REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, May 28, 2020
6:30 pm

PLEASE NOTE: for Video conference: https://meetings.ringcentral.com/j/1498429710
for Audio conference: dial 1-623-404-9000, or 1-773-231-9226,
then enter the Meeting ID: 149 842 9710 followed by #
You will be instructed to enter your participant ID followed by #.
NOTE: Please see attached document for additional detailed teleconference instructions.

PCEA shall make every effort to ensure that its video conferenced meetings are accessible to people with disabilities as required by Governor Newsom's March 17, 2020 Executive Order N-29-20. 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 PCEA to make best efforts to reasonably accommodate accessibility to this meeting and the materials related to it.

If you wish to speak to the Board, please use the "Raise Your Hand" function on the Ring Central platform. If you have anything that you wish to be distributed to the Board and included in the official record, please send to abartoletti@peninsulacleanenergy.com.

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 shall be given an opportunity to do so by the Board Chair during the videoconference meeting. 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. Appointments to the Executive Committee and other Standing Committees (Action)
6. Appointments to the Citizens Advisory Committee (Action)
7. Review Draft Fiscal Year 2020-2021 Budget (Discussion)
8. Approve PG&E GHG-free Allocation (Action)
9. Approve Expenditure of up to $500,000 for Portable Battery Program for Medically Vulnerable Customers (Action)
10. Approve Existing Buildings Electrification Program (Action)
11. Background on Integrated Resource Plan (IRP) Process (Discussion)
12. Board Members' Reports (Discussion)

CONSENT AGENDA

13. Authorize an Amendment to Contract with Scheduling Coordinator for PPA Resources in an amount not to exceed $180,000 (Action)
14. Authorize an Amendment to the Agreement Between the Peninusla Clean Energy Authority and Keyes & Fox LLP, and to Increase the Amount by $300,000 (Action)
15. Approve Updated PCE Policy 19 (Investment Policy) (Action)
16. Approve Picenti & Brinker as Auditor for Fiscal Year (FY) 2019-2020 and FY2020-2021 (Action)
17. Approve Attendance Policy for Citizens Advisory Committee (Action)
18. Approval of the Minutes for the April 23, 2020 Meeting (Action)

INFORMATION ONLY REPORTS

19. Marketing and Outreach Report

20. Regulatory and Legislative Report

21. Community Energy Programs Report

22. Procurement Report

23. Resiliency Strategy Report

24. 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 located at: http://www.peninsulacleanenergy.com.

Instructions for Joining a RingCentral Meeting via Computer or Phone

Best Practices:

- Please mute your microphone when you are not speaking to minimize audio feedback
- If possible, utilize headphones or ear buds to minimize audio feedback
- If participating via videoconference, audio quality is often better if you use the dial-in option (Option 1 below) rather than your computer audio

Options for Joining

A. **Videoconference with Phone Call Audio (*Recommended*) – see Option 1 below**
B. **Videoconference with Computer Audio – see Option 2 below**
C. **Calling in from iPhone using one-tap – see Option 3 below**
D. **Calling in via Telephone/Landline – see Option 4 below**

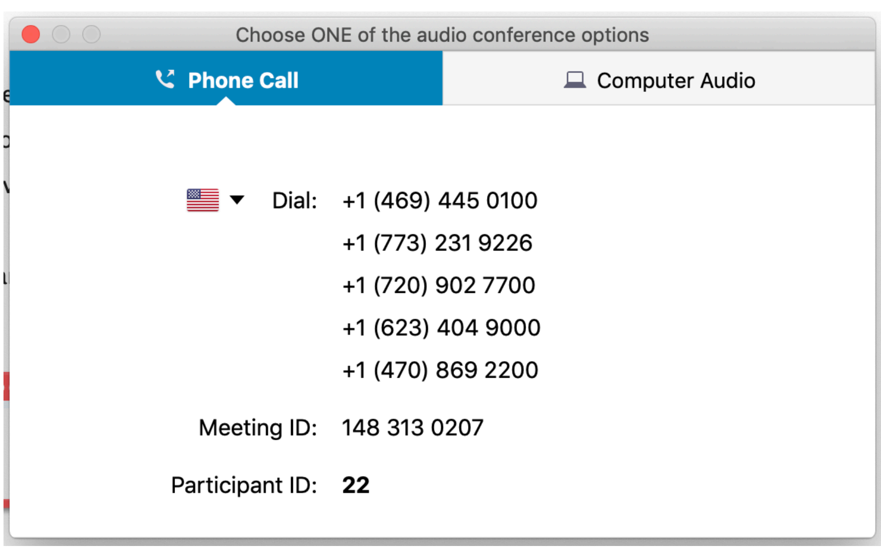
Videoconference Options:

Prior to the meeting, we recommend that you install the RingCentral Meetings application on your computer by clicking here: https://www.ringcentral.com/apps/rc-meetings

If you want full capabilities for videoconferencing (audio, video, screensharing) you must download the RingCentral application.

Option 1 Videoconference with Phone Call Audio (Recommended):

1. From your computer, click on the following link:
   https://meetings.ringcentral.com/j/1498429710
2. The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.
3. After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Phone Call option at the top of the pop-up screen.

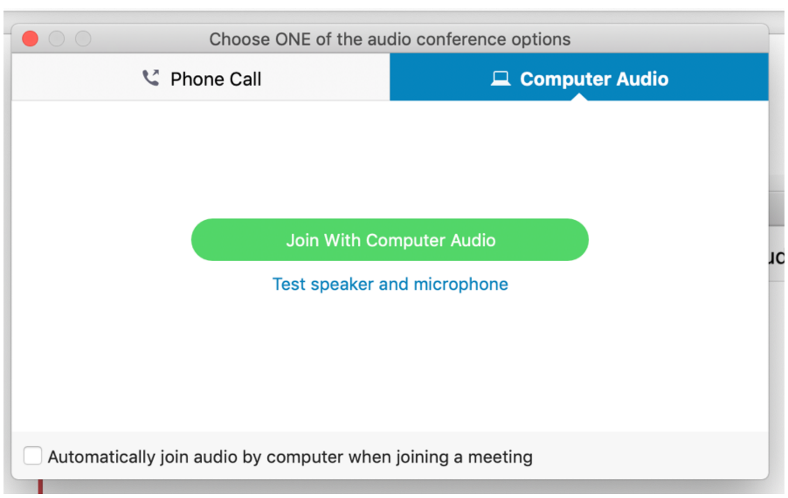


IMPORTANT: Please do not use the Participant ID that is in the picture to the left. Enter the Participant ID that appears on your own personal pop-up.

4. Please dial one of the phone numbers for the meeting (it does not matter which one):
   +1 (623) 404 9000
   +1 (469) 445 0100
   +1 (773) 231 9226
   +1 (720) 902 7700
   +1 (470) 869 2200
5. You will be instructed to enter the meeting ID: **149 842 9710 followed by #**
6. You will be instructed to enter in your **Participant ID followed by #.** Your Participant ID is unique to you and is what connects your phone number to your RingCentral account.
7. After a few seconds, your phone audio should be connected to the RingCentral application on your computer.
8. In order to enable video, click on "Start Video" in the bottom left hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

Option 2 Videoconference with Computer Audio:

1. From your computer, click on the following link: https://meetings.ringcentral.com/j/1498429710
2. The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.
3. After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Computer Audio option at the top of the pop-up screen.



4. Click the green **Join With Computer** Audio button
5. In order to enable video, click on "Start Video" in the bottom left hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

Audio Only Options:

Please note that if you call in/use the audio only option, you will not be able to see the speakers or any presentation materials in real time.

Option 3: Calling in from iPhone using one-tap

Click on one of the following “one-tap” numbers from your iPhone. Any number will work, but dial by your location for better audio quality:

+1(623)4049000,,1498429710# (US West)

+1(720)9027700,,1498429710# (US Central)
+1(773)2319226,,1498429710# (US North)
+1(469)4450100,,1498429710# (US South)
+1(470)8692200,,1498429710# (US East)

This is the call-in number followed by the meeting ID. Your iPhone will dial both numbers for you.

You will be instructed to **enter your participant ID followed by #**

If you do not have a participant ID or do not know it, you can stay on the line and you will automatically join the meeting

Option 4: Calling in via Telephone/Landline:

Dial a following number based off of your location:

+1(623)4049000 (US West)

+1(720)9027700 (US Central)
+1(773)2319226 (US North)
+1(469)4450100 (US South)
+1(470)8692200 (US East)

You will be instructed to enter the **meeting ID: 149 842 9710 followed by #**

You will be instructed to enter your **participant ID followed by #**.

If you do not have a participant ID or do not know it, you can stay on the line and you will automatically join the meeting.

PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: May 21, 2020
BOARD MEETING DATE: May 28, 2020
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 welcome Matthew Rutherford, who will be joining PCE as a Regulatory Analyst on June 15, 2020.

Greg Miller, an Energy Systems PhD student at UC Davis, will be joining PCE as a summer intern. Greg will conduct research regarding how to meet our 24x7 renewable energy goal by 2025 and write a report on his results.

Impact of COVID-19 Crisis on PCE and what we are doing

A verbal report will be provided at the Board of Directors meeting, including changes in Peninsula Clean Energy load.

Calculation of Avoided Greenhouse Gas Emissions due to PCE's Power Content

A verbal report will be provided at the Board of Directors meeting.

PG&E Bankruptcy Update

A verbal report will be provided at the Board of Directors meeting.

Other Meetings and Events Attended by CEO

Gave guest lecture on May 14, 2020 to Stanford graduate civil engineering class "Advanced Topics in Integrated, Energy Efficient Building Design" focusing on the California energy industry and PCE's goal to deliver 100% renewable energy on a time-coincident basis by 2025.

Participate in weekly and monthly CalCCA board meetings

Participate in MAG5 meetings

Call in to regular COVID-19 update calls with County health officials

PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: May 15, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

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

FROM: Subcommittee on Citizens Advisory Committee Recruitment

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

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

BACKGROUND:
On February 23, 2017, the PCE Board of Directors approved a proposal and a resolution approving the formation of a Citizens Advisory Committee (CAC) and indicating that it should consist of11 to 15 members. On May 24, 2017, the PCE Board of Directors appointed 15 members to the Citizens Advisory Committee (CAC).

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

In 2017, there were five CAC members who were assigned to three-year terms. Of these five members who were originally assigned three-year terms, four of them, Michael Closson, Desiree Thayer, Scott Harmon, and James Ruigomez, notified staff in March and April 2020 that they would like to be considered for re-appointment for another term. The fifth CAC member originally assigned a three-year term, Gladwyn D’Souza, did not seek re-appointment. CAC members seeking re-appointment were asked to submit a one-page letter explaining why they would like to serve on the CAC for another three years.

Peninsula Clean Energy staff also publicly solicited applications during the period of March 5, 2020 through April 12, 2020 to gather a pool of potential appointees. Applications were reviewed and candidates were interviewed on April 23, 2020 and May 1, 2020 by committee of the Board of Directors consisting of Carole Groom, Wayne Lee, and Marty Medina. CAC members seeking re-appointment were evaluated amongst the new pool of applicants, with history of CAC meeting attendance taken into account.

Discussion:

The subcommittee on Citizens Advisory Committee Recruitment recommends that the PCE Board of Directors reappoint two members whose three-year terms expired in May. These members are Michael Closson from Menlo Park and Desiree Thayer from Burlingame. The subcommittee on Citizens Advisory Committee Recruitment is also recommending the Board appoint Kathryn Green from San Mateo, Terri Givens from Unincorporated San Mateo County, and Tim Bussiek from Belmont as new appointees. More information on their qualifications is included in Attachment 1 to the Resolution accompanying this memo.

RESOLUTION NO. ____________

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * * *

RESOLUTION APPOINTING MEMBERS TO THE PENINSULA CLEAN ENERGY AUTHORITY CITIZENS ADVISORY COMMITTEE (CAC)

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

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

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

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

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

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

WHEREAS, there are five members whose terms are expiring in May 2020 and who are eligible for reappointment, and

WHEREAS, four members of the CAC sought reappointment, and

WHEREAS, the Board publicly solicited applications for the Citizens Advisory Committee during the period of March 5, 2020 through April 12, 2020, these applications were reviewed by the subcommittee, and that subcommittee has recommended specific applicants for appointment.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board appoints the individuals listed in Attachment 1 hereto as members of the Citizens Advisory Committee for the term 2020-2023.

* * * * * *

Attachment 1

May 2020 Recommendations for Appointment to the PCE Citizens Advisory Committee

Term (years)	**First Name**	**Last Name**	**City**	**Key Strength(s)**	**Selected Background**
3 *renewed term 2020-2023*	Michael	Closson	Menlo Park	Technical	Former CAC Chair. Advocated for CCA in San Mateo County through Sierra Club, San Mateo Community Choice, and Menlo Spark. Served on original PCE formation committee. Former ED of Acterra, developed Green@Home residential energy efficiency program.
3 *renewed term* *2020-2023*	Desiree	Thayer	Burlingame	Outreach, Legislative, Technical (Education)	Current CAC Chair. Active in Burlingame Citizens Environmental Council youth leadership programs with San Mateo County Department of Education. Volunteered on PCE business outreach. Extensive outreach and legislative volunteer experience through Oxfam.
3 *new term* *2020-2023*	Kathryn	Green	San Mateo	Technical, Advocacy, Legislative	Research Analyst for DNV GL. Has experience evaluating energy efficiency programs for utilities and conducting market research on demand response, policy, EV accessibility, and other energy related issues. Is a volunteer Adult Literacy tutor with San Mateo's Project Read, and has experience lobbying and advocating on behalf of an environmental non-profit in Sacramento.
3 *new term* *2020-2023*	Terri	Givens	Unincorporated County	Outreach, Technical (Education)	CEO and Founder at the Center for Higher Education Leadership. Has been a member of many local community nonprofit boards including Boys and Girls Club and advises organizations on education issues. Has worked for Sierra Club Foundation.

