



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, November 21, 2019
6:30 pm**

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

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. Audit and Finance Committee Report (Discussion)
5. Approve Fiscal Year 2018-2019 Audited Financial Statements (Action)
6. PG&E Bankruptcy Status and Utility Restructuring Activities (Discussion)
7. Approve 2020 Board of Directors Meeting Schedule (Action)
8. Board Members' Reports (Discussion)

CONSENT AGENDA

9. Approval of the Minutes for the October 24, 2019 Meeting (Action)

INFORMATION ONLY REPORTS

10. Marketing and Outreach Report
11. Regulatory and Legislative Report
12. Community Energy Programs Report
13. Procurement Report
14. Financial Reports

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: November 12, 2019
BOARD MEETING DATE: November 21, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: CEO Report

REPORT:

PCE Staffing Update

We are excited to announce that Sapna Dixit will be joining the Peninsula Clean Energy as Strategic Accounts Manager. Sapna's first day will be Tuesday, December 3, 2019.

We have the following open positions posted on PCE website under "Join Our Team:"

- Marketing Communications Manager
- Senior Renewable Energy Analyst
- Renewable Energy and Compliance Analyst

We appreciate your efforts to let your networks know about these openings.

PCE Strategic Planning Activities

Thank you to all of the board members for your participating in the Strategic Planning interviews with Annie Gallagher and Melissa Jackson from Gallagher Consulting Group which took place on November 13 and 14. The Gallagher Consulting Group is also working through interviews with all of the PCE staff and the Citizens Advisory Committee members, and expects to complete those interviews before Thanksgiving.

Other activities they are performing include an environmental scan and industry assessment of the CCA industry, and the general energy industry status locally and nationally.

Please save the date:

Saturday, January 11 from 8:00 am to 1:00 pm: Strategic Planning Board Retreat
Strategic Planning Consultant Annie Gallagher will bring PCE Board members together for a half-day Strategic Planning Retreat from 8:00 a.m. to 1:00 p.m. on Saturday, January 11, 2020. Location: TBD.

CalCCA Annual Meeting

Five PCE board members and emeritus members (Jeff Aalfs, Rick Bonilla, Rick DeGolia, Pradeep Gupta, and Catherine Mahanpour) attended the [CalCCA Annual Meeting](#) on November 6 and 7 along with a number of PCE staff. This was the largest CalCCA annual meeting yet, with over 480 attendees. Rick Bonilla, Rick DeGolia, Siobhan Doherty, and Jan Pepper all were speakers on different panels at the conference.

PCE Marketing Activity

KJ Janowski, Director of Marketing and Community Affairs, has scheduled a meeting with the Marketing Subcommittee on Wednesday November 20 to review the objectives, strategies, resource needs, and brand attributes for Peninsula Clean Energy.

Meetings with Board Members and City Managers

Meetings were held with the following:

October 28, City of San Mateo, Councilmember Rick Bonilla, Councilmember Joe Goethals, and City Manager Drew Corbett.

October 29, City of East Palo Alto, Councilmember Carlos Romero and City Manager Jaime Fontes

Other Meetings and Events Attended by CEO

Met with the San Mateo Rotary Club Climate Committee on October 31

Spoke at Press Conference for release of joint RFP by PCE, EBCE, SVCE and SVP for [Distributed Resource Adequacy Capacity Request for Proposal \(RFP\)](#)

Served as co-host for the CalCCA Elected Officials Luncheon at the CalCCA Annual Summit, Redondo Beach, November 6

Spoke on panel on “2020 Regulatory and Legislative Priorities” at the CalCCA Annual Summit, Redondo Beach, November 7



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: November 13, 2019
BOARD MEETING DATE: November 21, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Andy Stern, Chief Financial Officer, Peninsula Clean Energy
SUBJECT: Approve Fiscal Year 2018-2019 Audited Financial Statements

RECOMMENDATION:

Approve the Fiscal Year 2018-2019 Audited Financial Statements

BACKGROUND:

Peninsula Clean Energy's (PCE) financials for the Fiscal Year ending June 30, 2019 were audited by the independent auditors Pimenti and Brinker LLP (Auditors).

The PCE Audit and Finance Committee reviewed the draft audited financial statements at its meeting on November 13, 2019. The Audit and Finance Committee discussed the audited financial statements at length and there was a consensus to approve them.

FISCAL IMPACT:

No fiscal impact

ATTACHMENTS

A. Audited Financial Statements for FY 2018-2019

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION ACCEPTING THE AUDITED FINANCIALS FOR FISCAL YEAR
ENDING 2018-2019**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority ("PCEA") was formed on February 29, 2016 as a Community Choice Aggregation program ("CCA"); and

WHEREAS, Pisenti and Brinker, LLP, certified public accountants and advisors, were selected as independent auditors to audit PCEA's financials for the fiscal years ending June 30, 2018 and June 30, 2019; and

WHEREAS, Pisenti and Brinker, LLP conducted the fieldwork to audit the financials; and

WHEREAS, the draft audited financial statements were reviewed by the Audit and Finance Committee on November 13, 2019; and

WHEREAS, the consensus of the Audit and Finance Committee was to recommend review and approval of the audited financial statements by the Board.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Chair of the Board of Directors is hereby authorized and directed to accept said financial statements for and on behalf of the Peninsula Clean Energy Authority.

* * * * *

[CCO-113499]

FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018
WITH REPORT OF
INDEPENDENT AUDITORS



PENINSULA
CLEAN ENERGY

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Independent Auditor's Report

To the Board of Directors
Peninsula Clean Energy Authority
Redwood City, California

Report on the Financial Statements

We have audited the accompanying financial statements of Peninsula Clean Energy Authority (PCE), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise PCE's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

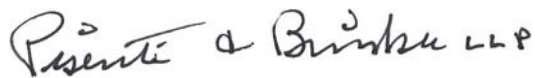
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PCE as of June 30, 2019 and 2018, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in dark ink, reading "Piseri & Brink LLP". The signature is written in a cursive, flowing style.

Santa Rosa, California
November 15, 2019

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

The Management's Discussion and Analysis provides an overview of Peninsula Clean Energy Authority's (PCE) financial activities as of and for the years ended June 30, 2019, and 2018. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

The formation of PCE was made possible in 2002 by the passage of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation.

PCE was created as a California Joint Powers Authority (JPA) on February 29, 2016. PCE was established to provide electric power at competitive costs as well as to provide other benefits within San Mateo County, including reducing greenhouse gas emissions related to the use of power, procuring energy with a priority on the use and development of local renewable resources, stimulating local job creation through various programs and development, promoting personal and community ownership of renewable resources, as well as promoting long-term electric rate stability and energy reliability for residents and businesses. PCE serves twenty-one jurisdictions including the cities and towns of Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, and Woodside, in addition to the unincorporated areas of San Mateo County. Governed by a board of directors (Board) consisting of elected representatives from each jurisdiction (Board), PCE has the rights and powers to set rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations. PCE is responsible for the acquisition of electric power for its service area.

Prior to the creation of Peninsula Clean Energy as a JPA, the County of San Mateo managed the financial and administrative activities related to the formation of this community choice aggregation (CCA) program. Pursuant to the JPA, PCE accepted an obligation to reimburse the County of San Mateo for specified costs to initiate the entity and its programs which were incurred prior to the JPA agreement. PCE fully reimbursed the County for all of those costs in December 2017. In October 2016, PCE began providing service to its first 79,000 customer accounts as part of its initial enrollment phase. PCE completed its customer enrollment in April 2017 and as of June 30, 2019, PCE serves approximately 300,000 customer accounts.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

Financial Reporting

PCE presents its financial statements as an enterprise fund under the economic resources measurement focus and the accrual basis of accounting. These statements were prepared in accordance with generally accepted accounting principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

Contents of this report

This report is divided into the following sections:

- Management discussion and analysis, which provides an overview of operations.
- The basic financial statements:
 - The *Statements of Net Position* includes all of PCE's assets, liabilities, and net position and provides information about the nature and amount of resources and obligations at a specific point in time.
 - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of PCE's revenue and expenses for the years shown.
 - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital asset acquisitions and investing activities.
 - Notes to the Basic Financial Statements, which provide additional details and information related to the basic financial statements.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

FINANCIAL HIGHLIGHTS

The following table is a summary of PCE's assets, liabilities, and net position as of June 30:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current assets	\$172,273,785	\$110,290,589	\$ 53,560,046
Noncurrent assets			
Capital assets, net	335,445	302,333	18,913
Other noncurrent assets	135,355	1,193,560	1,720,611
Total noncurrent assets	<u>470,800</u>	<u>1,495,893</u>	<u>1,739,524</u>
Total assets	<u>172,744,585</u>	<u>111,786,482</u>	<u>55,299,570</u>
Current liabilities	31,048,989	25,912,705	27,533,241
Noncurrent liabilities	1,556,468	508,287	6,055,800
Total liabilities	<u>32,605,457</u>	<u>26,420,992</u>	<u>33,589,041</u>
Net position			
Investment in capital assets	335,445	302,333	18,913
Restricted for security collateral	13,165,799	2,000,000	-
Unrestricted	<u>126,637,884</u>	<u>83,063,157</u>	<u>21,691,616</u>
Total net position	<u>\$140,139,128</u>	<u>\$ 85,365,490</u>	<u>\$ 21,710,529</u>

Current assets

Current assets reached \$172,274,000 by the end of fiscal year 2018-19 and were comprised of the following major categories: cash and restricted cash, accounts receivable, accrued revenue, investments, prepaid expenses and other deposits.

Accounts receivable reflects invoices that have been delivered to customers that remain unpaid at the end of the period. Accrued revenue accounts for electricity use by PCE customers before invoicing to those customers has occurred. Prepaid expenses and deposits consist mostly of purchases of electricity and capacity for delivery after the fiscal year. Fiscal year 2017-18 was the first full year PCE provided electricity to customers. Since service to customers began, PCE has operated at a surplus, which has been the source of most of the growth of current assets.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

Capital assets

Capital assets increased to \$335,000 at the end of fiscal year 2018-19 as a result of purchases of furniture, equipment, and leasehold improvements. Capital assets are reported net of depreciation. PCE does not own assets used for electricity generation or distribution.

Other noncurrent assets

Other noncurrent assets decreased from \$1,194,000 to \$135,000 at the end of fiscal year 2018-19. This account consists of various deposits for regulatory and other operating purposes expected to be held longer than a year. Included are deposit postings with the California Public Utilities Commission (CPUC) and collateral held by PCE from energy suppliers.

Current liabilities

Current liabilities of \$31,049,000 at the end of fiscal year 2018-19 increased by \$5,136,000 from the prior year. For both years, current liabilities consist primarily of the cost of electricity delivered to customers that is not yet due to be paid by PCE. Other components of current liabilities as of June 30, 2019, include trade accounts payable, security deposits due to energy suppliers, and user taxes and surcharges due to other governments.

