXPENSES				
Community Energy Programs Total	4,000,000	869,284	5,094,473	(4,225,189)
Energy Programs - Consultants	800,000	576,979	1,569,447	(992,468)
Energy Programs - G&A		11,940	-	11,940
Energy Programs - Marketing		7,915	-	7,915
Energy Programs - Incentives	3,200,000	272,450	3,525,026	(3,252,576)

Significant Assumptions

- EV Infrastructure (mostly rebates) - \$3.1 million
- Curbside/MUD EV Pilots - \$0.2 million
- Ride and Drive EV Marketing - \$0.25 million
- Reach Codes - \$0.3 million
- Community Pilots - \$0.5 million
- SamTrans Electrification - \$0.5 million

Draft

FY2019/20 Budget Review Schedule

- May 13, 2019 – Reviewed with input from Executive Committee
- May 13, 2019 -- Reviewed with input from Audit and Finance Committee
- May 23, 2019 – Review and input from full Board meeting
- June 27, 2019
 - Present final/amended FY2018/19 to Board for approval of overages (primarily cost of energy, and other minor adjustments)
 - Present FY2019/20 Budget to full Board for approval with proposal for contingency spending equal to 5% of budget

Regular Agenda

- 8. Approve Volume Pricing Program for Large Customers (Action)**

**Peninsula Clean Energy
Board Meeting
May 23, 2019**

**Volume Pricing Program for
Qualified C&I Customers**



Current Challenges to Load

- PCE currently operates on a month to month service agreement with all customers
 - Customers can choose to return to PG&E service at any time
- PCE will be facing increased competition from Direct Access providers as SB 237 goes into effect
 - 1,873 GWh DA Cap increase throughout PG&E territory
 - Phased in over two years

Volume Pricing Program (page 1 of 2)

- Offer fixed discount off of PCE's ECOplus rates to large customers in exchange for 3 or 5 year contracts with PCE
 - Additional discount of 5-7% applied to PCE rate (already a discount from PG&E's rates)
 - Fixed PCE discount is easy to administer as rates change year to year
- To be eligible, customer must meet minimum consumption thresholds (10,000 MWh Annually)
 - Measurement is quarterly
 - Discount is reduced (or eliminated) if quarterly threshold is not met for two consecutive quarters
- Higher fixed discount available to largest customers for longer term deals
 - Encourages load growth and long term PCE commitment

Volume Pricing Program (page 2 of 2)

- **Potential cost over 5 years**
 - Up to \$2.5 M in reduced annual revenues and up to \$12.5 M in reduced revenues over 5 years if top 20 qualified customers sign contracts
 - Costs will fluctuate as PCE Generation rates adjust
 - If Gen rates decrease, discount \$ will decrease
 - If Gen rates increase, discount \$ will increase
- **Potential Load eligible for contracts**
 - Approximately 500 GWh annually if top 20 customers participate

Regular Agenda

9. Board Members' Reports (Discussion)

Regular Agenda

Adjourn