3 *new term* *2020-2023*	Tim	Bussiek	Belmont	Outreach	CEO of Hi-flier, started Green New Deal San Mateo initiative in September 2019. Passionate about climate action. Has a background in economics and marketing.

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: May 12, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Andy Stern, Chief Financial Officer

SUBJECT: Draft FY2020-2021 Budget (Discussion)

Summary:
A presentation covering a draft Budget for the Fiscal Year FY2020-2021 will be presented at the meeting.

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: May 20, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Siobhan Doherty, Director of Power Resources

SUBJECT: Approve Interim Allocation of Large Hydro from PG&E to Peninsula Clean Energy (Action)

RECOMMENDATION:

Direct Peninsula Clean Energy staff to accept the interim large hydro allocation from PG&E, but not to accept the nuclear allocation.

BACKGROUND

Peninsula Clean Energy has set a goal for 2020 to serve customers with 95% GHG-free energy. Fifty percent of PCE's GHG-free energy portfolio are resources that qualify as renewable energy under the state's renewable portfolio standard program (RPS) and 45% are resources that do not qualify under the RPS but are considered GHG-free. Large hydro and nuclear do not emit any GHG emissions, but do not qualify under the state's RPS.

PG&E owns or contracts for GHG-free resources (including large hydro and nuclear from Diablo Canyon Power Plant). PG&E has been able to count these resources on its power content label (PCL) to meet its GHG-free targets. Load serving entities (LSEs), on the other hand, have been paying for those same assets through the PCIA, yet do not receive any of the GHG-free benefits through the PCL.

In mid-2019, CCAs approached PG&E to discuss whether PG&E would be agreeable to selling energy from their large hydro facilities.[1] PG&E ultimately refused to make sales

[1] Large hydro and nuclear resources count as GHG-free on the power content label (PCL), and investor-owned utilities (IOUs) have been benefiting from counting those resources to meet their GHG-free targets. LSEs, on the

in 2019, but subsequently approached CCAs and offered to allocate GHG-free resources (nuclear and large hydro) to CCAs and other eligible load serving entities (LSEs).

There is a separate, similar effort occurring in the Power Charge Indifference Adjustment (PCIA) Phase 2 Working Group 3 (WG 3) that is focusing on the allocation of GHG-free energy, among other things. Since the PCIA effort is expected to take effect in 2021, the allocation we are discussing here is meant as an **interim approach for 2020 only** until PCIA decisions are finalized.

Interim Proposal

The key elements of the interim proposal are:

- Limited in time to 2020
- Limited in the resources to which it applies:
    - In-state
    - Large hydroelectric
    - Nuclear
- Only available to retail suppliers whose customers pay PCIA with large hydroelectric and nuclear in their PCIA vintage
- Requires active agreement between retail suppliers to offer and to take generation
- No payment required

There is no obligation to accept this allocation of GHG-free energy. An LSE can choose to accept neither resource pool, one or the other, or both. Any unallocated amounts will revert back to PG&E to use or dispose as it sees fit pursuant to applicable law.

The PCIA is a non-bypassable charge set annually by the CPUC. The interim proposal and allocation mechanism, and whether Peninsula Clean Energy accepts an allocation, has no impact at all on PCIA charges. Regardless of what happens with the allocation mechanism, all customers, Peninsula Clean Energy customers included, pay for, and will continue to pay for, PG&E large hydroelectric and nuclear generation costs through the PCIA.

This allocation is only available to an LSE (as defined in the CAISO Tariff) and that (1) has forecasted load identified in PG&E's Energy Resource Recovery Account (ERRA) Forecast Application (ERRA Forecast Departed Load) for the calendar year in which the Allocation Amount is accepted; and (2) serves customers who pay the PCIA departing load charges for the above market costs of Resources.

In exchange for the allocation by PG&E, the receiving LSE "will waive their ability to make petitions, arguments or filings at the CPUC or at the California State Legislature regarding PG&E not offering any allocation, sale or transfer of Carbon Free Energy or

---

other hand, have been paying for those same assets through PCIA, yet do not receive any of the GHG-free benefits through the PCL.

attributes for the period that the eligible LSE accepts the offer. Neither PG&E nor the eligible LSEs will be required to post credit or collateral."

Timeline and Regulatory Process

On December 2, 2019, PG&E filed a Tier 3 Advice Letter and requested that the CPUC issue a final resolution by February 1, 2020. The interim proposal will only become effective upon CPUC approval of this Advice Letter and will remain in effect until the earlier of the effective date of a CPUC action on the PCIA Proposal Rulemaking (R.17-06-026) ordering an alternative methodology (PCIA Decision) and December 31, 2020. In practice, this means through 2020.

The Advice Letter was approved by the CPUC on May 7, 2020. PG&E provided the written letter with their allocation offer to PCE on May 21, a copy of which is attached. Per the letter, PCE has until June 20 (30 days) to accept the allocation. Once accepted, PG&E will execute a contract within 15 days. Based on this timeline, we expect PG&E to start delivering PCE's selected allocation around July 1, 2020.

Under the interim proposal, PG&E will allocate to each eligible LSE its load share of large hydro (hydro pool) and/or nuclear resources (nuclear pool) based on an LSE's election. Staff estimates the allocation PG&E is offering to Peninsula Clean Energy is the following:

- 156,012 MWh of large hydroelectric power
- 421,495 MWh of nuclear power

These estimates assume that we start receiving deliveries from PG&E on July 1, 2020. The large hydro forecast is based on an analysis of the relationship between historic snowpack volumes and generation. The nuclear forecast is based on 2018 generation.

The volume that each LSE receives will ultimately depend on the volume of electricity generated by each resource pool in 2020 and the proportion of PG&E's load served by the LSE. PG&E has identified public historical production data for each resource pool and will provide actual generation on a monthly or quarterly basis approximately 55 days following the end of the month or quarter in order for LSEs to forecast and keep track of allocation amounts. Additionally, PG&E will provide each LSE with an annual attestation confirming actual year-end totals of generation from the Resource Pool(s) and notify the California Energy Commission of the sale of the Product for purposes of PCL reporting. Hence we will not know the total actual amounts received during this six month time period until 55 days after December 31, 2020.

DISCUSSION

In January 2020, staff presented a recommendation to the Board regarding the interim allocation of 2020 GHG-free resources from PG&E to load serving entities (LSEs) including CCAs. That recommendation was to accept the large hydro allocation and to reject the nuclear allocation.

Since that initial presentation, there have been several changes:

- The actual amounts to be received from PG&E have decreased due to the delay in the California Public Utilities Commission approval of PG&E's Advice Letter – the initial expectation was that allocations would start in February 2020 and now they will start in July 2020.
- Peninsula Clean Energy's load forecast for calendar year 2020 has decreased due to the COVID-19 pandemic shelter-in-place, resulting in decreased need for GHG-free resources.
- The market price for GHG-free resources has dropped considerably due to decreased demand. The cost savings associated with accepting the nuclear allocation has decreased ten-fold from an expected $5.6 million to about $500,000 or less.
- Market research results raise concerns about damage to the PCE brand by including the nuclear in our product mix. The potential reputational risk from accepting the nuclear allocation as part of our GHG-free target is greater than the potential savings that would result from accepting this allocation.

PROCUREMENT STATUS AND FISCAL IMPACT

The attached spreadsheet outlines the change in the load forecast and procurement status from the discussion in January until today. Column C is the January estimate, Column D is the estimate presented to the Executive Committee and Audit and Finance Committee on May 11. Based on input from the Audit and Finance Committee, staff revised the load forecast to that shown in Column E, which is the current expected load forecast upon which PCE is building its budget. Column F is the load forecast based on actual meter readings to date for January through March 2020.

The first line (Line 3 of the spreadsheet) is the Total PCE load for calendar year 2020. The current load forecast (Column E) shows a 10% decrease in load compared to the original pre-COVID forecast (Column C).

Lines 4 and 5 break out the load forecast between PCE's two products: ECOplus and ECO100. ECOplus consists of 50% renewable and ECO100 consists of 100% renewable. Line 7 calculates the total annual renewable energy needed to fulfill the 50% renewable portion of ECOplus and Line 8 calculated the total annual renewable energy needed to fulfill the 100% renewable content of ECO100. The total renewables needed is shown in line 9. Line 10 shows the expected renewables procured to date. For PPA contracts, actual generation may differ from forecasted generation. Any excess renewables are applied to the GHG-free needs. Column C shows that in January, we had procured all of the renewables needed for the year. Columns E and F show that we have excess renewables that can be applied to our GHG-free needs due to the decrease in expected load.

Line 13 calculates the 45% GHG-free need for ECOplus. Line 15 shows the GHG-free procured to date. PCE procured additional GHG-free resources after the January board meeting when it became clear that 1) the PG&E allocations would be delayed; 2) one source of GHG-free energy that was in the January estimate would not be delivered to PCE due to reduced hydro availability; and 3) GHG-free resources were available to purchase in the market prior to the COVID-19 impact on PCE's load. Line 17 shows the current GHG-free open position before the PG&E allocations, which shows how much additional GHG-free PCE needs. Column E and F show a need of about 305,000 to 310,000 MWh of GHG-free.

Line 19 and 20 are staff's estimates of the PG&E hydro and nuclear allocations based on the monthly allocation ratios in the May 21 letter from PG&E. These estimates are higher than the early May estimates in Column D. Line 21 shows the GHG-free open position after only the hydro allocation. This indicates a potential need of 150,000 to 160,000 MWh of additional GHG-free. The cost to procure this has decreased, with our latest estimate showing a potential cost of $470,000 to $510,000 to procure this additional amount, a ten-fold decrease from the estimate provided to the board in January.

Line 26 shows the GHG-free open position after both the hydro and the nuclear allocation. This shows that we would be over-procured by about 265,000 MWh by accepting the nuclear. We have surveyed market participants for appetite to buy the excess nuclear allocation but have not found any interested counterparties.

Lines 31 through 35 show the percentages that renewables and GHG-free comprise at these different points in time. Currently, the renewables make up 60% of our resources, and would show as such on the Power Content Label. The GHG-free procured to date, plus the PG&E hydro allocation, would comprise 30.6% of our resources. Together, this totals just over 90% of GHG-free resources. The GHG-free procured to date, plus the hydro and nuclear allocations, would comprise almost 44% of our resources, showing us over-procured.

There is continued change in the load forecast, with the actual meter readings showing a continuing drop as shown in the differences between Columns E and F. We know that some of our large customers, such as Facebook and Google, have told their workers that they should continue to work from home until the end of the year. Numerous small businesses are closing their doors, with the consequent loss of that electric load. We hope that the many biotech firms will continue working hard and quickly find a vaccine for COVID ASAP! However, because of the continued uncertainty and high possibility that our load may continue to drop in the ensuing weeks and months, the open position for GHG-free resources may continue to drop. Additionally, the price for GHG-free resources is likely to continue to decrease as demand for GHG-free resources is reduced. Staff believes it is best to wait until the fall to determine what our open position for GHG-free resources is at that time, and then procure, if needed, for any remaining open position. The quantity needed and the price will likely be less than $475,000.

RECOMMENDATION

Based on the analysis provided above, Peninsula Clean Energy staff recommend that the Board direct staff to accept the hydro allocation but not the nuclear allocation.

Row #	Updated with				
1	**Column B**	**Column C**	**Column D**	**Column E**	**Column F**
2		**January Pre-COVID**	**Early May Load Estimate**	**Current Expected Load (row 7)**	**Based on Current Actual LAL (row 45)**
3	Total PCE Load for CY2020	3,602,344	3,369,215	3,243,809	3,235,737
4	ECO Plus Load	3,336,728	3,139,861	3,029,671	3,023,512
5	ECO100 Load	265,616	229,354	214,138	212,225
6					
7	50% of ECO Plus Load	1,668,364	1,569,931	1,514,836	1,511,756
8	ECO100 Load	265,616	229,354	214,138	212,225
9	TOTAL Renewables Needed	1,933,980	1,799,284	1,728,974	1,723,981
10	Total Renewables Procured to date	1,940,403	1,944,204	1,944,204	1,944,204
11	Excess Renewables to be applied to GHG-free	6,423	144,919	215,231	220,223
12					
13	45% of ECO Plus Load	1,501,528	1,412,938	1,363,352	1,360,580
14	TOTAL GHG-Free Needed	1,501,528	1,412,938	1,363,352	1,360,580
15	Total GHG-Free Procured to Date	658,497	834,827	834,827	834,827
16	Excess Renewables to be applied to GHG-free	6,423	144,919	215,231	220,223
17	GHG-free Open Position	**836,608**	**433,191**	**313,294**	**305,530**
18					
19	PG&E Hydro Allocation	300,000	143,561	156,012	156,012
20	PG&E Nuclear Allocation	700,000	378,111	421,495	421,495
21					
22	GHG-free Open Position after Hydro Allocation	**536,608**	**289,630**	**157,282**	**149,518**
23	Cost for GHG-free	$ 8.00	$ 5.00	$ 3.25	$ 3.15
24	Potential lost savings	$ 4,292,863	$ 1,448,151	$ 511,168	$ 470,983
25					
26	GHG-free Open Position after Hydro and Nuclear Allocation	(163,392)	(88,481)	(264,213)	(271,977)
27					
28					
29					
30	Percentages:				
31	Renewables as procured at this date	53.87%	57.70%	59.94%	60.09%
32	GHG-free as procured at this date	18.28%	24.78%	25.74%	25.80%
33	GHg-free with PG&E hydro allocation	26.61%	29.04%	30.55%	30.62%
34	Ghg-free with PG&E hydro and nuclear allocation	46.04%	40.26%	43.54%	43.65%
35	Current GHG-free open position after hydro allocation	14.90%	8.60%	4.85%	4.62%

Pacific Gas and Electric Company®

May 21, 2020 ***Via Electronic Mail***

Re: PG&E Offer of Carbon Free Energy to Peninsula Clean Energy

Chelsea Keys,

This notice on May 21, 2020 (Offer Date) serves as Pacific Gas and Electric Company's (PG&E) Offer of Carbon Free Energy, pursuant to Appendix P of PG&E's Bundled Procurement Plan (BPP), submitted to the California Public Utilities Commission (CPUC) as Attachment B to Advice Letter (AL) 5705-E, and approved by the CPUC Resolution E-5046.