Noncurrent liabilities

Other noncurrent liabilities increased by \$1,048,000 at the end of fiscal year 2018-19 as compared to the end of the prior year. This increase reflects additions to cash deposits made with energy providers held as collateral for energy purchases. These deposits will be returned by PCE at the completion of the related contract or as other milestones are met. The remaining balance is comprised of various deposits for regulatory and other operating purposes.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

The following table is a summary of PCE's results of operations in the year ended June 30:

	2019	2018	2017
Operating revenues	\$ 259,781,823	\$ 244,737,709	\$ 93,128,916
Interest and other income	2,074,258	150,466	9,443
Total income	261,856,081	244,888,175	93,138,359
Operating expenses	(206,912,110)	(180,970,374)	(70,103,766)
Interest and related expenses	(170,333)	(262,840)	(279,835)
Total expenses	(207,082,443)	(181,233,214)	(70,383,601)
Change in net position	\$ 54,773,638	\$ 63,654,961	\$ 22,754,758

Operating revenues

PCE's customer base was stable throughout 2018-19, with approximately 300,000 customers enrolled.

Year-over-year changes in interest income reflect higher average balances in interest-earning accounts and an increase in overall interest rates.

Operating expenses

PCE's largest expense for fiscal years 2017-18 and 2018-19 was the purchase of electricity delivered to retail customers. PCE procures energy from a variety of sources and focuses on maintaining a balanced renewable power portfolio at competitive costs. Expenses for staff compensation, contracting services, and other general and administrative expenses increased in 2018-19 from 2017-18 as the organization continued to grow to support its business demands.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

ECONOMIC OUTLOOK

PCE’s mission is to reduce greenhouse gas emissions and offer customer choice at competitive rates. The three key contributors to greenhouse gas emissions are electricity, transportation, and buildings.

In December 2017, PCE published its first Integrated Resource Plan (IRP), which outlines the procurement strategy to fulfill the State’s regulatory mandates, while also accelerating the State’s decarbonization goals. The IRP describes PCE’s approach to mitigating risk by diversifying its power portfolio through contract term length, project ownership, location, technology, size, and additionality (increasing “steel in the ground”).

PCE is developing energy programs to reduce greenhouse gas emission from transportation. “Ride and Drive” events to familiarize consumers with electric vehicles are being held along with electric vehicle dealer promotions to reduce the costs of these vehicles. PCE has also approved and funded grants for community pilots to advance PCE’s mission to reduce greenhouse gas emissions, support PCE’s workforce policy, and serve a high number of PCE customers.

REQUEST FOR INFORMATION

This financial report is designed to provide PCE’s customers and creditors with a general overview of the organization’s finances and to demonstrate PCE’s accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 2075 Woodside Road, Redwood City, CA 94061.

Respectfully submitted,

Janis Pepper, Chief Executive Officer

BASIC FINANCIAL STATEMENTS

PENINSULA CLEAN ENERGY AUTHORITY
STATEMENTS OF NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 48,873,644	\$ 64,689,412
Accounts receivable, net of allowance	24,061,873	23,091,118
Investments	65,195,764	-
Other receivables	230,096	128,806
Accrued revenue	16,161,421	14,712,826
Prepaid expenses	4,309,618	2,198,024
Deposits	275,570	3,470,403
Restricted cash	13,165,799	2,000,000
Total current assets	<u>172,273,785</u>	<u>110,290,589</u>
Noncurrent assets		
Capital assets, net of depreciation	335,445	302,333
Deposits	135,355	1,193,560
Total noncurrent assets	<u>470,800</u>	<u>1,495,893</u>
Total assets	<u>172,744,585</u>	<u>111,786,482</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,048,410	816,121
Accrued cost of electricity	24,428,956	22,914,791
Accrued payroll and benefits	218,425	157,216
Other accrued liabilities	170,338	-
Security deposits - energy suppliers	4,320,987	1,190,000
User taxes and energy surcharges due to other governments	861,873	834,577
Total current liabilities	<u>31,048,989</u>	<u>25,912,705</u>
Noncurrent liabilities		
Security deposits - energy suppliers	<u>1,556,468</u>	<u>508,287</u>
Total liabilities	<u>32,605,457</u>	<u>26,420,992</u>
NET POSITION		
Investment in capital assets	335,445	302,333
Restricted for security collateral	13,165,799	2,000,000
Unrestricted	<u>126,637,884</u>	<u>83,063,157</u>
Total net position	<u>\$ 140,139,128</u>	<u>\$ 85,365,490</u>

**PENINSULA CLEAN ENERGY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Electricity sales, net	\$ 257,336,291	\$ 243,270,156
Green electricity premium	2,445,532	1,467,553
Total operating revenues	<u>259,781,823</u>	<u>244,737,709</u>
OPERATING EXPENSES		
Cost of electricity	194,034,947	170,134,856
Contract services	8,389,878	7,787,457
Staff compensation	3,075,990	2,171,487
General and administration	1,336,933	820,895
Depreciation	74,362	55,679
Total operating expenses	<u>206,912,110</u>	<u>180,970,374</u>
Operating income	<u>52,869,713</u>	<u>63,767,335</u>
NONOPERATING REVENUES (EXPENSES)		
Miscellaneous income	35,679	-
Interest and investment income	2,038,579	150,466
Interest and related expense	(170,333)	(262,840)
Total nonoperating revenues (expenses)	<u>1,903,925</u>	<u>(112,374)</u>
CHANGE IN NET POSITION	54,773,638	63,654,961
Net position at beginning of year	<u>85,365,490</u>	<u>21,710,529</u>
Net position at end of year	<u>\$ 140,139,128</u>	<u>\$ 85,365,490</u>

PENINSULA CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 261,689,317	\$ 244,007,642
Receipts from supplier security deposits	4,229,168	1,573,287
Payments to suppliers for electricity	(194,452,975)	(173,625,040)
Payments to suppliers for other goods and services	(9,594,065)	(8,564,212)
Payments for staff compensation	(3,009,867)	(2,135,190)
Payments of taxes and surcharges to other governments	(4,263,796)	(3,964,625)
Net cash provided by operating activities	<u>54,597,782</u>	<u>57,291,862</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Deposits and collateral received	10,553,402	3,426,120
Deposits and collateral paid	(6,300,364)	(6,547,771)
Principal payments on loans	-	(7,480,800)
Interest and related expense payments	(170,333)	(296,970)
Net cash provided (used) by non-capital financing activities	<u>4,082,705</u>	<u>(10,899,421)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to acquire capital assets	<u>(66,448)</u>	<u>(235,751)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	1,709,030	151,024
Sale of investments	34,154,969	-
Purchase of investments	(99,128,007)	-
Net cash provided (used) by investing activities	<u>(63,264,008)</u>	<u>151,024</u>
Net change in cash and cash equivalents	(4,649,969)	46,307,714
Cash and cash equivalents at beginning of year	66,689,412	20,381,698
Cash and cash equivalents at end of year	<u>\$ 62,039,443</u>	<u>\$ 66,689,412</u>
Reconciliation to the Statement of Net Position		
Cash and cash equivalents (unrestricted)	\$ 48,873,644	\$ 64,689,412
Restricted cash	13,165,799	2,000,000
Cash and cash equivalents	<u>\$ 62,039,443</u>	<u>\$ 66,689,412</u>

**PENINSULA CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018**

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2019</u>	<u>2018</u>
Operating income	\$ 52,869,713	\$ 63,767,335
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	74,362	55,679
Revenue adjusted for uncollectible accounts	(398,278)	859,130
Nonoperating miscellaneous income	35,679	
(Increase) decrease in:		
Accounts receivable	(572,477)	(2,825,410)
Other receivables	5,533	(95,547)
Accrued revenue	(1,448,595)	(2,842,707)
Prepaid expenses	(2,111,594)	(1,973,500)
Increase (decrease) in:		
Accounts payable	196,264	59,312
Accrued cost of electricity	1,514,164	(1,472,723)
Accrued payroll and benefits	61,209	41,211
Other accrued liabilities	165,338	
User taxes due to other governments	27,296	145,795
Security deposits from energy suppliers	4,179,168	1,573,287
Net cash provided by operating activities	<u>\$ 54,597,782</u>	<u>\$ 57,291,862</u>

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Peninsula Clean Energy Authority (PCE) is a joint powers authority created on February 29, 2016. As of June 30, 2019, parties to its Joint Powers Agreement consist of the following local governments.

<u>County</u>	<u>Cities and Towns</u>	
San Mateo	Atherton	Menlo Park
	Belmont	Millbrae
	Brisbane	Pacifica
	Burlingame	Portola Valley
	Colma	Redwood City
	Daly City	San Bruno
	East Palo Alto	San Carlos
	Foster City	San Mateo
	Half Moon Bay	South San Francisco
	Hillsborough	Woodside

PCE is separate from and derives no financial support from its members. PCE is governed by a Board of Directors whose membership is composed of elected officials representing the member governments.

A core function of PCE is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

PCE began its energy delivery operations in October 2016. Electricity is acquired from electricity suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

PCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

PCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position.

When both restricted and unrestricted resources are available for use, it is PCE's policy to use restricted resources first, then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, PCE has defined cash and cash equivalents to include cash on hand, demand deposits and short-term investments with an original maturity of three months or less. For the purpose of the Statements of Net Position, restricted cash balances are presented separately. Restricted cash reported on the Statements of Net Position includes collateral on letters of credit, as well as a required minimum balance to be maintained in one of PCE's bank accounts.

PREPAID EXPENSES AND DEPOSITS

Contracts to purchase energy may require PCE to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding. Also included are prepaid expenses and deposits for regulatory and other operating purposes.

CAPITAL ASSETS AND DEPRECIATION

PCE's policy is to capitalize furniture and equipment valued over \$1,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, seven years for furniture and ten years for leasehold improvements. PCE does not own any electric generation assets.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION

Net position is presented in the following components:

Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets. PCE did not have any such outstanding borrowings as of June 30, 2019 and 2018.

Restricted: This component of net position consists of constraints placed on net asset use by external creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definition of “investment in capital assets” or “restricted”.

OPERATING AND NON-OPERATING REVENUES

Operating revenues include revenue derived from the provision of energy to retail customers and wholesale customers.

Interest income is considered “non-operating revenue.”

REVENUE RECOGNITION

PCE recognizes revenue on the accrual basis of accounting. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ELECTRICAL POWER PURCHASED

During the normal course of business, PCE purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from PCE's participation in the California Independent System Operator's centralized market. The cost to acquire electricity and capacity is recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS), PCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). PCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier.

PCE purchases capacity commitments from qualifying generators to comply with the California Public Utilities Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to the California Independent System Operator to ensure the safe and reliable operation of the grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

STAFFING COSTS

PCE fully pays its obligation for employee compensation, health benefits and contributions to its defined contribution retirement plan each month. PCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. PCE provides compensated absences, and the related liability is recorded in these financial statements.