If you wish to accept this Offer, **respond via e-mail** to this Offer **by 9 AM Pacific Prevailing Time ("PPT") on June 20, 2020** (Offer Response Due Date) and confirm your choice of one or both Resource Pools for Carbon Free Energy. If you do not wish to accept this Offer please respond via email. If you have not responded via email by the Offer Response Due Date, then a non-response will be deemed a rejection.

Please note this Offer does not constitute a confirmation to the EEI Master Purchase and Sale Agreement (Sales Agreement) with your company. Formal acceptance of this offer will occur upon execution of the Sales Agreement.

Confirm your choice of Resource Pool(s) by checking the appropriate box(es) below:

[ ] Large Hydroelectric

[ ] Nuclear

In accordance with the Allocation Methodology set forth in Appendix P, below are monthly Allocation Ratios for your organization:

Month	Allocation Ratio
Jun 2020	4.2598%
Jul 2020	4.0559%
Aug 2020	4.1219%
Sep 2020	4.2566%
Oct 2020	4.8785%
Nov 2020	5.1941%
Dec 2020	5.1831%

Note: Month's identified above are available, but dependent on a fully executed contract.

Following your acceptance of PG&E's Offer, PG&E will provide the Sales Agreement for the sale of Carbon Free Energy from the Resource Pool(s) selected above. Any deliveries of Carbon Free Energy will be subject to the terms and conditions of the Sales Agreement.

Any questions regarding this Offer may be directed to Alan Wecker at alan.wecker@pge.com.

Sincerely,

PG&E

RESOLUTION NO. ____________

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * * *

RESOLUTION AUTHORIZING STAFF TO ACCEPT THE INTERIM 2020 LARGE HYDRO ALLOCATION FROM PACIFIC GAS AND ELECTRIC AS RECEIVED ON MAY 21, 2020 AND DECLINE THE NUCLEAR ALLOCATION

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

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

WHEREAS, PCE has set targets to be 45% GHG-free in 2020; and

WHEREAS, on May 21, 2020 PG&E offered PCE an interim allocation for the year 2020 consisting of large hydro and nuclear resources; and

WHEREAS, PCE staff recommends declination of the offered nuclear resources; and

WHEREAS, PCE staff recommends acceptance of the large hydro resources as this allocation would help PCE to meet its GHG-free targets.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board directs staff to accept the large hydro allocation from PG&E and to decline the nuclear allocation.

* * * * * *

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE:	May 22, 2020
BOARD MEETING DATE:	May 28, 2020
SPECIAL NOTICE/HEARING:	None
VOTE REQUIRED:	Majority Present

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: Building Electrification Four Year Program for existing buildings

RECOMMENDATION

Approve the proposed four-year (FY 2021- FY 2024) $6.1 million electrification program plan for existing buildings.

BACKGROUND

Peninsula Clean Energy's mission is to reduce greenhouse gas (GHG) emissions in San Mateo County. California's goal is to be carbon neutral by 2045 and PCE aims to support the County in meeting that goal through investment in local community programs. Natural gas usage in buildings accounts for 20% of directly inventoried GHG emissions in the County, however, that emissions level nearly doubles when methane leakage in the gas supply chain is accounted for. Electrifying all new and existing buildings will be necessary to achieve the carbon neutral goal.

In September 2018, the Board approved the PCE Program Roadmap, which identifies programs for 2019 and beyond to include measures on building electrification. In January 2019, the Board approved a technical assistance program for local governments for the development of local building codes, or "reach codes", to deliver increased electric vehicle (EV) readiness and all-electric buildings in new construction. In January 2020, the Board approved: (1) an extension and enhancement of the technical assistance program for new construction, and (2) a new building electrification consumer awareness program, for a combined total of $650,000. This memo outlines the prospective building electrification programs for existing buildings which is proposed to focus initially on residential heat pump water heaters, low income home upgrades and an innovative technology pilot project.

DISCUSSION

There are approximately 200,000 single family residential units (1-4 units) in San Mateo County, most of which have natural gas water and space heating appliances. To initiate the required changes in the market, staff proposes focusing on the "low-hanging fruit" where there is the greatest market readiness and significant GHG benefit: water heaters. Residential water heaters account for over a quarter of the total GHG emissions associated with natural gas use. In addition, heat pump water heaters (HPWH) are a mature technology, a widely adopted technology across the country, with reasonably good product availability and technical knowledge among leading building experts familiar with building electrification. The relative maturity and market size provide a strong basis for building an initial market, as compared to other building and product segments with more significant barriers.

The impact on PCE's load from all-electric residential and commercial new construction, together with the heat pump water heater program outlined below, is estimated to result in a net load gain of about 2% in 2025. Additionally, the prospective electrification programs provide an opportunity to support employment and deliver economic benefits of particular value in the current COVID-19 recession.

The following table outlines the approximate distribution of the 4-year $6.1 million budget.

Program Element	Total $	% budget
Appliance incentives –incentives for appliances and service panel upgrades.	$2.8 M	46%
Low income – turnkey building upgrade program	$2.0 M	33%
Other components – includes program administration, load shifting, innovation pilots (including Harvest Thermal pilot below), workforce support, and an electrification potential study	$1.3 M	21%

Three programs proposed for initial implementation as part of this 4-year plan: 1) Heat Pump Water Heater incentive program, 2) Low Income Healthy Homes & Electrification program, and 3) Harvest Thermal technology pilot.

1. Heat Pump Water Heater Incentive Program

This program would provide an incentive to customers in single family homes (1 – 4 units) to replace gas and electric resistance water heaters with a heat pump water heater (HPWH). The objectives for this program would be to reduce GHG emissions from water heating, foster the early market of HPWHs in the region, develop a workforce familiar with HPWHs, and create/sustain jobs.

Some HPWH programs already exist. Currently, Silicon Valley Clean Energy (SVCE) is running a pilot program with a base incentive of up to $2,300 per HPWH, including additional adders for electric panel upgrades. SVCE is transitioning to a new program design which will add an additional $1,000 to a newly available program from Bay Area Regional Energy Network (BayREN), for a total incentive to customers of $2,000. The new BayREN Home+ program is Bay Area-wide and offers $1,000/unit. However, the BayREN program incentive alone is lower than other comparable programs and is not expected to be sufficient to drive significant adoption due to the higher cost of a HPWH. SVCE's program data indicates the average installed cost of a HPWH is about $5,000 compared to about $1,500 for new natural gas storage water heater. The SVCE additional incentive will bring the total incentive to $2,000 for SVCE customers, which is more comparable to those offered by the highly successful Sacramento Municipal Utility District (SMUD) program. Sonoma Clean Power is also planning to implement a layered incentive with BayREN.

For funding leverage, customer clarity and ease of administration, the proposed PCE program would explore building on the same BayREN program, which is administered by the national consultancy CLEAResult (coincidentally PCE's technical assistance partner for the EV Ready infrastructure program). If approved, PCE will work with CLEAResult and BayREN to create one single application and add an additional incentive for San Mateo County residents, on top of the BayREN incentive, to streamline the customer experience. PCE's additive incentives are anticipated to be $1,000 to $1,500 (depending on the unit type) for the HPWH for a total customer incentive of $2,000 to $2,500, plus an additional incentive of up to $1,500 if a service panel upgrade is needed to be able to accommodate the added load. Final incentive levels will be determined as part of program design and may vary over time. The program targets the replacement of up to 1,200 HPWHs over the 4 years. SVCE and Sonoma Clean Power (SCP) are also expected to join the BayREN Home+ program and provide similar incentives for customers in their service territories.

The contract with CLEAResult to administer PCE's HPWH incentive funds in conjunction with BayREN's Home+ program would be brought to the Board at a later date. The projected costs for this administration are included in the proposed budget above.

2. Low Income Healthy Home & Electrification Program

This program would build off the existing "Healthy Homes" low-income home upgrade pilot, implemented as part of the 2018 Community Pilots program. Implemented by Franklin Energy (formerly Build it Green) and El Concilio of San Mateo County, the current pilot project provides no-cost home repairs and upgrades focused on critical home needs for low-income single-family residences in the county. Repairs and upgrades include not only energy efficiency measures, but also non-energy measures such as mold removal, broken door and roof repairs, which are critical needs that cannot be funded by available energy efficiency programs. These home needs frequently make energy upgrades impossible and, in some cases, expose homes to being "red tagged" or deemed uninhabitable.

The new proposed PCE program would expand the concept to serve more low-income households in San Mateo County and provide additional support for electrification and other needs. The objectives of the program are to provide tangible benefits to low income community members and support employment. It is proposed as a turnkey program to reduce resident coordination needs and cover 100% of the upgrade costs. The program implementation partner would be competitively solicited and would be flexible in that the measures implemented will vary depending on each home's needs. However, certain minimum electrification measures would be implemented, such as making the home "electrification-ready," installing a HPWH, or replacing a natural gas furnace with electric heat pump heating and cooling unit. Specifics will vary depending on individual home needs. The incentives would be tiered based on the measures installed, but the maximum PCE incentive per home is expected to be approximately $8,000. The program would also leverage other resources such as PG&E's Energy Savings Assistance program, County-funded Peninsula Minor Home Repair program, and other funding sources as available. The proposed goal is to serve 200-250 homes over the course of 4 years.

PCE would release a Request for Proposals this summer to select the implementer for this program. The implementer would manage outreach, installation, and coordination with other program's implementers/contractors to ensure maximum delivery in each home. The contract for the selected implementer would be brought to the Board at a later date, and the projected costs for this administration are included in the proposed budget above.

3. Harvest Thermal Technology Pilot Program

This program would pilot a new innovative technology from Harvest Thermal Inc., a Bay Area-based startup, that combines residential space and water heating into a unified heat pump electric system with a single water storage tank. The benefits include both 1) lowering installation costs compared to retrofits for separate water and space heating systems, and 2) load shifting of both water and space heating loads, a feature not currently available with conventional heat pump systems. Total equipment and installation costs for a separate water heater and space conditioning heat pump can range from $21,000 to $28,000 for existing homes while the combined Harvest Thermal technology installed costs are anticipated to range from $15,000 to $20,000. The load shifting feature of the Harvest Thermal technology will enable lower utility costs and can provide alignment with renewable electric generation. The company has already deployed functioning prototypes in several homes in the Bay Area and has recently won both National Science Foundation and California Energy Commission grants. This pilot would enable further development of the technology and target installing the Harvest Thermal technology in five single family homes in San Mateo County, at no cost to the homeowner. The project would include an independent assessment of its cost, comfort and emissions reductions performance. Lastly, if the pilots are successful and offered commercially, Harvest Thermal would provide the product at a discount to initial customers in San Mateo County.

The estimated cost of the contract with Harvest Thermal Inc. and an independent measurement and verification consultant is $300,000, included in the above budget, and would be brought to the Board at a later date. The projected costs for this project are included in the budget outlined above.

FISCAL IMPACT:
Up to $6,100,000 over 4 years (Fiscal Year 2020-2021 through Fiscal Year 2023-2024) for electrification programs for existing buildings.

RESOLUTION NO. ____________

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

* * * * * *

RESOLUTION APPROVING ELECTRIFICATION PROGRAM FOR EXISTING BUILDINGS IN THE AMOUNT OF $6,100,000 OVER FOUR YEARS

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

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

WHEREAS, reducing greenhouse gasses to reduce the adverse public health and economic impacts of climate change is an organizational priority for PCE; and

WHEREAS, natural gas usage in buildings accounts for 20% of directly inventoried GHG emissions within the County; and

WHEREAS, PCE provides low-carbon electricity that can power appliances for all building needs; and

WHEREAS, facilitating the replacement of natural gas appliances with electric appliances in existing buildings to reduce greenhouse gasses is part of PCE's program roadmap approved by the Board; and

WHEREAS, the proposed program provides for incentives for electric appliances, low-income electrification programs, load shaping programs and technology pilots.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board approves allocation of $6,100,000 over four years for an existing building electrification program.

* * * * * *

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: May 15, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Siobhan Doherty, Director of Power Resources

SUBJECT: Integrated Resource Plan (IRP) Update (Discussion)

BACKGROUND:
All California load serving entities are required to file an Integrated Resource Plan (IRP) with the California Public Utilities Commission (CPUC) in even years. The 2020 IRP is due September 1, 2020. Staff will present slides to provide background on this upcoming compliance filing. Each Community Choice Aggregator is required to receive approval of its IRP by its governing board before submitting to the CPUC. We plan to bring Peninsula Clean Energy's IRP to the Board for approval in July.