INCOME TAXES

PCE is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements. These reclassifications did not result in any change in previously reported net position or change in net position.

2. CASH AND CASH EQUIVALENTS

PCE maintains its cash in both interest-bearing and non-interest-bearing deposit accounts in several banks. California Government Code Section 16521 requires banks to collateralize 110% of deposits of public funds in excess of the FDIC limit of \$250,000. PCE classifies certain short-term investments with original maturities of less than three months as cash and cash equivalents which are not subject to the collateral requirement or FDIC coverage previously mentioned. PCE has no deposit or investment policy that addresses a specific type of risk that would impose restrictions beyond this requirement. Accordingly, the amount of risk is not disclosed. PCE monitors its risk exposure on an ongoing basis.

3. INVESTMENTS

During the year ended June 30, 2019, PCE purchased short-term investments with an original maturity of three months or more. Below is a summary of these investments at fair value as of June 30, 2019.

U.S. Treasury Securities	\$ 46,541,093
Corporate bonds	<u>18,654,671</u>
Total short-term securities	<u>\$ 65,195,764</u>

The maturity dates for the U.S. Treasury Securities range from approximately half of a month to two months as of June 30, 2019. The maturity dates for the corporate bonds range from approximately three months to six and a half months as of June 30, 2019.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

3. INVESTMENTS (continued)

FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. PCE's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of June 30, 2019, PCE's investments are considered Level 1 in inputs.

CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, PCE would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in PCE's name, and held by the counterparty. PCE's investment securities are not exposed to custodial credit risk because all securities are held by PCE's custodial bank in PCE's name.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. PCE manages its exposure to declines in fair values by limiting the weighted average maturity of its investments.

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

4. ACCOUNTS RECEIVABLE

Accounts receivable were as follows at June 30:

	2019	2018
Accounts receivable from customers	\$24,849,821	\$24,277,344
Allowance for uncollectible accounts	(787,948)	(1,186,226)
Net accounts receivable	<u>\$24,061,873</u>	<u>\$23,091,118</u>

PCE records an allowance for uncollectible accounts as invoices are issued. The majority of account collections occur within the first few months following customer invoicing. PCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, PCE continues to have success in collecting older accounts. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years.

5. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2018, and 2019, was as follows:

	Furniture & Equipment	Leasehold Improvements	Accumulated Depreciation	Total
Balances at June 30, 2017	\$ 22,646	\$ -	\$ (3,733)	\$ 18,913
Additions	274,996	64,103	(55,679)	283,420
Balances at June 30, 2018	297,642	64,103	(59,412)	302,333
Additions	66,908	40,566	(74,362)	33,112
Balances at June 30, 2019	<u>\$ 364,550</u>	<u>\$ 104,669</u>	<u>\$ (133,774)</u>	<u>\$ 335,445</u>

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

6. DEBT

Loans payable to the County of San Mateo

In June 2016, PCE entered into two agreements with the County of San Mateo. The purpose of one of the agreements was to reimburse the County for services, costs, and expenses incurred to investigate the feasibility of implementing a community choice aggregation program as well as to provide for other working capital needs. The agreement allowed for the repayment to be in the form of a loan totaling \$2,981,000. Of this loan, \$300,000 did not bear interest. The remainder, which was received in multiple draws, accrued interest based on the San Mateo County Pooled Investment Fund earnings rate. Principal and interest payments were not required until July 1, 2021. In December 2017, PCE fully repaid this loan with the County of San Mateo.

The second agreement with the County of San Mateo provided for collateral needed to support a loan with Barclays Bank. The agreement allowed for up to \$6,000,000 to be used as collateral, which was initially determined at 50% of the principal drawn from Barclays Bank loan. In June 2016, PCE had drawn \$1,500,000 from this County of San Mateo loan for this purpose. This loan accrued interest at the greater of (1) the San Mateo County Pooled Investment Fund earnings rate or (2) the actual interest earned on the amount drawn. Principal payments, plus interest, were due on the earlier of (1) two years from the date each portion is received by PCE or (2) ten days after the release of collateral by Barclays Bank. In December 2017, PCE fully repaid this loan with the County of San Mateo.

Loan payable to Barclays Bank

In June 2016, PCE arranged to borrow up to \$12 million from Barclays Bank to provide cash to pay for energy purchases and operating expense which are due before revenue is to be collected from customers. The loan was secured by cash deposits of fifty percent of the outstanding loan. Principal could be drawn as needed and interest accrued on the outstanding balance and was payable each month and computed at LIBOR plus 3.1%. In December 2017, PCE fully repaid this loan with Barclays Bank. PCE continues to maintain a \$12 million line of credit as a term loan with Barclays Bank with no amount outstanding. The commitment fee to maintain the term loan from January 1, 2017 to and including December 8, 2017 was 1.925% per annum and the commitment fee from December 9, 2017 through June 30, 2019 was 1.40%, and from July 1, 2019 thereafter is .75% per annum. The termination date is in June 2021. In December 2017, PCE fully repaid this loan with the Barclays Bank.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

6. DEBT (continued)

Loan principal activity and balances were as follows for the following direct borrowings:

	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
Year ended June 30, 2018				
County of San Mateo (\$2.98M)	\$ 2,980,800		\$(2,980,800)	\$ -
County of San Mateo (\$6M)	1,500,000		(1,500,000)	-
Barclays PLC	3,000,000		(3,000,000)	-
Total	<u>\$ 7,480,800</u>	<u>\$ -</u>	<u>\$(7,480,800)</u>	<u>\$ -</u>
Amounts due within one year				-
Amounts due after one year				<u>\$ -</u>

7. DEFINED CONTRIBUTION RETIREMENT PLAN

PCE provides retirement benefits through the County of San Mateo 401(a) Retirement Plan (Plan). The Plan is a defined contribution (IRC 401(a)) retirement plan established to provide benefits at retirement to employees of certain qualified employers admitted by the Plan. The Plan is administered by the Massachusetts Mutual Life Insurance Company. At June 30, 2019, PCE had 19 plan participants. PCE is required to contribute 6% of covered payroll and up to an additional 4% of covered payroll as a match to employee contributions. PCE recorded expenses of approximately \$237,000 and \$162,000 during the years ended June 30, 2019, and June 30, 2018, respectively for that contribution. Plan provisions and contribution requirements as they apply to PCE are established and may be amended by the Board of Directors.

8. RISK MANAGEMENT

PCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year ended June 30, 2019, PCE purchased liability and property insurance from commercial carriers. Coverage includes property, general liability, errors and omissions and non-owned automobile. PCE has general liability coverage of \$2,000,000 as well as a \$10,000,000 umbrella policy. Deductibles on the various policies range from \$0 to \$10,000.

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

9. PURCHASE COMMITMENTS

In the ordinary course of business, PCE enters into various power purchase agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind, and hydro-electric facilities.

PCE had outstanding non-cancelable power purchase-related commitments of approximately \$878.3 million for energy that has not yet been provided under power purchase agreements that continue to December 2045.

The following table details the obligations on existing energy, renewable contracts, and resource adequacy (RA) as of June 30, 2019:

Year ending June 30,	Total
2020	\$ 170,300,000
2021	95,100,000
2022	60,500,000
2023	52,200,000
2024	40,400,000
2025-45	459,800,000
Total	<u>\$ 878,300,000</u>

As of June 30, 2019, PCE had outstanding non-cancelable commitments to professional service providers for services to be performed of approximately \$4.1 million from July 2019 through July 2020.

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

10. OPERATING LEASE

During 2017, PCE entered into an 86-month non-cancelable lease for its office premises. The lease commencement date was August 1, 2017. The rental agreement includes an option to renew the lease for two additional five-year terms. Rental expense under this lease was \$368,000 and \$300,000 for the years ended June 30, 2019, and 2018, respectively,

In September 2019, the lease was extended an additional two years to September 30, 2026. In addition to the extension, PCE will lease additional office space through the same termination date with an estimated occupancy date of January 1, 2020.

Prior to this lease taking effect, PCE rented temporary office space under a lease with a term of less than one year. Rental expense under this lease was \$10,000 for the year ended June 30, 2018.

As of June 30, 2019, future minimum lease payments under this lease were projected as follows:

Year ending June 30,	
2020	\$ 379,000
2021	390,000
2022	402,000
2023	414,000
2024	427,000
2025	109,000
Total	<u>\$ 2,121,000</u>

11. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statement are effective for years ending after June 30, 2020:

GASB Statement No. 87, Leases, is effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about the government's leasing activities.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

12. PG&E BANKRUPTCY

PG&E provides transmission and distribution services to PCE customers and serves as billing agent for PCE per the terms of a service agreement. PG&E is also responsible for collecting payments on behalf of PCE. In January 2019, PG&E filed for Chapter 11 bankruptcy protection.

PG&E has taken actions in its bankruptcy motions and subsequent court motions that specify that it will continue to serve as a billing agent on behalf of PCE and does not intend to cease or disrupt those services. PCE expects PG&E will continue to operate in a business-as-usual fashion and that PCE's revenues collected by PG&E will continue to flow through to PCE with no interruption.

13. POWER CHARGE INDIFFERENCE ADJUSTMENT

The CPUC and PCE, along with other CCAs, are in proceedings to determine the Power Charge Indifference Adjustment (PCIA), which is a rate PG&E charges CCA customers to account for the net costs for energy PG&E procured prior to those customers joining a CCA's service. While the outcome of this decision is unknown, an increase or decrease in the rate will change the total amount paid by PCE customers.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: November 14, 2019
COMMITTEE MEETING DATE: November 21, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: PG&E Bankruptcy Status and Utility Restructuring Activities
(Discussion)

BACKGROUND:

PCE staff will provide a presentation and update, and solicit board comments/direction, on recent developments related to the PG&E Bankruptcy, including options that are being discussed regarding utility restructuring, including plans submitted to the bankruptcy and the public ownership option.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: November 12, 2019
COMMITTEE MEETING DATE: November 21, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Approval of 2020 Board of Directors Meeting Schedule

RECOMMENDATION:

Approve 2020 Board of Directors meeting schedule.

BACKGROUND:

The Board of Directors is required to approve and post for public viewing its 2020 meeting schedule by December 31, 2019.

ATTACHMENT:

Proposed meeting schedule.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

*** * * * ***

**RESOLUTION APPROVING 2020 BOARD OF DIRECTORS MEETING SCHEDULE
DATED NOVEMBER 21, 2019**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, the Board of Directors of the Peninsula Clean Energy Authority is required to set its 2020 annual meeting schedule by December 31, 2019.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board of Directors approves its 2020 meeting schedule dated November 21, 2019.

*** * * * ***



Board of Directors Meeting Schedule 2020

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

Meeting Date:	Time:	Location:
January 23, 2020	6:30 pm	Lobby
February 27, 2020	6:30 pm	Lobby
March 26, 2020	6:30 pm	Lobby
April 23, 2020	6:30 pm	Lobby
May 28, 2020	6:30 pm	Lobby
June 25, 2020	6:30 pm	Lobby
July 23, 2020	6:30 pm	Lobby
August 27, 2020	6:30 pm	Lobby
September 26, 2020 (Saturday)	8:00 am – 1:00 pm	Lobby
October 22, 2020	6:30 pm	Lobby
November 19, 2020	6:30 pm	Lobby
December 17, 2020	6:30 pm	Lobby



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, October 24, 2019
MINUTES**

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

CALL TO ORDER

Meeting was called to order at 6:37 p.m.

ROLL CALL

Present: Dave Pine, County of San Mateo
Jeff Aalfs, Town of Portola Valley, *Chair*
Rick DeGolia, Town of Atherton, *Vice Chair*
Julia Mates, City of Belmont
Donna Colson, City of Burlingame
Roderick Daus-Magbual, City of Daly City
Larry Moody, City of East Palo Alto
Catherine Mahanpour, City of Foster City
Harvey Rarback, City of Half Moon Bay
Laurence May, Town of Hillsborough
Catherine Carlton, City of Menlo Park
Ian Bain, City of Redwood City
Marty Medina, City of San Bruno
Laura Parmer-Lohan, City of San Carlos
Rick Bonilla, City of San Mateo
Mike Futrell City of South San Francisco
Daniel Yost, Town of Woodside
Pradeep Gupta, Director Emeritus
John Keener, Director Emeritus

Absent: County of San Mateo
City of Brisbane
Town of Colma
City of Millbrae
City of Pacifica

Staff: Jan Pepper, Chief Executive Officer
Andy Stern, Chief Financial Officer
Leslie Brown, Director of Customer Care
Siobhan Doherty, Director of Power Resources
Peter Levitt, Associate Manager of Distributed Energy Resources
Rafael Reyes, Director of Energy Programs
Shraddha Mutyal, Programs Manager
Phillip Kobernick, Programs Manager
Kirsten Andrews-Schwind, Senior Manager of Community Relations
David Silberman, General Counsel
Shayna Barnes, Administrative Assistant
Anne Bartoletti, Board Clerk/Office Manager/Executive Assistant to the CEO

A quorum was established.

PUBLIC COMMENT:

Matthew Vollrath, Stanford Journalism Program
Bonnie Datta, Senior Director, Siemens
Ted Howard

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: Bonilla / May

Motion passed unanimously 16-0 (Absent: County of San Mateo, Brisbane, Colma, Menlo Park, Millbrae, Pacifica)

REGULAR AGENDA

1. CHAIR REPORT

Jeff Aalfs—Chair—reported that San Jose Mayor Sam Liccardo proposes making PG&E a publicly owned utility.

2. CEO REPORT

Jan Pepper—Chief Executive Officer—introduced Shraddha Mutyal, PCE’s new Building Electrification Programs Manager, and Jan provided updates on staffing, reach codes, and the strategic planning process. David Silberman—General Counsel—reported on PG&E bankruptcy proceedings.

3. CITIZENS ADVISORY COMMITTEE REPORT

Desiree Thayer—Chair—reported that the CAC didn’t meet for lack of quorum.

4. APPROVE ADDING NEW COMMERCIAL TOU (TIME OF USE) RATE SCHEDULES

Leslie Brown—Director of Customer Care—reviewed the residential and non-residential TOU rate transition. Leslie reported that PG&E will launch new Business Tariffs on November 1, 2019. She reported that staff recommends that the Board authorize the creation and implementation of a new set of PCE Commercial TOU rate schedules to correspond with PG&E's launch.

Motion Made / Seconded: Bain / May

Motion passed unanimously 17-0 (Absent: County of San Mateo, Brisbane, Colma, Millbrae, Pacifica)

5. APPROVE DELEGATION TO STAFF TO MAKE PCE RATE ADJUSTMENTS TO MAINTAIN A 5% DISCOUNT ACROSS ALL RATE SCHEDULES AS LONG AS THE PG&E RATE CHANGE RESULTS IN A RATE THAT IS NOT MORE THAN A 6% DISCOUNT AND NO LESS THAN A 4% DISCOUNT BEFORE THE REALIGNMENT

Leslie Brown reported that PG&E periodically changes its rates, which necessitates corresponding changes to PCE's rates to maintain PCE's net 5% generation charge discount. She reported that staff recommends that the Board authorize PCE staff to implement minor rate adjustments to all applicable PCE rate schedules, as needed on an ongoing basis. Staff also committed to report to the Board each staff-initiated rate change at the public meeting immediately following the change.

Motion Made / Seconded: May / DeGolia

Motion passed unanimously 17-0 (Absent: County of San Mateo, Brisbane, Colma, Millbrae, Pacifica)

6. APPROVE A THREE-YEAR \$10 MILLION BUDGET FOR LOCAL ELECTRICITY RESILIENCY PROGRAMS

Peter Levitt—Associate Manager of Distributed Energy Resources (DER)—reviewed background information on Public Safety Power Shutoffs (PSPS) and the impact of recent PSPS events on PCE customers. Peter reported that staff requests that Board approve \$10 Million budget over three years for local electricity resiliency programs that would begin with the next fire season targeting three priority areas: medically fragile customers, emergency community facilities, and critical infrastructure.

Board members discussed potential programs and partners, and asked staff to come back with a proposal that will be vetted by the Executive Committee and brought back to the Board.

PUBLIC COMMENT:

Michael Closson, PCE Citizens Advisory Committee

Mark Roest, SeaWave Battery

Mark Tholke, Golden State Renewable Energy

Motion Made / Seconded: Mates / DeGolia

Motion to approve the Resolution with the modification that staff return to the Board with a proposed resiliency program for approval that allocates the up to \$10 Million over three years.

Motion passed unanimously 17-0 (Absent: County of San Mateo, Brisbane, Colma, Millbrae, Pacifica)

7. APPROVE CONTRACT FOR UP TO \$850,000 WITH THE CENTER FOR SUSTAINABLE ENERGY TO ADMINISTER PCE ELECTRIC VEHICLE INENTIVE FUNDS OF UP TO \$12 MILLION AS PART OF CALeVIP (CALIFORNIA ELECTRIC VEHICLE INFRASTRUCTURE PROJECT)

Rafael Reyes—Director of Energy Programs—reviewed PCE’s electric vehicle program that now includes CALeVIP funds. He reviewed the program structure, budget, and the scope of work for the Center for Sustainable Energy (CSE) that administers the CALeVIP program. Board members discussed PCE’s Policy #10, the Inclusive and Sustainable Workforce Policy, and whether or not that applies to CALeVIP and CSE. Staff confirmed that level 1, 2, and 3 EV charging installations will honor conditions set in PCE’s Policy #10.

PUBLIC COMMENT:

Mark Roest, SeaWave Battery
Ted Howard

Motion Made / Seconded: Bonilla / DeGolia

Motion passed unanimously 16-0 (Absent: County of San Mateo, Brisbane, Colma, Menlo Park, Millbrae, Pacifica)

8. BOARD MEMBERS’ REPORTS

No reports.

ADJOURNMENT

Meeting was adjourned at 8:52 p.m.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: November 8, 2019

BOARD MEETING DATE: November 21, 2019

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Karen Janowski, Director of Marketing and Community Affairs &
Leslie Brown, Director of Customer Care

SUBJECT: Update on Marketing, Outreach Activities, and Customer Care

BACKGROUND:

The Marketing and Communications Team manages press coverage, public relations, local programs marketing, community outreach, online and social media presence, and responding to customer requests.

DISCUSSION:

Outreach Partner Training

Outreach Grant Awardees (Acterra, El Consilio, Menlo Spark, Sound of Hope and Sustainable San Mateo County) participated in a training session at Peninsula Clean Energy on October 21.

EV Discount Program Marketing

Thank you to the many cities that have shared information about the EV discount program in their city newsletters and social media. Communicating about this opportunity may help your city achieve your climate action measures. If you would like content about the discounts to share, contact KJ at kjanowski@peninsulacleanenergy.com.

Digital marketing campaign, including Google Adwords (online ads) and Facebook ads, kicked off on November 1 and will run through mid-December.

Peninsula Clean Energy's EV ads continue running on major Comcast cable channels such as CNN and ESPN. The ads are geotargeted to specific zones covering San Mateo County for cost-effectiveness. You can view the video ads and easily share them on Facebook at <https://www.facebook.com/pencleanenergy/videos/758221017937075/>.

Customers received a dedicated post card promoting the EV discounts the week of October 28.

All ads direct customers to the peninsulacleanenergy.com/ev web page, which attracted more than 6,000 unique pageviews in the first six weeks of the campaign. That amounts to 25% of the total 24,000 unique pageviews on the Peninsula Clean Energy website during that period.

Joint Announcement on Resilience Program

Peninsula Clean Energy held an announcement event on November 5 at Fremont Fire Station #6 along with East Bay Clean Energy, Silicon Valley Clean Energy and Silicon Valley Power. Board members of all four agencies and CEOs of EBCE, SVCE and Peninsula Clean Energy participated. Numerous elected officials were present. Press coverage is included below.

Board Marketing Subcommittee Meeting

Subcommittee will meet on November 20, 2019 to discuss overall marketing strategy and brand attributes.

Public Safety Power Shutoff Event

PG&E has developed a precautionary safety measure of turning off power lines when gusty winds and dry conditions, combined with a heightened fire risk, are forecasted. These events are called [Public Safety Power Shutoff \(PSPS\)](#) events.

Customers in Peninsula Clean Energy's service territory experienced their first PG&E PSPS events in October. A total of three PSPS events impacting San Mateo County occurred between October 9 and October 26 primarily impacting customers in the Western part of the County.

During the October 9 PSPS event just under 15,000 Peninsula Clean Energy customers (5%) were de-energized by PG&E as part of the event. Two weeks later on October 24, approximately 1,100 customers (0.3%) were de-energized and during the largest event to-date on October 26, approximately 57,000 (19%) of Peninsula Clean Energy customers were de-energized. There was a fourth event projected for October 29, that was subsequently called off for San Mateo County a few hours before the event was supposed to commence and no Peninsula Clean Energy customers were de-energized during that event. Follow-up reports from PG&E documenting how long customers were out of power and which customers were impacted by more than one event are expected to be produced in the upcoming weeks. A follow-up on the total impacts to customers will be shared with the Board once these reports are received.

To support PG&E's communication efforts during the PSPS events, staff maintained communication with PG&E during the events, posted an alert on the Peninsula Clean Energy homepage informing customers of the possible shutoff, and shared necessary updates and articles through social media.

Recent Media Coverage

Peninsula Clean Energy has been covered by the press in the following recent articles. Full coverage is available at www.peninsulacleanenergy.com/news-media/.