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: May 15, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Authorize an Amendment to the Agreement with Boston Energy Trading and Marketing LLC (BETM) to increase the contract amount by $80,400.

RECOMMENDATION:
Authorize an Amendment to the Agreement with Boston Energy Trading and Marketing LLC (BETM) to provide scheduling coordinator (SC) services for Peninsula Clean Energy's resources through September 30, 2021 and increase the contract amount by $80,400.

BACKGROUND:
PCE has ongoing needs to submit schedules and maintain operational support for its PPA resources to ensure resources are effectively bid into the CAISO market to provide energy to the grid and follow the required grid protocols.

DISCUSSION:
In September 2019 Peninsula Clean Energy and BETM executed an agreement to provide scheduling services for Wright solar. The initial BETM services agreement was for $99,600.

The current agreement includes services for Wright Solar. Staff would now like to add the new Mustang solar project as well as the existing four small hydro resources (Hatchet Creek, Bidwell Ditch, Roaring Creek, and Clover Creek).

The new Mustang solar project will have to go through a step-by-step process to become a registered resource with CAISO and that final step requires that the resource complete trial operations prior to becoming commercially operational within the grid. PCE is required to have an SC for all of its resources participating in the CAISO market. BETM previously walked through the CAISO registration process and completed trial operations for Wright Solar and has been successful in scheduling, bidding, and managing the resource since it became commercially operational.

We have used a different scheduling coordinator to provide services to the four hydro resources and the contract ends July 31, 2020. PCEA desires to aggregate the resources under one scheduling coordinator for consistency and to save $1,000 per month in grid service and management fees by having one rather than two scheduling coordinators.

Thus, effective August 1, 2020, BETM will provide scheduling coordinator services for Mustang and the four hydro resources. The entire agreement is set to expire in September 2021, with an option to renew for one year if mutually agreed upon.

The service fee for Mustang will be $4,100 per month and collectively the four hydro resources will have a service fee of $1,800 per month. Mustang will have a higher monthly service fee than the four small hydro resources because there is more day-to-day work involved in scheduling a solar resource. PCE will be consulted by BETM on strategic bidding strategies in order to maximize revenues and minimize exposure to the market for its solar resources, whereas the hydro resources will not require regular consulting.

BETM has unique capabilities to provide operational support to PCE, as BETM has already successfully assisted Wright solar to achieve commercial operation earlier this year, and will be able to provide the same service for Mustang solar when it plans to begin synchronizing to the grid late this summer. PCE administered an RFP during the summer of 2019 and selected BETM because of their broad range of expertise, experience, reporting methods, and analytical capabilities. Several counterparties provided PCE with a proposal but BETM offered the best overall value.

RESOLUTION NO. ____________

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

* * * * * *

RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN AMENDMENT TO THE AGREEMENT WITH BOSTON ENERGY TRADING AND MARKETING LLC WITH TERMS CONSISTENT WITH THOSE PRESENTED, IN A FORM APPROVED BY THE GENERAL COUNSEL.

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

WHEREAS, the Peninsula Clean Energy Authority ("Peninsula Clean Energy" or "PCE") was formed on February 29, 2016; and

WHEREAS, launch of service for Phase I occurred in October 2016, and launch of service for Phase II occurred in April 2017; and

WHEREAS, in September 2019, PCE and Boston Energy Trading and Marketing ("Contractor") executed an agreement to provide scheduling services for PCE's Wright solar resource in an initial amount of $99,600; and

WHEREAS, PCE will require additional services and support for Mustang Solar in late summer 2020 when the resource plans to begin synchronizing to the grid prior to becoming fully operational in late 2020; and

WHEREAS, the current contract for scheduling coordinator services for the four hydro resources including Hatchet Creek, Bidwell Ditch, Roaring Creek, and Clover Creek will end on July 31, 2020; and

WHEREAS, PCE desires that Contractor provide scheduling coordinator services for its four hydro resources after the existing contract ends in July 2020; and

WHEREAS, PCE would like to aggregate its resources under one scheduling coordinator to save on monthly grid service and management fees; and

WHEREAS, PCE proposes that the term for Mustang and the four hydro resources begin on August 1, 2020, and that the entire agreement expire in September 2021 with an option to renew for one year; and

WHEREAS, PCE's total obligation to Contractor in the amended agreement shall not exceed $180,000; and

WHEREAS, staff issued a request for proposals (RFP) for scheduling coordinator services during the summer of 2019 and selected Contractor based on their broad range of experience and the value of offered services; and

WHEREAS, Contractor has unique capabilities to provide operational and resource scheduling support to PCE;

WHEREAS, staff is presenting to the Board for its review an amendment to the Agreement, reference to which should be made for further particulars; and

WHEREAS, the Board wishes to delegate to the Chief Executive Officer authority to execute the aforementioned amendment to the Agreement.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to:

Execute an amendment to the Agreement with the Contractor with terms consistent with those presented, in a form approved by the General Counsel.

* * * * * *

[CCO-113499]

FIRST AMENDMENT TO SCHEDULING COORDINATOR SERVICES AGREEMENT
BETWEEN THE PENINSULA CLEAN ENERGY AUTHORITY AND BOSTON ENERGY TRADING AND MARKETING LLC

THIS FIRST AMENDMENT TO THE SCHEDULING COORDINATOR SERVICES AGREEMENT, entered into this _____ day of _______________, 20_____, by and between the Peninsula Clean Energy Authority, a joint powers authority of the state of California, hereinafter called "PCEA," and Boston Energy Trading and Marketing LLC, hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, pursuant to Section 6508 of the Joint Exercise of Powers Act, PCEA may contract with independent contractors for the furnishing of services to or for PCEA;

WHEREAS, the parties entered into a Scheduling Coordinator Services Agreement for California Independent System Operator (CAISO) Scheduling Coordinator services, as described therein, for the Wright Solar resource on September 18, 2019 (the “Agreement”); and

WHEREAS, the parties wish to amend the Agreement to extend the Scheduling Coordinator services for Mustang Two Solar and four Hydroelectric resources including Hatchet Creek, Bidwell Ditch, Roaring Creek, and Clover Creek.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. Section 2. Payments is deleted in its entirety and replaced with the following:

2. <u>Payments</u>

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, PCEA shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. PCEA reserves the right to withhold payment if PCEA determines that the quantity or quality of the work performed is unacceptable. In no event shall PCEA’s total fiscal obligation to Contractor under this Agreement exceed, one hundred eighty thousand dollars ($180,000). In the event that PCEA makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by PCEA at the time of contract termination or expiration.

2. Section 16. Telephone and email, in the case of Contractor, is replaced with the following:

Telephone: 617-912-6099
Email: BETMContractAdmin@betm.com

3. Original Exhibit A & B are deleted in their entirety and replaced with revised Exhibit A (rev. May 28, 2020) and Revised Exhibit B (rev. May 28, 2020), attached hereto.

4. Exhibit C. The definition of "Facility Operator" is replaced with the following:

"Facility Operator" shall mean Clēnera, LLC, Solar Frontier, Mega Renewables, or any other entity that is qualified to provide such services in CAISO and designated in writing as the Facility Operator by PCEA.

5. Original Appendix A is deleted in its entirety and replaced with the following, (rev. May 28, 2020), attached hereto.

FACILITIES LIST

Facility Name	Size	Resource Type	Location
Wright Solar	200 MWac	Solar	Merced County, CA
Mustang Two	100 MWac	Solar	Kings County, CA
Hatchet Creek	7.5 MWac	Hydro	Shasta County, CA
Roaring Creek	2 MWac	Hydro	Shasta County, CA
Bidwell Ditch	2 MWac	Hydro	Shasta County, CA
Clover Creek	.99 MWac	Hydro	Shasta County, CA

6. All other terms and conditions of the agreement dated September 18, 2019, between PCEA and Contractor shall remain in full force and effect.

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

For Contractor: Boston Energy Trading and Marketing LLC

Contractor Signature	Date	Contractor Name (please print)

PENINSULA CLEAN ENERGY AUTHORITY

By:
[Chair, Board of Directors, Peninsula Clean Energy Authority]
[Chief Executive Officer, Peninsula Clean Energy Authority]

Date:

Revised Exhibit A (rev. May 28, 2020)

SERVICES

In consideration of the payments set forth in Exhibit B and the Additional Definitions, Terms and Conditions set forth in Exhibit C, Contractor shall provide the following services, commencing on the Service Start Dates stated on Exhibit B:

Services. It is understood by both PCEA and Contractor that the Services for Wright Solar and Mustang Two Solar require regular consulting on strategic bidding strategies and require daily optimization, whereas the Services necessary for the four hydroelectric facilities require a less complex daily bidding strategy and Contractor need not provide ongoing consulting for the hydroelectric facilities.

Each of the following listed below under this heading "Services" shall constitute the Services:

a) acting as CAISO Scheduling Coordinator for the Generation Facility by execution of a CAISO Generator Resource Scheduling Coordinator Transfer/Assignment or similar required documents required to be submitted to CAISO to inform CAISO that BETM will be performing a Scheduling Coordinator for the Generation Facility;

b) managing and maintaining in accordance with Good Industry Practice, computer systems required to digitally interconnect BETM with CAISO (provided, however, that computer systems required to interconnect the Generation Facility with CAISO are solely the responsibility of PCEA and the Facility Operator);

c) providing general pre-COD and CAISO NRI Process Support, specifically as follows, when applicable for a Facility that has not yet commenced commercial operations:
   a. establishing telemetry communications between the Generation Facility and BETM;
   b. assisting PCEA with the registration and completion of the required documentation for BETM to begin providing services to PCEA in CAISO;
   c. meeting the SC requirements listed on the New Resource Implementation Checklist provided by CAISO, and work closely with the Interconnect Customer and Operation Control Center for the Generation Facility in following CAISOs "Bucket" system requirements prior to achieving COD;
   d. coordinating pre-COD testing with PCEA, CAISO, Facility Operator and any of PCEA's PPA contract counterparties as applicable, including setting up trial operation for initial synchronization in order for Facility to be approved for COD;
   e. working with PCEA, prior to COD, to develop a strategic plan and a daily plan for optimizing the marketing and sale of energy from the Project including a review of Generation Facility PPA and related project documentation, and current PCE Risk Management policies and performing an initial risk assessment; and
   f. developing the Operational Protocol in collaboration with PCEA consistent with the aforementioned strategic and daily plans.

d) maintaining a 24-hour-per-day, seven-day-per-week dispatch center (and backup facilities) with qualified personnel and assuming responsibility for maintaining communications equipment between itself and CAISO necessary pursuant to the Operational Protocol and Applicable Law. To the extent that there is a material impact to PCEA or the Generation Facility, BETM shall notify PCEA of scheduling discrepancies and emergency conditions as soon as practicable after any Governmental Authority notifies BETM, or BETM otherwise becomes aware, of the same;

e) providing a primary and backup BETM asset manager who will coordinate all aspects of the Services;

f) coordinating with Facility Operator on daily basis to understand Facility availability, and report plant outages in accordance with CAISO rules, and perform outage reporting as needed. Manage, record, and coordinate planned and unplanned outages effectively in the Outage Management System (OMS) in accordance with the CAISO Tariff;

g) providing services under a PCE-specific CAISO SCID;

h) managing day-ahead and real-time energy sales, and performing all functions required of a CAISO Scheduling Coordinator as defined by the CAISO Tariff and manuals, pursuant to the Operational Protocol;

i) as appropriate, using SIBR, ADS, CMRI, CIRA, Master File User Interface, OMS and other applicable CAISO applications;

j) developing, submitting and adjusting schedules and bids into the CAISO Day-Ahead Market (DAM) and Real-Time Market (RTM);

k) As primary representative for the Facility to CAISO, receive, log, and coordinate response to inbound communications from CAISO, including curtailment instructions, requests for Facility availability / status, transmission emergency communications for reliability. Upon receiving an inbound communication, BETM will promptly initiate contact to the Facility contact list and relay the contents of the communication. BETM will directly call for issues that are deemed urgent under the Operational Protocols. Communications of non-urgent issues will be emailed to the Facility contact list. If ISO or local Transmission Owner (TO) instructs BETM to curtail the site, BETM will instruct Facility to curtail output as requested by CAISO or TO. BETM will confirm the Facility appropriately responds to such curtailment instructions, and coordinate ongoing communications between the Facility, and ISO and TO during any such curtailment event.

l) coordinating and submitting annual and monthly Resource Adequacy Supply Plans to the CAISO through CIRA;

m) monitoring POSO notifications from CAISO and perform substitution requests in CIRA when necessary;

n) coordinating any facility testing required by CAISO;

o) providing to PCEA business-level monthly or quarterly updates on CAISO and NERC rule changes that could be expected to materially impact the operation, planning or economics of PCEA's Facility, including for example new or existing CAISO Tariff rules, changes in products, billing issues, collateral and credit issues, transmission upgrades, changes in auction structures and products and market analysis from a tariff and regulatory perspective;

p) maintaining transparent records with respect to the Services and associated expenses including a database for communications, curtailments & outage logs and make these available to PCE for audit or review as reasonably requested;

q) transmitting CAISO weekly and monthly statements to PCEA promptly after receipt thereof and reconciling the monthly statements from CAISO and providing such reconciliation with appropriate explanation of discrepancies to PCEA within seven (7) Business Days after BETM's receipt;

r) actively resolving any billing discrepancies with CAISO, on behalf of PCEA;

s) responding to PCEA requests for information needed to comply with the requirements of any Governmental Authority having jurisdiction over any of the Core Services, including providing raw data for sales of Energy for use by PCEA in preparing reports to FERC under FERC's Electric Quarterly Reporting ("EQR") program, if applicable, provided that PCEA shall be solely responsible for any filings that it makes. For the avoidance of doubt, in all applicable communications to FERC for EQR reporting with respect to the Services provided hereunder, PCEA will identify CAISO as the purchaser of physical energy and, if applicable, capacity from the Facility, and not report BETM as a buyer of either physical energy or, if applicable, capacity from the Facility;

t) assisting PCEA by providing data, within the possession of BETM in connection with the Services, to PCEA to comply with NERC and CAISO regulations and CAISO Market Monitor requests; provided, that BETM shall have no obligation to provide data (GADS data or otherwise) directly to NERC or any other Governmental Authority;

u) providing PCEA with the reports identified below;

v) conferring with and meeting with PCEA as specified further below;

w) performing all such tasks as reasonably necessary for the timely and effective provision of the above Services, including cooperation with other Third Parties that may be retained by PCEA from time to time in connection with operation of the Generation Facility; provided, that any such tasks shall be within the scope of the Services; and

x) maintaining adequate staffing to perform all of the Services in accordance with Good Industry Practice.