- ["PG&E Outages Prompt Clean Energy Programs to Focus on Solar, Batteries,"](#) SF Gate
- ["Bay Area CCAs Solicit 30MW of Distributed Batteries to Weather Grid Outages,"](#) Greentech Media
- ["Bay Area Energy Agencies Launch Distributed Storage Solicitation Amid PG&E Power Shutoffs,"](#) Utility Drive
- ["Announcement About Alternative to PG&E and Its Aging Infrastructure,"](#) ABC7 News
- ["Energy Groups Seek RFPs for Solar+Storage Resilience Systems in Bay Area,"](#) Solar Power World
- ["Bay Area Public Energy Agencies Aim to Provide Local Resiliency,"](#) Efficient Gov
- ["Bay Area Orgs to Create Backup Power System For Future Shutoffs,"](#) Patch
- ["Microgrid Industry to California: Help Us Help You,"](#) Microgrid Knowledge
- ["PG&E Power Outages Prompt New Impetus for Renewables,"](#) Institute for Energy Economics and Financial Analysis
- ["California CCAs Seek Distributed Energy to Keep the Lights On,"](#) PV Magazine
- ["CCAs, Public Power Utility Issue RFPs to Offset Shutoffs,"](#) American Public Power Association
- ["Redwood City Considers Limits on Natural Gas,"](#) San Mateo Daily Journal
- ["Five Things to Know About Microgrids,"](#) ABC10
- ["How Microgrids Could Keep CA Lights on During Utilities Shutoffs,"](#) Patch
- ["A Power Shift,"](#) San Mateo Daily Journal
- ["San Mateo Co. Residents Could Get Backup Power Systems Next Year,"](#) Patch
- ["Some Residents Could Receive Backup Power Systems Next Year,"](#) SF Gate
- ["California Needs a Fast and Furious 4 GW Build Out of New Clean Energy Capacity,"](#) PV Magazine
- ["Woodside Looks at Green Building Mandates, Affordable Housing Goals,"](#) The Almanac
- ["San Mateo County Eyes Natural Gas Rules,"](#) San Mateo Daily Journal

Community Outreach and Events

Upcoming events include:

30-Nov	Pacifica Tree Lighting Festival	Pacifica
3-Dec	YouTube Ride and Drive	YouTube Campus

11-Dec	Visa Ride and Drive	Visa Campus
22-Dec	Hanukkah Festival	Redwood City

Enrollment Statistics

Opt-out rates decreased in October compared to September, and we are continuing to enjoy a significant decrease in opt-outs overall as compared to 2018. In September 2019 we had 47 opt-outs and in October 2019 that number dropped to 33. The opt-out rate adjusted for move-in/move-outs is 2.51% and our overall participation rate is 97.62% of eligible accounts as of the end of October.

Opt-Outs by City

CITY	Eligible Ac	Total	TOTAL OPT OUT
ATHERTON INC	2,706	44	1.63%
BELMONT INC	11,943	310	2.60%
BRISBANE INC	2,546	51	2.00%
BURLINGAME INC	15,402	332	2.16%
COLMA INC	756		
DALY CITY INC	33,906	1146	3.38%
EAST PALO ALTO INC	7,924	283	3.57%
FOSTER CITY INC	14,761	302	2.05%
HALF MOON BAY INC	4,974	146	2.94%
HILLSBOROUGH INC	4,041	89	2.20%
MENLO PARK INC	15,742	239	1.52%
MILLBRAE INC	9,348	284	3.04%
PACIFICA INC	15,440	564	3.65%
PORTOLA VALLEY INC	1,679	111	6.61%
REDWOOD CITY INC	35,127	773	2.20%
SAN BRUNO INC	16,486	666	4.04%
SAN CARLOS INC	14,689	368	2.51%
SAN MATEO INC	44,444	1161	2.61%
SO SAN FRANCISCO INC	25,227	920	3.65%
UNINC SAN MATEO CO	24,550	710	2.89%
WOODSIDE INC	2,293	41	1.79%
Grand Total	303,984	8,551	2.81%
Adjusted Total	304,016	7,646	2.51%

There are now over 5,800 accounts in ECO100. In addition to the County, there are a

total of 15 ECO100 cities. The ECO100 towns and cities as of November 8, 2019, 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.

The opt-up rates below include municipal accounts, which may noticeably increase the rate in smaller jurisdictions.

Active Accounts by City and Opt-Up Rate

City	ECO100	Active Accounts	Opt-Up %
Atherton	52	2,652	1.96%
Belmont	176	11,651	1.51%
Brisbane	88	2,494	3.53%
Burlingame	335	15,088	2.22%
Colma	30	749	4.01%
Daly City	82	32,869	0.25%
East Palo Alto	22	7,636	0.29%
Foster City	313	14,448	2.16%
Half Moon Bay	103	4,805	2.14%
Hillsborough	66	3,952	1.67%
Menlo Park	471	15,531	3.03%
Millbrae	103	9,101	1.13%
Pacifica	149	14,915	1.00%
Portola Valley	1,509	1,581	95.45%
Redwood City	687	34,444	1.99%
San Bruno	88	15,864	0.55%
San Carlos	290	14,313	2.03%
San Mateo	648	43,403	1.49%
So. San Francisco	96	24,277	0.40%
Uninc. San Mateo Co	509	23,700	2.15%
Woodside	54	2,253	2.40%
Grand Total	5,871	296,006	1.98%



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: November 8, 2019
BOARD MEETING DATE: November 21, 2019
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, Manager of Regulatory Affairs
 Doug Karpa, Senior Regulatory Analyst

SUBJECT: Update on PCE's October and November Regulatory and Legislative Activities

SUMMARY:

October and early November have been exceptionally busy for the regulatory and legislative team with a large number of particularly significant issues coming to the fore. As discussed in more detail below, PCE, as part of CalCCA (California Community Choice Association), a coalition of CCAs (Community Choice Aggregators) or on its own behalf, submitted twenty pleadings at the California Public Utilities Commission (CPUC or Commission) or before other regulatory bodies in the state. PCE's regulatory and legislative team attended six other stakeholder meetings, as detailed below.

DEEPER DIVE:

Regulatory Advocacy and Outreach

R.16-02-007 – Integrated Resource Planning (IRP) – The IRP docket has had a number of critical events in recent weeks on four different tracks. (1) Procurement Track: On September 19, 2019, the CPUC released a proposed decision (PD) which expressed serious concerns regarding potential system RA shortfalls statewide, and proposed to require only Southern California Load Serving Entities to procure 2,500MW of new capacity by 2023 and to extend up to 3,750 MW of Once Through Cooling (OTC) plants until 2023. However, PCE worked through CalCCA to provide detailed comments on the serious shortcomings of the methodology and the need for all state CCAs to participate in meeting state needs as a matter of precedent and policy. On October 21, 2019, the CPUC released a revised PD, which adopted CalCCA recommendations for all California LSEs to participate, but increased the overall need to 4,000MW. After another round of comments and ex parte meetings, on November 5, the CPUC again revised the Proposed Decision to reduce the overall statewide need to 3,300MW on a

slower schedule and to allow import RA to meet this need. PCE's contribution to the statewide goals would be approximately 55 MW of new system RA. (2) Joint IRP Planning: In addition, PCE is engaged in joint IRP plan development with three other CCAs (East Bay Community Energy, Clean Power Alliance, and San José Clean Energy) in a novel process to develop procurement planning with reference to efforts by other CCAs to ensure collective achievement of state goals. (3) Compliance Track: On September 20, 2019, the CPUC issued a proposal for filing requirements for the 2020 cycle, and PCE worked through CalCCA to advocate for revision to a number of problematic elements, including requirements that preferred portfolios use CPUC load forecasts, confidentiality provisions, and a number of requirements that fall outside of the scope of CPUC authority for non-jurisdictional LSEs. (4) Modeling Track: On November 8, 2019 CPUC released the Reference System Portfolio, which PCE is reviewing for errors and problematic assumptions.

R.17-06-026 – Power Charge Indifference Adjustment (PCIA) – PCE continues to take a lead role in PCIA Working Group 3 which is developing proposals to move attributes and resources out of the IOU portfolios. PCE is working in coordination with Southern California Edison and Commercial Energy. This Working Group has developed near final proposals for GHG-free energy allocation, Renewable Portfolio Standard energy, and Local RA allocations. PCE has also achieved significant progress in developing a framework for soliciting contract assignments for generators amenable to leaving IOU portfolios to contract with CCAs and other LSEs.

R.17-09-020 – Resource Adequacy (RA) – This docket continues to consider a number of issues that directly impact the market for RA resources in California: (1) the need for a central buyer for RA, (2) refinements for how Import RA can count toward system RA procurement obligations, and (3) ongoing RA compliance.

First, the docket continues to discuss the need for a central buyer for resource adequacy instead of the current market structure based on bilateral contracting. Mr. Waen, as the primary case manager overseeing the effort, is a key part of CalCCA's efforts in this docket. As discussed in prior Board memos, on August 9, 2019 CalCCA and seven other parties issued a Notice of Settlement on Central Buyer issues to the CPUC and other parties engaged in the RA case. The settlement seeks to establish a residual central buyer framework for resource adequacy which would allow LSEs to choose whether to (a) continue to procure resource adequacy or (b) turn over all or part of their resource adequacy responsibilities to a central buyer. LSEs that allow the central buyers to buy capacity on behalf of their load would be assessed the costs of that procurement, while LSEs that show all or part of their resource adequacy needs being met would pay costs commensurate with their showing. A settlement conference was held at the CAISO on August 20, 2019 to allow other parties to the proceeding to ask questions regarding the settlement. On September 30, 2019, non-settling parties filed comments on the settlement. SunRun, AReM, AWEA, LSA, City of San Diego and the CAISO supported the settlement. TURN supported the residual model concept but did not support the settlement because it did not include consensus on who the central buyer should be. PG&E and SCE opposed and continue to promote a full procurement of local RA model. SCE wants to be the central buyer for its service territory. Some others opposed, including the Joint Demand Response Parties, California Public Advocates Office, Vistra, CEERT, CLECA, and the Department of Market Monitoring. On October 15, 2019 seven parties, including PG&E, SCE, CLECA, CAISO, CAC, California Public Advocates Office, and CalCCA, submitted reply comments on the settlement in which they reiterated their positions and responded to comments raised by other parties. On November 1, 2019 the CPUC convened a workshop in Sacramento to discuss the merits of the settlement proposal and to contrast it with alternatives raised by other parties within the proceeding. A proposed decision on central buyer matters is anticipated

before the conclusion of the calendar year. It is also anticipated that the central buyer decision will close the record within this proceeding as the Commission has just started a new rulemaking to consider further RA reform over the next two years.

Secondly, the Commission, on September 6, 2019, issued a Proposed Decision (PD) to resolve potential pending changes to treatment of Import RA. The PD would impose new “firm” energy requirements, energy delivery requirements during the hours of 4-9 pm, new qualifying capacity requirements to “align with identified reliability needs,” and new reporting requirements. Comments on this PD were filed on September 26, 2019. CalCCA filed opening comments on September 26, 2019, which focused on how the proposed changes to Import RA requirements would expand well beyond prior CPUC direction, would have significantly detrimental near-term market impacts, and would threaten overstepping into FERC jurisdictional matters. Reply Comments were filed on October 1, 2019. While CalCCA did not file reply comments there were many supporters for CalCCA’s strong opening comments. The CPUC made several revisions to the PD prior to voting it out during its voting meeting on October 10, 2019. On October 24, 2019 CalCCA submitted three filings relating to this recent decision: (1) an Application for Rehearing (AfR), (2) a Motion to Stay the implementation of the decision, and (3) a Motion to Shorten Time for the comment period responding to items (1) and (2) to allow for the Commission to more expediently respond to them both. CalCCA’s AfR challenges the legal basis upon which the Commission justified its proposed changes to Import RA requirements. We now await a response from the Commission to this AfR.

Thirdly, year-ahead RA compliance filings were due on October 31, 2019. Due to both the tightening within the capacity resource market and the recent changes to Local RA requirements (3-year forward procurement and the disaggregation of the “PG&E Other” product category into six smaller categories) compliance with this year-ahead deadline proved difficult for many LSEs, including PCE. Concurrent with their year-ahead compliance filings, 19 LSEs (8 ESPs, 2 IOUs, and 9 CCAs) submitted Tier 2 advice letters to the Commission seeking waivers from penalties due to their inability to satisfy the Commission’s Local RA requirements. This is the highest number of waivers sought in a single RA compliance showing to date. On October 24, 2019, PCE along with eleven other CCAs jointly submitted an Extension of Time request to the CPUC relating to the System RA component of the upcoming October 31, 2019 RA compliance deadline. The Commission swiftly denied this request while clarifying that it would continue to count additional System RA procured by LSEs between the October 31 deadline and early January when Commission staff will have completed its review of LSEs year-ahead RA compliance showings. On October 30, 2019, CalCCA submitted a Petition to Modify the previous Decision adopted in Track 3 of this proceeding (D.19-06-026). This Petition seeks to challenge the Commission’s prior conclusion that there is no need for a penalty waiver process for System RA compliance penalties at this time. CalCCA and its members believe the System RA market is tightening, along with the Local RA market, such that a waiver process should be instituted to protect ratepayers from potential abuse of market power by sellers of System RA eligible capacity. We await next steps from the Commission on these numerous issues.

R.18-07-005 – Disconnection OIR – The CPUC is currently considering proposals for disconnection pilots, including pilot programs to address past due balances by the IOUs. CalCCA filed comments on October 28, 2019 requesting that the Commission focus on communities with high disconnection rates, stressing the importance of working with community-based organizations, and the need for CCAs to have better access to information on disconnections in their territories. On November 4, 2019, CalCCA filed reply comments that addressed misconceptions about the role of CCAs in meeting the needs of affected customers and encouraging the Commission to include CCA customers in any pilots.

A.19-06-001 – PG&E 2020 ERRA Forecast – Following the evidentiary hearing on October 2, 2019, PCE staff worked with legal counsel to prepare both opening (on October 21, 2019) and reply legal briefs (on October 31, 2019) further supporting the Joint CCAs' positions within the case to challenge \$820 Million of PG&E's proposed revenue requirement for its generation rates effective January 1, 2020. The next critical step in this case will be PG&E's issuance of its November Update, which will leverage updated market information to refine PG&E's proposed 2020 revenue requirements. The Joint CCAs expect to see several significant changes within this update reflecting three major corrections to PG&E's initial request the Joint CCAs had identified and challenged earlier in the case. PG&E surprisingly agreed with the Joint CCAs on these items which are estimated to amount to a \$605 Million reduction in PG&E's proposed revenue requirement. Once the November Update has been issued, the Joint CCAs will have a very limited window of time to analyze its content before submitting comments ten days later. As such, the Joint CCAs are continuing to push for additional procedural steps, such as further evidentiary hearings, to properly vet the additional factual information introduced in this November Update. This forecast case remains a complex proceeding, much like the prior PG&E 2019 ERRA forecast case, because it involves the further implementation of methodology and policy changes being made by the PCIA rulemaking case. However, Jeremy Waen continues to lead the joint efforts in this docket in order to achieve an outcome consistent with PCE's goals.

Docket No. 16-OIR-05 – AB 1110 Implementation – On October 7, 2019, PCE participated in a hearing on newly modified power source disclosure rules related to implementation of AB 1110, especially around the treatment of GHG-free energy allocations which may require additional procedures beyond those used for traditional contracts used in power source disclosure accounting. On October 28, 2019, CalCCA filed comments at the California Energy Commission as part of the Commission's ongoing implementation of AB 1110. CalCCA supported staff's proposal that boards of directors of public agencies be able to attest to the electricity portfolios offered to their customers and staff's proposal concerning accounting for resources covered by the Cost Allocation Mechanism. CalCCA continued to request that emissions from Portfolio Content Category (PCC) 2 resources continue to be accounted for based on the contracted-for renewable energy resources instead of the substitute power. However, if emissions from PCC 2 resources were to be based off of the substituted power, then the rule should be delayed until December 31, 2019 to allow market participants time to adjust their procurement strategies. CalCCA requested rule changes to improve the treatment of "specified purchases", to improve the treatment of distribution and transmission line losses, and to identify October 1 as the date for power source disclosure mailings to customers, consistent with current practice.

R.19-09-009 – SB 1339 (Stern) Implementation – On September 12, 2019, the Commission approved an Order Instituting Rulemaking (OIR) to begin implementation of SB 1339 (Stern). SB 1339 requires the Commission and CEC to take various actions to promote the deployment of microgrids including the development of tariffs and other mechanisms to facilitate the installation of microgrids. PCE has taken a lead role in engaging in the docket in concert with a broad range of CCAs. On October 21, 2019, PCE and four other CCAs filed opening comments on the OIR. The opening comments encouraged the Commission to focus on interconnection standards for microgrids as studies have identified the lack of interconnection standards as a key barrier to deployment of microgrids. Interest in the docket is very high with over 30 entities filing opening comments on a wide range of topics. On November 4, 2019, PCE and 10 other CCAs filed joint reply comments responding to the opening comments of other parties. Our joint comments encouraged the Commission to develop "use cases" for microgrids as a means to identify and clarify issues to be discussed in the docket, encouraging the Commission to deal

with all issues impacting the deployment of “simple” behind-the-meter microgrids by March 2020 and resolve issues regarding “community-scale” microgrids by April 2020 so stakeholders have time to begin deploying more microgrids in advance of the 2020 wildfire season and table discussions of more complex microgrids until the first two “use cases” are dealt with. The comments also argued that microgrid ownership opportunities should be inclusive of all stakeholders, argued that microgrid standards developed in the docket should be technology neutral, and supported the idea that safety is a primary consideration in developing microgrid standards.

R.19-07-017 – AB 1054 Implementation – On September 23, 2019, the Commission released a proposed decision concerning implementation of the Wildfire Insurance Fund “nonbypassable” charge (NBC). The proposed decision established the revenue requirements for the bonds, established that the revenue shall be collected on a cents per kWh basis from participating IOUs’ customers, and exempted medical baseline, CARE, and continuous direct access customers from the charge. In opening comments filed on September 6, 2019, CCAs had requested that continuous direct access customers be included in the charge because those customers use the transmission and distribution system. NEM customers are treated the same as they currently are for purposes of paying this new NBC. The decision also deals with other aspects of the establishment of the Wildfire Insurance Fund including repayment of funds used to cover wildfire claims by IOU shareholders versus ratepayers (shareholders will pay), administrative and overhead costs, and alleged changes to IOU risk profiles due to the establishment of the fund and alleged disincentives for IOUs to operate in a safe manner due to establishment of the fund. On October 15, 2019, a group of CCAs including PCE, filed an opening brief renewing our request that continuous direct access customers be included in the charge because this outcome is consistent with legislative intent and those customers continue to use the distribution and transmission grid just like all other customers. On October 21, 2019, the group filed reply comments responding to arguments raised by direct access customers that they should be excluded. On October 24, 2019, the Commission voted out the proposed decision without making the change requested by the CCAs.

R.14-07-002 – Net Energy Metering – CPUC staff held a workshop on October 15, 2019 to discuss remaining issues regarding CCA administration of the disadvantaged community solar programs the Commission authorized in August of 2018. The main topic discussed was ideas for cost recovery mechanisms that will allow CCAs to be reimbursed for program costs.

Legislative Advocacy and Outreach

On October 17, 2019, Jan Pepper, Joseph Wiedman, Shayna Barnes, Pradeep Gupta and Donna Colson met with Assemblymember Mullin and his staff to discuss the last legislative session, PCE’s resiliency program development, and the Assemblymember’s views on current energy topics such as the ongoing public safety power shutoffs.

FISCAL IMPACT:

Not applicable.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: Nov. 13, 2019
BOARD MEETING DATE: Nov. 21, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Rafael Reyes, Director of Energy Programs

SUBJECT: Community Programs Report

SUMMARY

The following programs are in progress, and detailed information is provided below:

1. Building and EV Reach Codes
2. Electric Vehicle Charging Incentive Program
3. New EV Dealer Incentive Program
4. Low-Income EV Incentive Program (DriveForward Electric)
5. EV Ride and Drives
6. PCE/EBCE Resilient Solar for Critical Facilities
7. MUD Low-Power EV Charging Pilot
8. Transit and School Buses
9. Community Pilots

DETAIL

1. Building and EV Reach Codes

In a joint project with Silicon Valley Clean Energy (SVCE), PCE is working with local governments to support the adoption of low-carbon and EV ready building reach codes to correlate with the adoption of the 2019 triannual California building code standards. The final measures and the draft code language have been released and are available on the project website (www.PeninsulaReachCodes.org).

The cities of San Mateo and Menlo Park have both adopted codes as of last month and Pacifica has completed its first reading. PCE consultants provided support for each municipality. Engagement with agency staff and Council presentations are ongoing. Most agencies in San Mateo County are considering some kind of reach code. For building electrification the approach taken by Menlo Park has garnered the most interest. On electric vehicle code, approaches vary. Over 30 agencies across San Mateo and Santa Clara counties are exploring reach codes. Below is a sampling of agencies across PCE and SVCE territories:

City	Buildings			Electric Vehicles
	Choice All-Electric or High Efficiency Mixed-Fuel	All-Electric Required with Limited Gas Usage	Natural Gas Ban	
Burlingame		Exploring		EV Ready code (PCE model)
Menlo Park		ADOPTED		Increased EV chargers & EV Capable (2018)
Morgan Hill			ADOPTED	Increased EV chargers & EV Capable (2018)
Mountain View		ADOPTED		Aggressive EV Ready code
Pacifica		FIRST READING		Increased EV chargers (2017)
Palo Alto	ADOPTED			Aggressive EV Ready code
Redwood City		Council OK		EV Ready code (PCE model)
San Mateo	ADOPTED			Increased EV chargers & EV Capable
San Jose		ADOPTED	ADOPTED (low rise)	Increased EV chargers & EV Capable
County of San Mateo		Board OK	Proposed	EV Ready code (PCE model)

* "Council/Board OK" indicates that the governing board has provided supportive direction to staff.