REPORTS AND MEETINGS:

1. Daily Reports provided for Wright Solar and Mustang Two Solar facilities:
   To be provided by BETM to PCEA as soon as practical but in any event no later than 5:00 p.m. EPT each Business Day unless CAISO issues delayed data in which case it will be within one hour of publication:

   PPA generation summary net revenue statement including energy revenues/charges; daily reporting detail is expected to include:
   1. VER forecasts for Participating Generator
   2. Bids and Self-Schedules submitted to SIBR
   3. Day-ahead and Real-time Market Awards shown in CMRI
   4. CAISO Meter Data in MWh's
   5. Imbalance MWh's between Actual and Scheduled
   6. Day-Ahead and Real-Time LMP's broken down by the three price components; LMP price, congestion, and losses

2. Weekly & Monthly Reports:

   To be provided by BETM to PCEA each month:

   - Monthly invoice to include the actualized version of all daily reporting requirements.

- A shadow settlement of all CAISO statement versions and dispute status report.

3. Sharepoint Site for Reporting

   BETM will set-up and configure a dedicated, secure website (utilizing Microsoft Sharepoint or equivalent) for exchange of reports and Facility data. BETM will administer site security to ensure access is restricted to authorized PCEA personnel. The site will be configured in a user-friendly format with formats and categories as reasonably requested by PCEA.

4. BETM & PCEA Meetings:

   BETM will lead a conference call with PCEA asset management staff to discuss CAISO NRI progress pre-COD. Parties anticipate pre-COD meetings will be daily or weekly as needed to ensure adequate coordination and communication to complete the NRI process.

   Post-COD BETM will lead regular calls which will cover Facility availability and offer strategy, performance metrics, market conditions and planned outages / availability. Parties anticipate such meetings will be daily / weekly at first, and subsequent to the initial few months of ongoing activity PCE can determine the desired frequency of ongoing meetings (which are likely to occur weekly but no more often than once daily).

Consulting. Consulting to PCEA will be provided for Wright and Mustang solar facilities. PCEA will be consulted on strategic bidding strategies to maximize CAISO revenue and/or minimize exposure (e.g. optimizing the resource in the Day-Ahead Market (DAM) and Real-Time Market (RTM) to reduce curtailment risk and exposure to negative pricing).

Additional Services. PCEA may from time to time contract with BETM for the performance of additional services not included within the services detailed above. Such additional services, if any, shall be described in written task orders under this Agreement (each a "Task Order") mutually agreed between the Parties, which Task Order shall be subject to and constitute a part of this Agreement. Each Task Order shall be sequentially numbered and shall describe the specific scope of desired Additional Services to be performed, the schedule requirements for completion of such Additional Services, the specific documents, reports, drawings, specifications, or other deliverables required by the Task Order and the price (or other basis of compensation) for the completion of such Additional Services. No Task Order shall be effective until executed by the Parties. BETM shall have no obligation to perform any Additional Services unless and until it agrees to do so pursuant to a Task Order, which it may enter into or not enter into in its sole discretion. Prices for such Additional Services will be by agreement of the Parties and specified in the applicable Task Order.

PCEA Responsibilities. Without limitation on the other provisions of this Agreement, BETM's provision of services are subject to the following additional PCEA responsibilities (each a "PCEA Responsibility"). PCEA has the sole right and responsibility, at its sole cost and expense, to:

a) act in accordance with the Operational Protocol and use reasonable efforts to cause Facility Operator to act in accordance with the Operational Protocol, to make available to BETM such information as necessary for BETM to determine the amount of

Merchantable Energy or Capacity available or to be made available from the Generation Facility at any given time, including updating Generation Facility capabilities throughout each day in order to comply with the CAISO Agreements, or to meet Resource Adequacy obligations;

b) in accordance with the Operational Protocol, provide BETM on a regular and timely basis accurate updates on plant operations, unit performance data, available unit capacities, and planned unit outage schedules;

c) retain sole responsibility for approving any plans or strategies on offering Merchantable Energy and Resource Adequacy and be responsible for the content of answers to any inquiries from the CAISO market monitor (though the Parties may determine that BETM will provide such information to the inquirer as PCEA's agent);

d) upon BETM's request, instructions of PCEA related to Services performed by BETM will be provided to BETM in writing;

e) in the event of a planned outage, forced outage, Force Majeure Event or any other event affecting the operations of the Generation Facility, notify BETM as soon as reasonably possible and make available to BETM all necessary and available information concerning the resulting output or availability of Merchantable Energy from the Generation Facility consistent with the operational procedures set forth in this Agreement;

f) execute all agreements and other documentation reasonably necessary for BETM to perform the Services, including a CAISO Generator Resource Scheduling Coordinator Transfer/Assignment or similar required documents required to be submitted to CAISO to inform CAISO that BETM will be performing a Scheduling Coordinator for the Generation Facility. PCEA hereby appoints BETM to act as its agent with CAISO pursuant to such CAISO Generator Resource Scheduling Coordinator Transfer/Assignment documentation;

g) with BETM's reasonable cooperation, take action to resolve, directly with the appropriate counterparty, any disputes that arise under any agreements negotiated or renegotiated under this Agreement as part of the Services;

h) provide notice to BETM as soon as practicable of any change in the operation or design of the Generation Facility which PCEA believes would be reasonably likely to affect PCEA's ability to supply Merchantable Energy from the Generation Facility or to meet Resource Adequacy obligations or BETM's role as CAISO Scheduling Coordinator, in each case, in sufficient time to allow reconsideration of PCEA's offer in light of such change;

i) in accordance with the Operational Protocol, authorize and use reasonable efforts to require that the Facility Operator provide to BETM all data and information that BETM requires to perform the Services (BETM's obligations to perform the Services shall be subject to and contingent upon the continuing receipt of all such data and information from the Facility Operator); and

j) in accordance with the Operational Protocol, provide BETM with information and reports as are needed by BETM to fulfill its obligations under this Exhibit A.

Revised Exhibit B (rev. May 28, 2020)

PAYMENTS AND RATES

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, PCEA shall pay Contractor based on the following fee schedule and terms:

PCEA shall pay to Contractor a monthly fee of $4,150 through July 31, 2020. If parties mutually agree in writing on or before July 15, 2020 that services for Mustang are required prior to August 1, 2020 then PCEA shall pay for services for both Wright Solar and Mustang Two for a total onetime monthly payment of $6,150 for July 2020. Beginning August 1, 2020 PCEA shall pay a monthly fee of $7,950 for each month up until Mustang Two achieves commercial operation with CAISO. At which point, the monthly fee shall increase to $10,050 for each month through the remainder of the term of this Agreement. In the event that Mustang Two achieves commercial operation on a date other than the first of any given month, PCEA shall pay a prorated amount for services during that month.

Rates:

Facility:	Rates:	Service Start Dates:
Wright Solar	$4,150/month	September 18, 2019
Mustang Two Solar	$4,100/month ($2,000/month pre-commercial operation)	August 1, 2020, provided however that the parties may mutually agree to start services as early as July 1, 2020, if services are required.
Hydro units: Hatchet, Roaring, Bidwell, Clover	$1,800/month	August 1, 2020

PENINSULA CLEAN ENERGY
JPA Board Correspondence
General Counsel

DATE:	May 15, 2020
BOARD MEETING DATE:	May 28, 2020
SPECIAL NOTICE/HEARING:	None
VOTE REQUIRED:	Majority Present

TO: Honorable PCE Joint Powers Board

FROM: David A. Silberman, General Counsel
Jennifer Stalzer Kraske, Associate General Counsel

SUBJECT: Authorize Amendment(s) to the Agreement Between the Peninsula Clean Energy Authority and Keyes & Fox LLP to Increase the Agreement Amount by $300,000 to an Amount Not to Exceed $600,000.

RECOMMENDATION:
Adopt a Resolution authorizing the General Counsel to execute with the law firm of Keyes & Fox LLP amendment(s) to the existing retention agreement or alternatively, additional retention agreements, increasing the amount by $300,000 for a total not to exceed amount of $600,000, with terms consistent with those previously presented to the Board and in a form approved by General Counsel

BACKGROUND:
The County Counsel's Office provides legal services to the Peninsula Clean Energy (PCE) Authority pursuant to a contract approved by the Board on March 24, 2016. Pursuant to that agreement, the County Counsel serves as General Counsel to the Board and has authority to retain services of outside counsel in an amount not to exceed $25,000.

Certain projects important to PCE can benefit from the assistance of lawyers who focus primarily on specific areas of law such as complicated regulatory proceedings before the California Public Utilities Commission ("CPUC") and other regulatory agencies within the state. On October 27, 2016, the PCE Board approved a retention agreement with Keyes

& Fox, LLP in an amount not to exceed $100,000. On June 27, 2019, the PCE Board approved a retention agreement at an amount not to exceed $300,000.

DISCUSSION:

Keyes & Fox LLP has been providing PCE with significant assistance in numerous dockets at the California Public Utilities Commission, the California Energy Commission, the Air Resources Board and with certain legislative activities. PCE staff has been very satisfied with the assistance the firm has provided to date. The services that have been provided have utilized the existing retention amounts. Accordingly, we are asking the Board to authorize the General Counsel to execute amendment(s) to the existing retention agreement previously approved by the Board or alternatively, additional retention agreements in substantially the same form already approved by the Board as long as the total amount of all amendments or agreements do not exceed $600,000.

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

* * * * * *

RESOLUTION AUTHORIZING GENERAL COUNSEL TO EXECUTE AN AMENDMENT TO THE RETENTION AGREEMENT WITH THE LAW FIRM OF KEYES & FOX LLP INCREASING THE AMOUNT BY $300,000 FOR A TOTAL NOT TO EXCEED AMOUNT OF $600,000, WITH TERMS CONSISTENT WITH THOSE PREVIOUSLY PRESENTED TO THE BOARD

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

WHEREAS, Peninsula Clean Energy was formed on February 29, 2016; and

WHEREAS, the JPA Agreement forming the Authority delegates to the Board the power to hire a General Counsel pursuant to Paragraph 3.3.2; and

WHEREAS, the San Mateo County Counsel's Office has been appointed General Counsel and has been delegated authority to retain outside legal services in amounts not to exceed $25,000; and

WHEREAS, the General Counsel determined it was necessary to seek outside legal services related to regulatory advocacy and retained Keyes & Fox LLP to assist; and

WHEREAS, Keyes & Fox LLP previously entered into a Retention Agreement to provide specialized legal services to PCE in an amount not to exceed $300,000; and

WHEREAS, Keyes & Fox LLP has provided more than satisfactory assistance to PCE and the cost of its legal services has now exceeded the amount authorized by the Board; and

WHEREAS, PCE desires to amend and extend the Retention Agreement with Keyes & Fox LLP and increase the not to exceed amount by $300,000.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the General Counsel is authorized to execute with the law firm of Keyes & Fox LLP retention agreements in substantially the same form previously presented to the Board as long as the total amount of all agreements provide for a total expenditure not to exceed $600,000.

* * * * * *

[CCO-113499]

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: May 12, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Andy Stern, Chief Financial Officer

SUBJECT: Accept the recommendation of the Audit and Finance Committee to approve and adopt the revised Investment Policy

RECOMMENDATION:
Recommend that the Board of Directors accept the recommendation by the Audit and Finance Committee to approve and adopt the revised Investment Policy (Policy #19).

BACKGROUND:
PCE's Board adopted its initial Investment policy (Policy #19) at its meeting on October 25, 2018. A revised policy was adopted on December 20, 2018. Since that time, PCE's investment portfolio has grown substantially and exceeded $164 million as of March 31, 2020.

On April 23, 2020, the Board adopted a resolution that directed staff to retain a second investment manager and to split the investment management between its two investment managers – First Republic Bank and PFM Asset Management. Staff is currently in the process of effectuating that split and engaging a new custodian (US Bank) to hold cash and investments that will be managed by the two investment managers.

As a part of the overall transition, Staff solicited input from its two investment managers for recommendations to enhance its investment policies in order to enhance returns and diversify investments while maintaining the overall and primary objectives of safety and security of assets.

Specifically, PCE solicited recommendations for improvements/changes to the exiting policy in order to:

- Allow for broader access to high-quality fixed income investment options
- Further diversify the portfolio's holdings
- Enhance investment returns with safety as overarching principle

Most of those recommendations are incorporated into the proposed policy. In summary, the proposed changes:

- Expand investment options as permitted by California Government Code to allow:
  - Banker's Acceptances – short-term debt issued by a commercial bank
  - Medium-term Corporate Notes

- Extend the maturity of allowable investments as permitted by California Government Code to:
  - Increase 2-year maximum to 5-year maximum
  - Eliminate 1-year maximum on portfolio's weighted average maturity (Code has no limit)

The proposed revised Policy #19 was presented to the Audit and Finance Committee at its meeting on May 11, 2020. The Committee voted unanimously in favor of recommending that the full Board approve the revised policy.