To address concerns over impacts to affordable housing, PCE and SVCE are developing funding support programs for EV infrastructure in affordable housing (to cover costs above state code). Development projects that are 100% affordable in cities with reach codes would be eligible.

2. Electric Vehicle Charging Incentive Program

In December 2018 the Board approved \$16 million over four years for EV charging infrastructure incentives (\$12 million), technical assistance (\$2 million), workforce development (\$1 million), and administrative costs (\$1 million). Subsequent to authorization of funding, PCE successfully applied to the California Energy Commission (CEC) for the CEC to invest an additional \$12 million in San Mateo County for EV charging infrastructure. That application was in conjunction with agencies in Santa Clara County.

The Board delegated execution of contracts with CLEAResult for technical assistance in August and in October with the Center for Sustainable Energy for administration support under the CEC's program known as CALeVIP. Those contracts are undergoing final refinement and execution is expected within the next few weeks.

Of PCE's \$12 million in incentives, \$8 million will be administered under CALeVIP and \$4 million under a dedicated, complementary PCE program. The dedicated PCE program will address critical market segments not addressed by CALeVIP including Level 1 charging, assigned parking in multi-family dwellings, and affordable housing new construction. PCE staff is working on operational readiness for the dedicated program.

Upon execution of partner contracts staff will initiate detailed planning with partners on outreach, technical assistance and related matters to launch the program in 2020.

3. New EV Dealer Incentive Program

This program is one of PCE's two core elements for new EV marketing (the other is the Ride & Drive Program) and is intended to provide time-limited discounts and incentives on EVs to address the up-front cost of which is one of the key barriers to EV adoption.

The program includes participating dealerships which are selected through a competitive process in which dealers were eligible to apply by offering discounts below the Manufacturer's Suggested Retail Price (MSRP) on their EVs. In addition to the discounts offered, PCE provides an added incentive (\$1,000 for battery electric vehicles and \$700 for plug-in hybrids) and a \$250 incentive to participating dealerships per vehicle sold/leased.

In Q4 2018, 120 vehicles were sold/leased yielding an estimated 4,100 tons CO₂ emissions avoided over 10 years and \$120,000+ in annual driver savings.

In April 2019, the Board approved the continuation of the New EV Dealer Incentive Program over the next three years (2019-2021) following a 2018 pilot. Each year, PCE staff will select partner dealerships through a competitive process in which dealerships submit a proposal offering discounts to San Mateo County residents during the promotion period (Oct – Dec of each year). In July 2019, the Board approved delegating authority to the Chief Executive Officer to execute agreements with the selected dealerships. Further detail is available below.

Participating dealerships & vehicles:

Dealer	City	Vehicle
Honda of Serramonte	Colma	Honda Clarity Electric, and Honda Clarity Plug-in Hybrid
Nissan of Burlingame	Burlingame	Nissan Leaf
Peter Pan BMW	San Mateo	BMW i3
Putnam Chevrolet	Burlingame	Chevrolet Bolt
Serramonte Ford	Colma	Ford Fusion Energi
NEW: Stewart Chevrolet	Colma	Chevrolet Bolt

Stewart Chrysler Jeep Dodge Ram	Colma	Chrysler Pacific Hybrid
Toyota 101	Redwood City	Toyota Prius Prime

Discount and incentive amounts vary according to vehicle type, model, make, trim, and year and can be found on the PCE website: <https://www.peninsulacleanenergy.com/EV>

The program included significant marketing to all San Mateo County residents, including three sets of postcards to residential accounts, emails, Comcast TV commercial ad, and online ads.

The program began October 1, 2019 and will run through December 31, 2019. As of November 14, 2019, 44 vehicles have been sold/leased through the program. Though total vehicle uptake over the promotion period is difficult to project, PCE anticipates higher participation this year and in future years due to a larger number of participating dealers (giving customers more vehicle choices) and higher awareness of the program. Staff's target is to reach a minimum of 250 vehicles this year.

4. Low-Income EV Incentive Program (DriveForward Electric)

Launched in March 2019, the DriveForward Electric program provides an incentive up to \$4,000 for the purchase of used plug-in hybrid electric vehicles (PHEVs) and full battery electric vehicles (BEVs) to low- and moderate- income San Mateo County residents with access to a standard outlet at home or at work. The incentives may be combined with other programs such as Clean Cars for All from the Bay Area Air Quality Management District. When combined with another program, PCE offers \$2,000 as a follow-on rebate.

PCE offers this incentive through Peninsula Family Service's (PFS) DriveForward program, which is a robust program that provides financial coaching and access to financing to help participants purchase reliable used vehicles. Incentive funds are intended to be administered by PFS and to be paid as a check to the dealership as a vehicle down payment from the participant.

PCE has a program web page available at [peninsulacleanenergy.com/driveforwardelectric/](https://www.peninsulacleanenergy.com/driveforwardelectric/). The program has been live for over six months but with some lessons learned and a dynamic landscape of low income EV incentive programs available, some changes have been implemented to the program. Key metrics:

- Vehicles sold to-date: 24
- Estimated CO2 emissions avoided over 10 years: 150,000 tons
- Estimated annual total participant savings: \$44,000+

5. EV Ride & Drives

This program is one of PCE's two core elements for new EV marketing (the other is the New EV Dealer Incentive Program). It provides for community and corporate events in which community members can test drive a range of EVs. Five events were held in 2018. In February 2019, the Board approved ramping up the program with a 3-year program intended to yield 10 to 25 events per year and to significantly increase social media visibility. PCE has completed nine events, with three more scheduled thus far for 2019. The following tables summarize all events to date, number of EV experiences, and scheduled events.

2019 completed events:

Event	Type	Date	EV experiences*
STEAM Fest	Community	April 27, 2019	125
Genentech	Workplace	April 29, 2019	255
Visa	Workplace	May 8, 2019	261
Colma Community Fair	Community	July 13, 2019	67
Facebook Community Festival	Community	August 17, 2019	287
Burlingame on the Avenue	Community	August 18, 2019	107
Oracle	Workplace	August 21, 2019	172
Foster City Summer Days	Community	August 24, 2019	152
San Mateo County Center /Downtown Redwood City	Workplace/Community	September 10, 2019	83
Burlingame Fall Fest	Community	October 26, 2019	45
Illumina Campus	Workplace	November 5, 2019	165
TOTAL			1719

*EV experiences refer to the total number of test drives and passenger rides.

Scheduled events:

Event	Type	Date
Millbrae Disaster Preparedness Day	Community	November 16, 2019
YouTube	Workplace	December 3, 2019
Oracle (2 nd event)	Workplace	December 17, 2019

Events include pre-test drive, post-test drive, and six-month trailing surveys to document changes in customer perception towards EVs and actions taken after the EV experience. Key findings from those surveys, from 2018 and 2019 events, are summarized below:

Day-of Survey Results:

Sample pool: 1,223 pre-test drive respondents, 759 post-test drive respondents

Metric	Result
Identified as San Mateo County residents	53%
Had their first EV experience at event	65%
Stated their overall opinion of EVs is better or somewhat better after test drive	89%

Six-month trailing survey:

Sample pool: 132 respondents (32% response rate)

Metric	Result
Acquired an EV after the event	23% (30 total: 23 purchases, 7 leases)
Of those who didn't acquire an EV, those who said they would "definitely" or "likely" acquire an EV as their next vehicle	81%

6. Resilient Solar for Critical Facilities

In Q3 2018, East Bay Community Energy (EBCE), in partnership with Peninsula Clean Energy (PCE), was awarded a Bay Area Air Quality Management District grant for a scoping study to identify community shelter critical facilities in the counties of Alameda and San Mateo. These counties provide emergency services during natural disasters and do preliminary assessments for solar+storage resilience projects. Solar+storage at critical facilities can provide a cleaner and more reliable power source than diesel generators and reduce operating costs for the facilities.

This a \$300k, 12-month scoping project that will: 1) identify a subset of critical facilities in San Mateo and Alameda counties that serve as community shelters and/or emergency response hubs during disasters (e.g. police and fire depts, recreation centers, libraries, etc); 2) narrow down that list to select priority sites based on some criteria and conduct some assessments at a subset of those sites that are representative of the entire list; 3) develop a financial model (e.g. rate design or financial incentive) that results in affordable and widespread deployment of resilient solar systems; and 4) design and assist in the collective procurement for solar+storage installations at priority critical facilities to reduce costs for interested agencies.

This project has initiated, and PCE has collected sites from 13 municipalities to serve as a preliminary list of prospective facilities. A subset of representative sites will be selected for more detailed assessment. The overall project potential will serve as a basis for assessing the full scope of a prospective procurement. In tandem with this study, PCE is making an effort to speak with each other municipality in our County to understand their resiliency needs and efforts.

This project is managed within the Power Resources team.

7. MUD Low-Power EV Charging Pilot

This pilot program will foster new low-power charging technology solutions, pilot them in multi-unit dwellings (MUDs), and assess the technologies and document the results. Energy Solutions was selected as the consultant partner as part of a competitive bid process. The contract was executed in July, and the project was kicked off in August. Energy Solutions has drafted an outreach plan to engage stakeholders, including various MUD operators, and assess the current market of known technologies.

8. Transit and School Buses

PCE has been engaged with SamTrans and school districts on electric buses. With SamTrans, PCE has been participating in SamTrans' bus electrification taskforce. PCE is conducting an analysis of potential cost savings through managed charging. Significant considerations exist in relation to SamTrans' duty cycle, which is still under analysis by SamTrans, the prospective Commercial EV rate schedule PG&E has proposed to the Public Utilities Commission, and a possible storage strategy.

On school bus electrification, PCE facilitated, last year, the submission of funding applications with the California Energy Commission (CEC) for electric buses and associated infrastructure for Ravenswood School District and Redwood City School District. In July, the CEC awarded 3 buses for each of those school districts. PCE will engage with the school districts to determine how best to further support the districts on deployment and implementation.

9. Community Pilots

PCE awarded grants of up to \$75,000 each for six innovative local pilot projects to reduce greenhouse gas emissions, support low-income customers, and advance electric transportation. Below is the status of each pilot project:

Pilot	Status
Refrigerator Recycling – ARCA Old refrigerator recycling program to capture high impact GHG sources.	Program live since mid-April. 111 requests have been made as of end of October (87 units collected, 24 pending collection). Program will run until 350 units are recycled. Website: www.peninsulacleanenergy.com/fridge
Peninsula Climate Comfort – Ardenna Pilot for electrification retrofits for up to 5 homes for in-depth technical and	Application closed April 7. 62 complete applications received. Ardenna has selected 5 case study participants. Homes are located in San Mateo, Brisbane, East Palo Alto, Redwood City, and Burlingame and have

financial assessment as development of financing strategy.	diverse attributes (age, size, etc.). Feasibility assessments have been received by each home and homeowners have received contractor quotes and are deciding on what upgrades to move forward with (if any). Website: www.climate-comfort.com
Healthy Home Connect – Build It Green Upgrade 10-16 low-income homes that would otherwise be disqualified from existing energy saving assistance programs using PCE gap funding.	Outreach and Hayward Score assessments on 35 homes has been completed. Program will provide healthy home upgrades & remediations to 10-16 homes. Build it Green has completed work in ~7 homes and is narrowing down 3-9 additional homes to receive funding.
Community Resiliency at Faith Institutions – Interfaith Power & Light Recruit and develop plans to equip select number of faith institutions to be community hubs with clean energy back up power.	1 site executed MOU to participate in program and 2 sites have MOUs in-progress. 2 sites in bid process for solar plus storage with expectation to select bid by end of October and execution of MOUs following bid selection.
Low to Moderate Income Community Car Sharing Deploy a select number of battery electric vehicles (EVs) to be used for car sharing within a low to moderate income community apartment complex.	Contracting between PCE and Envoy is still underway. Envoy identified promising candidate site in East Palo Alto. Potential to incorporate CEC funded vehicles via grant received by Envoy.
A Roadmap for Municipal Green Fleets – County Office of Sustainability Develop a clean fuel fleet toolkit for local governments, acquire pilot vehicles and scooters, and provide technical assistance to jurisdictions interested in electrifying their fleets.	Identified a hybrid vehicle (25 e-mi range) for San Mateo County Sheriff use and 8 e-bikes to be sourced for Parks department to replace current diesel vehicles. Feasibility assessments to be provided to local cities to assist in identifying appropriate vehicles to be replaced with EVs.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: November 7, 2019

BOARD MEETING DATE: November 21, 2019

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 – November 2019

BACKGROUND:

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

DISCUSSION:

The table below summarizes the contracts that have been entered into by the CEO in accordance with the following policy since the last board meeting.

Execution Month	Purpose	Counterparty	Term
October	Purchase of Energy Hedge	Direct Energy Business Marketing, LLC	13 months
October	Purchase of Energy Hedge	Morgan Stanley Capital Group Inc.	1 year
October	Purchase of Resource Adequacy	City of Roseville	1 year
October	Purchase of Resource Adequacy	Direct Energy Business Marketing, LLC	4 months
October	Purchase of Resource Adequacy	Marin Clean Energy	4 months
October	Sale of Resource Adequacy	Marin Clean Energy	3 months

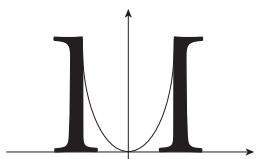
October	Purchase of Resource Adequacy	Marin Clean Energy	7 months
October	Purchase of Resource Adequacy	Marin Clean Energy	2 months
October	Purchase of Resource Adequacy	Southern California Edison	3 years
October	Sale of Resource Adequacy	Southern California Edison	3 years
October	Purchase of Resource Adequacy	Southern California Edison	4 months
October	Sale of Resource Adequacy	Southern California Edison	4 months
October	Purchase of Resource Adequacy	Southern California Edison	10 months
October	Purchase of Resource Adequacy	Southern California Edison	3 months
October	Purchase of Resource Adequacy	Southern California Edison	2 years
October	Purchase of Resource Adequacy	Alameda Municipal Power	4 months
October	Sale of Resource Adequacy	City of San Jose	3 months
October	Purchase of Resource Adequacy	City of San Jose	3 months
October	Sale of Resource Adequacy	City of San Jose	3 months
October	Purchase of Resource Adequacy	NRG Power Marketing, LLC	1 year
October	Purchase of Resource Adequacy	City of Santa Clara	3 months
October	Sale of Resource Adequacy	City of Santa Clara	1 month
October	Purchase of Resource Adequacy	EDF Trading North America, LLC	1 month
October	Purchase of Resource Adequacy	EDF Trading North America, LLC	1 year
October	Purchase of Resource Adequacy	Sacramento Municipal Utility District	1 year
October	Purchase of Resource Adequacy	Sacramento Municipal Utility District	1 year
October	Purchase of Resource Adequacy	Monterey Bay Community Power	1 month
October	Sale of Resource Adequacy	Monterey Bay Community Power	2 months

October	Purchase of Resource Adequacy	Monterey Bay Community Power	14 months
October	Sale of Resource Adequacy	Monterey Bay Community Power	14 months
October	Purchase of Resource Adequacy	Shell Energy North America (US), L.P.,	11 months
October	Purchase of Resource Adequacy	Dynegy Marketing and Trade, LLC	1 year
October	Sale of Resource Adequacy	East Bay Community Energy	11 months
October	Purchase of Resource Adequacy	East Bay Community Energy	6 months
October	Sale of Resource Adequacy	East Bay Community Energy	6 months
October	Purchase of Resource Adequacy	East Bay Community Energy	1 month
October	Purchase of Resource Adequacy	Sonoma Clean Power	10 months
October	Purchase of Resource Adequacy	Sonoma Clean Power	2 years
October	Purchase of Resource Adequacy	Sonoma Clean Power	3 months
October	Sale of Resource Adequacy	Sonoma Clean Power	2 years
October	Sale of Resource Adequacy	Sonoma Clean Power	1 year
October	Sale of Resource Adequacy	Sonoma Clean Power	1 month
October	Purchase of Resource Adequacy	Silicon Valley Clean Energy	6 months
October	Sale of Resource Adequacy	Silicon Valley Clean Energy	3 months
October	Purchase of Resource Adequacy	Silicon Valley Clean Energy	1 month
October	Purchase of Resource Adequacy	The Energy Authority	2 years
October	Purchase of Resource Adequacy	Calpine Energy Services, LP	3 months
October	Purchase of Resource Adequacy	Ohm Connect	1 month
October	Purchase of Resource Adequacy	Pacific Gas & Electric Company	1.5 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.



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying financial statements of Peninsula Clean Energy Authority (PCE), a California Joint Powers Authority, which comprise the statement of net position as of September 30, 2019, and the statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended, 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 note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. PCE's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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

Maher Accountancy

San Rafael, CA
October 31, 2019



PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of September 30, 2019

ASSETS

Current assets

Cash and cash equivalents	\$ 31,681,034
Accounts receivable, net of allowance	27,952,863
Investments	110,771,125
Other receivables	218,462
Accrued revenue	16,521,548
Prepaid expenses	1,947,952
Deposits	275,570
Restricted cash	13,038,299
Total current assets	<u>202,406,853</u>

Noncurrent assets

Capital assets, net of depreciation	347,497
Deposits	135,355
Total noncurrent assets	<u>482,852</u>
Total assets	<u>202,889,705</u>

LIABILITIES

Current liabilities

Accounts payable	976,756
Accrued cost of electricity	27,241,608
Accrued payroll	232,895
Other accrued liabilities	214,637
Supplier deposits - energy suppliers	3,720,987
User taxes and energy surcharges due to other governments	1,000,805
Total current liabilities	<u>33,387,688</u>

Noncurrent liabilities

Supplier deposits - energy suppliers	1,564,605
Total liabilities	<u>34,952,293</u>

NET POSITION

Investment in capital assets	347,497
Restricted for security collateral	13,038,299
Unrestricted	154,551,616
Total net position	<u><u>\$ 167,937,412</u></u>

PENINSULA CLEAN ENERGY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

July 1, 2019 through September 30, 2019

OPERATING REVENUES

Electricity sales, net	\$ 84,645,599
Green electricity premium	692,523
Total operating revenues	<u>85,338,122</u>

OPERATING EXPENSES

Cost of electricity	54,749,076
Staff compensation and benefits	904,479
Data manager	950,257
Service fees - PG&E	313,306
Consultants and other professional fees	322,891
Legal & legislative services	268,323
Communications and noticing	230,300
General and administration	326,201
Program incentives	54,000
Depreciation	22,179
Total operating expenses	<u>58,141,012</u>
Operating income (loss)	<u>27,197,110</u>

NONOPERATING REVENUES (EXPENSES)

Miscellaneous income	1,846
Interest and investment income	622,328
Interest and related expense	(23,000)
Total nonoperating revenues (expenses)	<u>601,174</u>

CHANGE IN NET POSITION

	27,798,284
Net position at beginning of period	<u>140,139,128</u>
Net position at end of period	<u>\$ 167,937,412</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS

July 1, 2019 through September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 81,132,701
Receipts from supplier security deposits	8,137
Tax and surcharge receipts from customers	1,343,107
Payments to purchase electricity	(49,552,497)
Payments for staff compensation and benefits	(893,044)
Payments for data manager	(950,821)
Payments for service fees - PG&E	(208,771)
Payments for consultants and other professional fees	(432,127)
Payments for legal services	(294,252)
Payments for communications and noticing	(197,680)
Payments for general and administration	(328,568)
Payments for program incentives	(55,132)
Payments for return of supplier security deposits	(600,000)
Tax and surcharge payments to other governments	(1,249,871)
Net cash provided (used) by operating activities	<u>27,721,182</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Interest and related expense payments	<u>(23,000)</u>
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**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition of capital assets	<u>(55,468)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment sales	36,077,207
Investment income received	487,645
Purchase of investments	(81,527,676)
Net cash provided (used) by investing activities	<u>(44,962,824)</u>

Net change in cash and cash equivalents	(17,320,110)
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Cash and cash equivalents at beginning of period	62,039,443
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Cash and cash equivalents at end of period	<u><u>\$ 44,719,333</u></u>
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Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 31,681,034
Restricted cash	13,038,299
Cash and cash equivalents	<u><u>\$ 44,719,333</u></u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (continued)

July 1, 2019 through September 30, 2019

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

Operating income (loss)	\$ 27,197,110
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	22,180
Revenue reduced for uncollectible accounts	231,036
Nonoperating miscellaneous income	1,846
(Increase) decrease in accounts receivable	(4,122,026)
(Increase) decrease in other receivables	21,425
(Increase) decrease in accrued revenue	(360,127)
(Increase) decrease in prepaid expenses	2,361,666
Increase (decrease) in accounts payable	(50,418)
Increase (decrease) in accrued payroll and related	14,470
Increase (decrease) in accrued cost of electricity	2,812,652
Increase (decrease) in accrued liabilities	44,299
Increase (decrease) in user taxes and energy surcharges due to other governments	138,932
Increase (decrease) in supplier security deposits	(591,863)
Net cash provided (used) by operating activities	<u>\$ 27,721,182</u>