DISCUSSION:
Today's low rates (which are expected to persist) and the declining supply of traditional government securities make widening the range of opportunities and extending maturities an important consideration. Extension of maturities seems reasonable given that interest rates are expected to remain low for the foreseeable future and PCE does not expect to require access to its investment portfolio for any ongoing cash flow needs.

Recommendation
PCE staff recommends that the Board approve and adopt revised investment policy.

Attachments

1. Investment Policy (Policy #19) - PFM Memo Explaining Proposed Changes April 2020
2. Investment Policy (Policy #19) - Proposed Changes Effective 05.28.20 (Clean)
3. Investment Policy (Policy #19) - Proposed Changes Effective 05.28.20 (Redline)
4. Investment Policy (Policy #19) - Adopted by Board December 20, 2018

RESOLUTION NO. ____________

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

* * * * * *

RESOLUTION RECOMMENDING THAT THE BOARD OF DIRECTORS APPROVE AND ADOPT THE REVISED INVESTMENT POLICY (POLICY #19)

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

WHEREAS, the Board of the Peninsula Clean Energy Authority initially approved the Investment Policy (Policy #19) on October 25, 2018, and

WHEREAS, the Board of the Peninsula Clean Energy Authority approved a revised version of the Investment Policy (Policy #19) on December 20, 2018, and

WHEREAS, Policy #19 requires that the policy be reviewed at least annually to ensure its consistency with California Government Code and to confirm that it meets the overall objectives of preservation of principal, sufficient liquidity, and a market return, and

WHEREAS, PCEA Staff has recommended changes to the Investment Policy (Policy #19) as amended on December 20, 2018, and

WHEREAS, the Audit and Finance Committee reviewed Staff's recommended changes to update the Investment Policy at its meeting on May 11, 2020 to add investment options and lengthen the allowable maturity of some investment options in conformance with the California Government Code, and

WHEREAS, the Audit and Finance Committee voted unanimously to recommend approval by the Board of the proposed changes to the Investment Policy.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board of PCEA approve and adopt the revised Investment Policy.

* * * * * *

April 23, 2020

Memorandum

To: Andy Stern, Chief Financial Officer
Peninsula Clean Energy

From: Monique Spyke, Managing Director
PFM Asset Management LLC

Re: Investment Policy Review

We have reviewed Peninsula Clean Energy's ("PCE") Investment Policy dated December 2018 (the "Policy"). The Policy is comprehensive and well written, and is in compliance with all applicable California Government Code (the "Code") statutes regulating the investment of public funds.

Although the Policy is in compliance with applicable Code statutes, we are suggesting some changes that we believe will (i) allow for greater access to the high-quality fixed-income universe of investments; (ii) further diversify the portfolio's holdings; and (iii) safely enhance investment returns.

To help achieve these objectives, we recommend editing or adding language to the Policy to allow all investment types permitted by Code and to remove specific limitations to the portfolio's average maturity.

- In the Policy's **Acceptable Investment Instruments** section, we recommend PCE consider allowing all investment types permitted by Code, and specifically: bankers' acceptances (allowed by Code §53601(g)), medium-term corporate notes (Code §53601(k)), supranationals (Code §53601(q)), and asset-backed securities (Code §53601(o)).
- In the Policy's **Maturity Limit** section, PCE places a 2 year maximum maturity for PCE's investments and states a 1 year maximum on the portfolio's weighted average maturity. We recommend PCE delete this language. As noted elsewhere in the Policy, Code places a 5-year maximum on most security types. In addition, Code does not limit a portfolio's weighted average maturity.

Allowing the investments and flexibility described above to a high-quality portfolio can improve diversification and offer various benefits to the portfolio including return enhancement and diversification. We believe that making these edits is an appropriate action in the process of safely and effectively managing PCE's portfolio

PFM's Credit Review Process. Credit instruments, including medium-term corporate notes and asset-backed securities (ABS) (as well as commercial paper and negotiable CDs which are currently allowed by PCE's Policy), come with inherent risks, including credit risk, spread risk, and default risk. These risks can be mitigated by putting certain restrictions in place, such as sector and issuer limitations, as is recommended, and by instituting a thorough credit review and monitoring process.

PFM employs an extensive credit review process built upon our own independent, in-depth analysis of issuers — a process that helped to keep our clients out of the headlines during the 2007-2008 credit crisis by avoiding financially unstable issuers. We do not rely solely on rating agencies; rather, we employ a market-driven approach that evaluates both the quantitative and qualitative aspects of credit issuers. We base our analysis primarily on both issuer-specific and macro trends, which we believe provides a thorough understanding of the issuer.

The credit specialists on our Fixed Income Credit Committee ("Credit Committee"), managed by our Chief Credit and comprised of our CIO, six portfolio managers, two portfolio strategists and a representative from our Compliance Group, are the cornerstone of our credit review process. While the Credit Committee as a decision-making body is responsible for defining our credit research process and standards, approving new issuers, monitoring credit sectors and overseeing our Approved Issuer universe, our credit specialists provide the credit reviews. All portfolio managers and traders are restricted to purchasing only those issuers on our Approved Issuer universe.

Formal credit reviews are conducted at least annually for each issuer. This is supplemented by quarterly reviews of financial reports, as well as daily monitoring of market developments. A thorough interim review may be triggered by changes in markets (indicated by changes in equity prices, interest rate spreads, etc.), releases of issuer-specific news (e.g., earnings or credit ratings), or macro events (e.g., new regulations). Issuers are monitored on an ongoing basis and are proactively removed from the approved universe if conditions warrant.

Utilizing credit obligations, including corporate notes and ABS, in a high-quality portfolio can improve diversification and offer potential return enhancement. While adding credit obligations to the portfolio will add credit risk, that risk can be managed through a diligent credit review process.

Additional Policy Recommendations

Throughout the policy we recommend additional edits to better align the Policy with CMTA recommendations and best practices. These include edits to the description of authorized investments, performance standards, investment pool review, collateralization requirements, and the glossary.

Changes to the Code

Finally, we would like to make you aware of two changes made to the Code in 2019 concerning the investment of public funds, both of which went into effect on January 1, 2020. We are not recommending PCE edit its Policy in response to these Code changes, but we wanted to bring them to your attention.

> **Assembly Bill 857.** Assembly Bill No. 857, which took effect on January 1, 2020, provides for the establishment of public banks by local agencies, subject to approval by the Department of Business Oversight (DBO) and Federal Deposit Insurance Corporation (FDIC). As a part of this bill, subsection (r) was added to Code section 53601 and subsection (c) was added to Code section 53635, which permits local agencies to invest in the commercial paper, debt securities, or other obligations of such public banks.
>
> We do not recommend that PCE add the debt of these public banks as an authorized investment in light of the legislation at this time. We will continue to monitor any ongoing developments in this area and if, at a later date, we feel it would be prudent for PCE to add obligations of these public banks to its listing of acceptable investment instruments, we will make a formal recommendation at that time.
>
> **Assembly Bill 945.** Assembly Bill No. 945, which also took effect on January 1, 2020, relates to Code Section 53601.8, which allows public agencies to invest in deposits at certain types of financial institutions that use a private sector entity to assist in the placement of deposits (CDARS is an example). Assembly Bill No. 945 increases the maximum percentage of funds that a public agency may invest in these instruments from 30% to 50% from January 1, 2020, until January 1, 2026. On January 1, 2026, the maximum percentage of funds that a public agency may invest in these instruments reverts back to 30%. PCE's policy does not reference investment in this type of security

Please let us know if you have any questions on the recommendations or would like to discuss the changes in more detail. Thank you.

Adopted May 28, 2020

Peninsula Clean Energy

Investment Policy (Policy #19)

Proposed Changes Effective 05.28.20 (Clean)

PURPOSE

This statement contains guidelines for the prudent investment of cash balances held by Peninsula Clean Energy (PCE) in accordance with Government Code sections 53600, et. seq. The overarching goal of PCE's Investment Policy is to protect PCE's pooled cash while producing a reasonable rate of return on investments.

SCOPE

The Investment Policy applies to all funds and investment activities of PCE. This does not apply to the investment of bond proceeds, which are governed by the appropriate bond documents. This does not apply to any pension or other post-employment benefit funds held in a trust, as PCE does not have any such funds at this time and has no plans to have such funds.

PRUDENCE

The standard of prudence to be used by investment officials will be the "prudent investor" standard, which states that, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

OBJECTIVES

The primary objectives, in priority order, of the investment activities of PCE are

1. SAFETY – Preservation of principal is the foremost objective of Peninsula Clean Energy.

2. LIQUIDITY – PCE's portfolio will remain sufficiently liquid to enable PCE to meet its cash flow requirements. It is important that the portfolio contain investments which provide the ability of being easily sold at any time with minimal risk of loss of principal or interest.

3. RETURN – PCE's portfolio will be designed to attain a market rate of return through economic cycles consistent with the constraints imposed by its safety and liquidity objectives.

DELEGATION OF INVESTMENT AUTHORITY

Pursuant to Government Code Section 53607, the Treasurer (and his/her designee, if necessary) is authorized to invest and reinvest money of PCE, to sell or exchange securities so purchased, and to deposit such securities for safekeeping in accordance with and subject to this investment policy.

PCE may engage the support services of outside investment advisors in regard to its investment program, so long as these services are likely to produce a net financial advantage or necessary financial protection of PCE's financial resources. Outside investment advisors must be approved by the Chief Executive Officer, the Treasurer and the Board of Directors. It is PCE's intention to use the services of outside investment advisors to manage PCE's investment program. PCE will be responsible for managing the investment advisors.

INVESTMENT PROCEDURES

The Chief Financial Officer and Chief Executive Officer will recommend investment procedures for the operation of PCE's investment program for approval by PCE's Board of Directors.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The purchase by PCE of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, which is a member of the Financial Industry Regulatory Authority (FINRA), or a member of a federally regulated securities exchange, a national or state chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The Chief Financial Officer is responsible for the evaluation of all institutions that wish to do business with PCE, to determine if they are adequately capitalized, staffed by qualified investment professionals, and agree to abide by the conditions set forth in PCE's Investment Policy and any other guidelines that may be provided. This will be done annually by having the financial institutions:

1. Provide written notification that they have read, and will abide by, PCE's Investment Policy.

2. Submit their most recent audited Financial Statements within 120 days of the institution's fiscal year end.

If PCE has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of PCE.

Purchase and sale of securities will be made on the basis of best execution.

ACCEPTABLE INVESTMENT INSTRUMENTS

Where this section specifies a percentage limitation for a particular security type or issuer, that percentage is applicable only on the date of purchase and shall be calculated on the basis of market value. Credit criteria listed in this section refers to the credit rating at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the Treasurer or his/her designee will perform a timely review and decide whether to sell or hold the investment.

PCE will diversify its investments by security type and institution. With the exception of U.S. Treasury and federal agency securities, investment pools and money market funds, no more than 5% of market value of PCE's portfolio will be invested in a single issuer regardless of sector type.

Acceptable investments authorized for purchase on behalf of PCE are:

1. **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. **Federal agency or United States government-sponsored enterprise obligations**, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

3. **Obligations of the State of California or any local agency within the state**, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency, or by a department, board, agency or authority of the state or any local agency that is rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical-rating organization (NRSRO). Purchases of the obligations described in this subdivision and in subdivision 4 (registered treasury notes or bonds of any of the other 49 states in addition to California) collectively may not exceed 20% of PCE's portfolio.

4. **Registered treasury notes or bonds of any of the other 49 states in addition to California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of these states that is rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of the obligations described

in this subdivision and in subdivision 3 (obligations of the State of California or any local agency within the state) collectively may not exceed 20% of PCE's portfolio.

5. **Commercial Paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph a or paragraph b:

   a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

   b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

   Eligible commercial paper will have a maximum maturity of 270 days or fewer. No more than 20% of PCE's portfolio may be invested in commercial paper. PCE may purchase no more than 10% of the outstanding commercial paper of any single issuer. No more than 5% of the outstanding commercial paper investments can be invested in the Energy industry/sector.

6. **Negotiable Certificates of Deposit** issued by a nationally or state- chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. Eligible negotiable certificates of deposit (negotiable CDs) shall be rated in a rating category of "A" for long-term, "A-1" for short-term, their equivalents, or better by an NRSRO. No more than 20% of PCE's portfolio may be invested in negotiable CDs.

7. **Demand Deposits - Collateralized**

8. **Passbook Savings Accounts - Collateralized**

9. **Shares of beneficial interest issued by diversified management companies** that are **money market funds** registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment, money market funds must be managed with the goal of maintaining a stable net asset value (NAV) per share of $1.00.

Further, to be eligible for investment pursuant to this subdivision these companies (money market funds) will either: (i) attain the highest ranking or the highest letter and numerical rating provided by at least two NRSROs or (ii) have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of 500,000,000.

It is possible that a money market fund that is managed with the goal of maintaining a stable NAV per share of $1.00 may be unable to maintain an NAV of $1.00 per share due to market conditions or other factors. In such instances, the Treasurer or his/her designee will perform a timely review and decide whether to sell or hold the fund(s), subject to any restraints imposed by the money market fund(s).

No more than 20% of PCE's investment portfolio may be invested in money market funds or mutual funds combined. Further, no more than 10% of PCE's investment portfolio may be invested in any one money market fund. A money market fund's holding may not include auction rate securities or other securities that are not allowed under PCE's investment policy.

10. **Repurchase Agreements.** Overnight Repurchase Agreements shall be used solely as short-term investments not to exceed 3 days.

11. **Local Agency Investment Fund (State Pool) -** An investment pool managed by the State Treasurer. PCE can invest up to the maximum amount permitted by the State Treasurer.

12. **San Mateo County Pool** – As authorized by Government Code Section 53684.

13. **Local Government Investment Pools (LGIPs)-** Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or "Pool") organized pursuant to Government Code Section 6509.7 that invest in the securities and obligations authorized in subdivisions (a) to (r) of California Government Code Section 53601, inclusive. Each share will represent an equal proportional interest in the underlying pool of securities owned by the Joint Powers Authority. The Pool will be rated in a rating category "AAA" or its equivalent by a NRSRO. To be eligible under this section, the shares will maintain a stable net asset value (NAV) and the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:

    a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.

    b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) Government Code Section 53601, inclusive.

    c. The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

14. **Bankers' acceptances** otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40% of PCE's portfolio that may be invested pursuant to this section. However, no more than 30% of PCE's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

15. **Medium-term notes**, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30% of PCE's portfolio that may be invested pursuant to this section.

COLLATERALIZATION

Section 53600 et. seq. of the State of California Government Code outlines the collateral requirements for public funds on deposit above the FDIC insurance amounts. These collateral requirements apply to both active bank deposits (checking and savings accounts) and inactive bank deposits (non-negotiable certificates of deposit).

INVESTMENT POOLS

The State Pool, San Mateo County Pool, and LGIPs that PCE is authorized to invest in, may invest in Government Code authorized investments that are not approved for *direct* purchase by the PCE's Board of Directors. These pools shall be reviewed and considered by PCE's Treasurer on a regular basis and prior to PCE's investment in them. The pools provide a current investment policy and monthly reports for review by the Chief Financial Officer and Treasurer. PCE is authorized to invest in these pools provided that they are in conformance with their investment policies.

MATURITY LIMIT

To the extent possible, PCE will attempt to match its investments with anticipated cash flow requirements. Investments will be purchased with the intent to hold until maturity. However, this will not preclude the sale of securities prior to maturity in order to reposition the portfolio's duration, credit quality, to meet unanticipated cash flow requirements, and/or to enhance the rate of return. State law requires that the maturity of any given instrument should not exceed five years unless specifically approved by PCE Board of Directors at least three months before the investment is made.

INTERNAL CONTROL

The Chief Financial Officer is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of PCE are protected from loss, theft or misuse. The PCE Chief Financial Officer and Treasurer or his/her designee shall arrange for an annual audit by an external CPA firm in compliance with the requirements of state law and generally accepted accounting principles as pronounced by the GASB (Governmental Accounting Standards Board.) As part of the audit, investment transactions will be tested. The annual audit will be an integral part, but not the sole part of management's program of monitoring internal controls.

CUSTODY OF SECURITIES

All securities owned by PCE except time deposits and securities used as collateral for repurchase agreements, will be kept in safekeeping by a third-party bank's trust department, acting as an agent for PCE under the terms of a custody agreement executed by the bank and PCE. All securities shall be held in PCE's name.

All securities will be received and delivered using standard delivery versus payment

procedures.

PERFORMANCE STANDARDS

PCE’s portfolio shall be structured to achieve a market-average rate of return through various economic cycles, commensurate with the investment risk constraints and the cash flow needs. Investment performance will be calculated on a gross basis before fees and expenses and tracked monthly for internal use and monitoring. The benchmark for “market-average rate” shall be the rate of return of an appropriate market-based index which has a duration or weighted average maturity similar to that of the PCE’s portfolio, against which portfolio performance shall be compared on a regular basis.
Performance will be benchmarked to an appropriate performance index.

REPORTING

The Chief Financial Officer will provide a quarterly investment report to the PCE Audit & Finance Committee showing all transactions, type of investment, issuer, purchase date, maturity date, purchase price, yield to maturity, total return, performance benchmark, and current market value for all securities. An annual investment report shall be provided to the PCE Board of Directors in the month following the end of PCE’s fiscal year. The Treasurer will provide monthly reports to the Board as required by Government Code 53607.

POLICY REVIEW

This Investment Policy will be reviewed at least annually to ensure its consistency with:

1. The California Government Code sections that regulate the investment and reporting of public funds.

2. The overall objectives of preservation of principal, sufficient liquidity, and a market return.

3. Performance of investment advisor(s) against the appropriate benchmark.

Approved by Board of Directors on ______________________

____

Janis Pepper, Chief Executive Officer

____

Andrew Stern, Treasurer & Chief Financial Officer

Glossary

Asset Backed Securities (ABS) are securities backed by loans or receivables on assets other than real estate. ABS can be secured by a variety of assets including, but not limited to credit card receivables, auto loans, and home equity loans.

Benchmark is a comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Broker-Dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Negotiable Certificates of Deposit are large-denomination CDs. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.

Collateral refers to securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper is a short term, unsecured, promissory note issued by a corporation to raise working capital.

Delivery Versus Payment is a method of delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Demand Deposits are funds held that can be withdrawn at any time without advance notice to the institution holding the funds.

Duration is a measure of the sensitivity of the price of a security or a portfolio of securities to a change in interest rates, typically stated in years.

Federal Agency Obligations are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

Issuer means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is $5,000, in multiples of $1,000 above that, with a maximum of $75 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

Local Government Investment Pools (LGIPs) are investment tools similar to money market funds that allow public entities to invest funds.

Market Value is the price at which a security is trading and could presumably be purchased or sold.

Maturity is the date upon which the principal or stated value of an investment becomes due and payable.

Money Market Fund is a type of investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders. Eligible money market funds must strive to maintain a stable net asset value (NAV) of $1 per share.

Net Asset Value (NAV) is the value of an entity's assets minus the value of its liabilities, often in relation to open-end or mutual funds, since shares of such funds registered with the U.S. Securities and Exchange Commission are redeemed at their net asset value. Money Market funds that PCE is authorized to invest in are required to maintain an NAV of $1.00 at all times.

Par Value is the face value of the bill, note, or bond.

Principal describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreements are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

Total Return is the time-weighted performance of a portfolio including interest income and any capital appreciation or depreciation as a result of interest rate movements.

U.S. Treasury Issues are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** which are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve-month maturities.

2. **Treasury Notes** that have original maturities of one to ten years.

3. **Treasury Bonds** that have original maturities of greater than 10 years.

   Yield to Maturity is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.

Adopted May 28, 2020

Deleted: December 20, 2018

Peninsula Clean Energy
Investment Policy (Policy #19)
Proposed Changes Effective 05.28.20 (Redline)

Deleted: ¶

PURPOSE

This statement contains guidelines for the prudent investment of cash balances held by Peninsula Clean Energy (PCE) in accordance with Government Code sections 53600, et. seq. The overarching goal of PCE's Investment Policy is to protect PCE's pooled cash while producing a reasonable rate of return on investments.

Deleted: PCE's

Deleted:

Deleted:

SCOPE

The Investment Policy applies to all funds and investment activities of PCE. This does not apply to the investment of bond proceeds, which are governed by the appropriate bond documents. This does not apply to any pension or other post-employment benefit funds held in a trust, as PCE does not have any such funds at this time and has no plans to have such funds.

PRUDENCE

The standard of prudence to be used by investment officials will be the "prudent investor" standard, which states that, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

OBJECTIVES

The primary objectives, in priority order, of the investment activities of PCE are

1. SAFETY – Preservation of principal is the foremost objective of Peninsula Clean Energy.

2. LIQUIDITY – PCE's portfolio will remain sufficiently liquid to enable PCE to meet its cash flow requirements. It is important that the portfolio contain investments which provide the ability of being easily sold at any time with minimal risk of loss of principal or interest.

3. RETURN – PCE's portfolio will be designed to attain a market rate of return through economic cycles consistent with the constraints imposed by its safety and liquidity objectives.

DELEGATION OF INVESTMENT AUTHORITY

Pursuant to Government Code Section 53607, the Treasurer (and his/her designee, if necessary) is authorized to invest and reinvest money of PCE, to sell or exchange securities so purchased, and to deposit such securities for safekeeping in accordance with and subject to this investment policy.

PCE may engage the support services of outside investment advisors in regard to its investment program, so long as these services are likely to produce a net financial advantage or necessary financial protection of PCE's financial resources. Outside investment advisors must be approved by the Chief Executive Officer, the Treasurer and the Board of Directors. It is PCE's intention to use the services of outside investment advisors to manage PCE's investment program. PCE will be responsible for managing the investment advisors.

INVESTMENT PROCEDURES

The Chief Financial Officer and Chief Executive Officer will recommend investment procedures for the operation of PCE's investment program for approval by PCE's Board of Directors.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The purchase by PCE of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, which is a member of the Financial Industry Regulatory Authority (FINRA), or a member of a federally regulated securities exchange, a national or state chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The Chief Financial Officer is responsible for the evaluation of all institutions that wish to do business with PCE, to determine if they are adequately capitalized, staffed by qualified investment professionals, and agree to abide by the conditions set forth in PCE's Investment Policy and any other guidelines that may be provided. This will be done annually by having the financial institutions:

1. Provide written notification that they have read, and will abide by, PCE's Investment Policy.

2. Submit their most recent audited Financial Statements within 120 days of the institution's fiscal year end.

Deleted:

Deleted:

If PCE has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of PCE.

Purchase and sale of securities will be made on the basis of best execution.

ACCEPTABLE INVESTMENT INSTRUMENTS

Where this section specifies a percentage limitation for a particular security type or issuer, that percentage is applicable only on the date of purchase and shall be calculated on the basis of market value. Credit criteria listed in this section refers to the credit rating at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the Treasurer or his/her designee will perform a timely review and decide whether to sell or hold the investment.

PCE will diversify its investments by security type and institution. With the exception of U.S. Treasury and federal agency securities, investment pools and money market funds, no more than 5% of market value of PCE's portfolio will be invested in a single issuer regardless of sector type.

Deleted:

Deleted: limit investments in any one non-government issuer, except

Deleted: to

Deleted: security

Acceptable investments authorized for purchase on behalf of PCE are:

1. **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. **Federal agency or United States government-sponsored enterprise obligations**, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

3. **Obligations of the State of California or any local agency within the state**, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency, or by a department, board, agency or authority of the state or any local agency that is rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical-rating organization (NRSRO). Purchases of the obligations described in this subdivision and in subdivision 4 (registered treasury notes or bonds of any of the other 49 states in addition to California) collectively may not exceed 20% of PCE's portfolio.

4. **Registered treasury notes or bonds of any of the other 49 states in addition to California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of these states that is rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of the obligations described

in this subdivision and in subdivision 3 (obligations of the State of California or any local agency within the state) collectively may not exceed 20% of PCE's portfolio.

5. **Commercial Paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph a or paragraph b:

   a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

   b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

   Eligible commercial paper will have a maximum maturity of 270 days or fewer. No more than 20% of PCE's portfolio may be invested in commercial paper. PCE may purchase no more than 10% of the outstanding commercial paper of any single issuer. No more than 5% of the outstanding commercial paper investments can be invested in the Energy industry/sector.

6. **Negotiable Certificates of Deposit** issued by a nationally or state- chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. Eligible negotiable certificates of deposit (negotiable CDs) shall be rated in a rating category of "A" for long-term, "A-1" for short-term, their equivalents, or better by an NRSRO. No more than 20% of PCE's portfolio may be invested in negotiable CDs.

7. **Demand Deposits - Collateralized**

8. **Passbook Savings Accounts - Collateralized**

9. **Shares of beneficial interest issued by diversified management companies** that are **money market funds** registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment, money market funds must be managed with the goal of maintaining a stable net asset value (NAV) per share of $1.00.

Further, to be eligible for investment pursuant to this subdivision these companies (money market funds) will either: (i) attain the highest ranking or the highest letter and numerical rating provided by at least two NRSROs or (ii) have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of 500,000,000.

It is possible that a money market fund that is managed with the goal of maintaining a stable NAV per share of $1.00 may be unable to maintain an NAV of $1.00 per share due to market conditions or other factors. In such instances, the Treasurer or his/her designee will perform a timely review and decide whether to sell or hold the fund(s), subject to any restraints imposed by the money market fund(s).

No more than 20% of PCE's investment portfolio may be invested in money market funds or mutual funds combined. Further, no more than 10% of PCE's investment portfolio may be invested in any one money market fund. A money market fund's holding may not include auction rate securities or other securities that are not allowed under PCE's investment policy.

10. **Repurchase Agreements.** Overnight Repurchase Agreements shall be used solely as short-term investments not to exceed 3 days.

11. **Local Agency Investment Fund (State Pool) -** An investment pool managed by the State Treasurer. PCE can invest up to the maximum amount permitted by the State Treasurer.

12. **San Mateo County Pool** – As authorized by Government Code Section 53684.

13. **Local Government Investment Pools (LGIPs)** - Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or "Pool") organized pursuant to Government Code Section 6509.7 that invest in the securities and obligations authorized in subdivisions (a) to (r) of California Government Code Section 53601, inclusive. Each share will represent an equal proportional interest in the underlying pool of securities owned by the Joint Powers Authority. The Pool will be rated in a rating category "AAA" or its equivalent by a NRSRO. To be eligible under this section, the shares will maintain a stable net asset value (NAV) and the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:

    a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.

    b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) Government Code Section 53601, inclusive.

    c. The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

Deleted: **County Investment Fund (San Mateo County Pool)**

Deleted:

Deleted:

Deleted:

Deleted:

Deleted:

Deleted: q

14. **Bankers' acceptances** otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40% of PCE's portfolio that may be invested pursuant to this section. However, no more than 30% of PCE's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

15. **Medium-term notes**, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30% of PCE's portfolio that may be invested pursuant to this section.

COLLATERALIZATION

Section 53600 et. seq. of the State of California Government Code outlines the collateral requirements for public funds on deposit above the FDIC insurance amounts. These collateral requirements apply to both active bank deposits (checking and savings accounts) and inactive bank deposits (non-negotiable certificates of deposit).

INVESTMENT POOLS

The State Pool, San Mateo County Pool, and LGIPs that PCE is authorized to invest in, may invest in Government Code authorized investments that are not approved for *direct* purchase by the PCE's Board of Directors. These pools shall be reviewed and considered by PCE's Treasurer on a regular basis and prior to PCE's investment in them. The pools provide a current investment policy and monthly reports for review by the Chief Financial Officer and Treasurer. PCE is authorized to invest in these pools provided that they are in conformance with their investment policies.

MATURITY LIMIT

To the extent possible, PCE will attempt to match its investments with anticipated cash flow requirements. Investments will be purchased with the intent to hold until maturity. However, this will not preclude the sale of securities prior to maturity in order to reposition the portfolio's duration, credit quality, to meet unanticipated cash flow requirements, and/or to enhance the rate of return. State law requires that the maturity of any given instrument should not exceed five years unless specifically approved by PCE Board of Directors at least three months before the investment is made.

INTERNAL CONTROL

The Chief Financial Officer is responsible for establishing and maintaining an internal control

Deleted: RESTRICTION ON INVESTMENT POLICIES AND PCE CONSTRAINTS

Deleted: certain types of investments

Deleted:

Moved down [1]: Investments will be purchased with the intent to hold until maturity, however this will not preclude the sale of securities prior to maturity in order to reposition the portfolio's duration, credit quality, or enhance the rate of return.

Deleted: and also limits the percentage of total investments which can be placed in certain classifications. Investments must meet the time schedules as indicated by the cash flow projections of PCE.

Deleted: p

Deleted: and

Deleted: additional

Deleted:

Deleted: investing and on a regular basis

Deleted:

Moved (insertion) [1]

Deleted: Maximum Maturity for PCE's investments shall be limited to 2 years. Maximum Weighted Average Maturity is limited to 1 year.

structure designed to provide reasonable assurance that the assets of PCE are protected from loss, theft or misuse. The PCE Chief Financial Officer and Treasurer or his/her designee shall arrange for an annual audit by an external CPA firm in compliance with the requirements of state law and generally accepted accounting principles as pronounced by the GASB (Governmental Accounting Standards Board.) As part of the audit, investment transactions will be tested. The annual audit will be an integral part, but not the sole part of management's program of monitoring internal controls.

Deleted:
Deleted:
Deleted:
Deleted:

CUSTODY OF SECURITIES

All securities owned by PCE except time deposits and securities used as collateral for repurchase agreements, will be kept in safekeeping by a third-party bank's trust department, acting as an agent for PCE under the terms of a custody agreement executed by the bank and PCE. All securities shall be held in PCE's name.

All securities will be received and delivered using standard delivery versus payment

procedures.

PERFORMANCE STANDARDS

PCE's portfolio shall be structured to achieve a market-average rate of return through various economic cycles, commensurate with the investment risk constraints and the cash flow needs. Investment performance will be calculated on a gross basis before fees and expenses and tracked monthly for internal use and monitoring. The benchmark for "market-average rate" shall be the rate of return of an appropriate market-based index which has a duration or weighted average maturity similar to that of the PCE's portfolio, against which portfolio performance shall be compared on a regular basis.
Performance will be benchmarked to an appropriate performance index.

Deleted: the

Deleted: It is PCE's goal to meet or succeed the performance benchmark on a quarterly and annual basis. Currently, the benchmark used for comparison purposes is the Lipper 30-Day Money Market Index.

REPORTING

The Chief Financial Officer will provide a quarterly investment report to the PCE Audit & Finance Committee showing all transactions, type of investment, issuer, purchase date, maturity date, purchase price, yield to maturity, total return, performance benchmark, and current market value for all securities. An annual investment report shall be provided to the PCE Board of Directors in the month following the end of PCE's fiscal year. The Treasurer will provide monthly reports to the Board as required by Government Code 53607.

POLICY REVIEW

This Investment Policy will be reviewed at least annually to ensure its consistency with:

1. The California Government Code sections that regulate the investment and reporting of public funds.

2. The overall objectives of preservation of principal, sufficient liquidity, and a market return.

3. Performance of investment advisor(s) against the appropriate benchmark.

Approved by Board of Directors on ______________________

____

Janis Pepper, Chief Executive Officer

____

Andrew Stern, Treasurer & Chief Financial Officer

Glossary

Asset Backed Securities (ABS) are securities backed by loans or receivables on assets other than real estate. ABS can be secured by a variety of assets including, but not limited to credit card receivables, auto loans, and home equity loans.

Benchmark is a comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Broker-Dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Negotiable Certificates of Deposit are large-denomination CDs. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.

Deleted: O

Deleted: ¶
¶
1. Negotiable Certificates of Deposit

Collateral refers to securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper is a short term, unsecured, promissory note issued by a corporation to raise working capital.

Delivery Versus Payment is a method of delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Demand Deposits are funds held that can be withdrawn at any time without advance notice to the institution holding the funds.

Duration is a measure of the sensitivity of the price of a security or a portfolio of securities to a change in interest rates, typically stated in years.

Federal Agency Obligations are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

Issuer means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is $5,000, in multiples of $1,000 above that, with a maximum of $75 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

Deleted: 6

Local Government Investment Pools (LGIPs) are investment tools similar to money market funds that allow public entities to invest funds.

Market Value is the price at which a security is trading and could presumably be purchased or sold.

Maturity is the date upon which the principal or stated value of an investment becomes due and payable.

Money Market Fund is a type of investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders. Eligible money market funds must strive to maintain a stable net asset value (NAV) of $1 per share.

Net Asset Value (NAV) is the value of an entity's assets minus the value of its liabilities, often in relation to open-end or mutual funds, since shares of such funds registered with the U.S. Securities and Exchange Commission are redeemed at their net asset value. Money Market funds that PCE is authorized to invest in are required to maintain an NAV of $1.00 at all times.

Par Value is the face value of the bill, note, or bond.

Principal describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreements are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

Total Return is the time-weighted performance of a portfolio including interest income and any capital appreciation or depreciation as a result of interest rate movements.

U.S. Treasury Issues are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** which are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve-month maturities.

2. **Treasury Notes** that have original maturities of one to ten years.

3. **Treasury Bonds** that have original maturities of greater than 10 years.

   Yield to Maturity is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.

Deleted:

Peninsula Clean Energy
Investment Policy

PURPOSE

This statement contains guidelines for the prudent investment of PCE's cash balances in accordance with Government Code sections 53600, et. seq. The overarching goal of PCE's Investment Policy is to protect PCE's pooled cash while producing a reasonable rate of return on investments.

SCOPE

The Investment Policy applies to all funds and investment activities of PCE. This does not apply to the investment of bond proceeds, which are governed by the appropriate bond documents. This does not apply to any pension or other post-employment benefit funds held in a trust, as PCE does not have any such funds at this time and has no plans to have such funds.

PRUDENCE

The standard of prudence to be used by investment officials will be the "prudent investor" standard, which states that, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

OBJECTIVES

The primary objectives, in priority order, of the investment activities of PCE are

1. SAFETY – Preservation of principal is the foremost objective of Peninsula Clean Energy.

2. LIQUIDITY – PCE's portfolio will remain sufficiently liquid to enable PCE to meet its cash flow requirements. It is important that the portfolio contain investments which provide the ability of being easily sold at any time with minimal risk of loss of principal or interest.

3. RETURN – PCE's portfolio will be designed to attain a market rate of return through economic cycles consistent with the constraints imposed by its safety and liquidity objectives.

DELEGATION OF INVESTMENT AUTHORITY

Pursuant to Government Code Section 53607, the Treasurer (and his/her designee, if necessary) is authorized to invest and reinvest money of PCE, to sell or exchange securities so purchased, and to deposit such securities for safekeeping in accordance with and subject to this investment policy.

PCE may engage the support services of outside investment advisors in regard to its investment program, so long as these services are likely to produce a net financial advantage or necessary financial protection of PCE's financial resources. Outside investment advisors must be approved by the Chief Executive Officer, the Treasurer and the Board of Directors. It is PCE's intention to use the services of outside investment advisors to manage PCE's investment program. PCE will be responsible for managing the investment advisors.

INVESTMENT PROCEDURES

The Chief Financial Officer and Chief Executive Officer will recommend investment procedures for the operation of PCE's investment program for approval by PCE's Board of Directors.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The purchase by PCE of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, which is a member of the Financial Industry Regulatory Authority (FINRA), or a member of a federally regulated securities exchange, a national or state chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The Chief Financial Officer is responsible for the evaluation of all institutions that wish to do business with PCE, to determine if they are adequately capitalized, staffed by qualified investment professionals, and agree to abide by the conditions set forth in PCE's Investment Policy and any other guidelines that may be provided. This will be done annually by having the financial institutions:

1. Provide written notification that they have read, and will abide by, PCE's Investment Policy.

2. Submit their most recent audited Financial Statements within 120 days of the institution's fiscal year end.

If PCE has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of PCE.

Purchase and sale of securities will be made on the basis of best execution.

ACCEPTABLE INVESTMENT INSTRUMENTS

Where this section specifies a percentage limitation for a particular security type or issuer, that percentage is applicable only on the date of purchase and shall be calculated on the basis of market value. Credit criteria listed in this section refers to the credit rating at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the Treasurer or his/her designee will perform a timely review and decide whether to sell or hold the investment.

PCE will limit investments in any one non-government issuer, except investment pools and money market funds, to no more than 5% of market value regardless of security type.

Acceptable investments authorized for purchase on behalf of PCE are:

1. **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. **Federal agency or United States government-sponsored enterprise obligations**, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

3. **Obligations of the State of California or any local agency within the state**, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency, or by a department, board, agency or authority of the state or any local agency that is rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical-rating organization (NRSRO). Purchases of the obligations described in this subdivision and in subdivision 4 (registered treasury notes or bonds of any of the other 49 states in addition to California) collectively may not exceed 20% of PCE's portfolio.

4. **Registered treasury notes or bonds of any of the other 49 states in addition to California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or

operated by a state, or by a department, board, agency, or authority of any of these states that is rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of the obligations described in this subdivision and in subdivision 3 (obligations of the State of California or any local agency within the state) collectively may not exceed 20% of PCE's portfolio.

5. **Commercial Paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph a or paragraph b:
   a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.
   b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

   Eligible commercial paper will have a maximum maturity of 270 days or fewer. No more than 20% of PCE's portfolio may be invested in commercial paper. PCE may purchase no more than 10% of the outstanding commercial paper of any single issuer. No more than 5% of the outstanding commercial paper investments can be invested in the Energy industry/sector.

6. **Negotiable Certificates of Deposit** issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. Eligible negotiable certificates of deposit (negotiable CDs) shall be rated in a rating category of "A" for long-term, "A-1" for short-term, their equivalents, or better by an NRSRO. No more than 20% of PCE's portfolio may be invested in negotiable CDs.

7. **Demand Deposits - Collateralized**

8. **Passbook Savings Accounts - Collateralized**

9. **Shares of beneficial interest issued by diversified management companies** that are **money market funds** registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment, money market funds must be managed with the goal of maintaining a stable net asset value (NAV) per share of $1.00.

Further, to be eligible for investment pursuant to this subdivision these companies (money market funds) will either: (i) attain the highest ranking or the highest letter and numerical rating provided by at least two NRSROs or (ii) have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of $500,000,000.

It is possible that a money market fund that is managed with the goal of maintaining a stable NAV per share of $1.00 may be unable to maintain an NAV of $1.00 per share due to market conditions or other factors. In such instances, the Treasurer or his/her designee will perform a timely review and decide whether to sell or hold the fund(s), subject to any restraints imposed by the money market fund(s).

No more than 20% of PCE's investment portfolio may be invested in money market funds or mutual funds combined. Further, no more than 10% of PCE's investment portfolio may be invested in any one money market fund. A money market fund's holding may not include auction rate securities or other securities that are not allowed under PCE's investment policy.

10. **Repurchase Agreements.** Overnight Repurchase Agreements shall be used solely as short-term investments not to exceed 3 days.

11. **Local Agency Investment Fund (State Pool) -** An investment pool managed by the State Treasurer. PCE can invest up to the maximum amount permitted by the State Treasurer.

12. **County Investment Fund (San Mateo County Pool) -** <u>Shares of beneficial interest issued by a joint powers authority</u> **<u>(Local Government Investment Pools or "Pool") organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions to (q) of California Government Code Section 53601, inclusive. Each share will represent an equal proportional interest in the underlying pool of securities owned by the Joint Powers Authority. The Pool will be rated in a rating category "AAA" or its equivalent by a NRSRO. To be eligible under this section, the shares will maintain a stable net asset value (NAV) and the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:</u>**
a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) Government Code Section 53601, inclusive.
c. The adviser has assets under management in excess of five hundred

million dollars ($500,000,000).

RESTRICTION ON INVESTMENT POLICIES AND PCE CONSTRAINTS

Section 53600 et. seq. of the State of California Government Code outlines the collateral requirements for certain types of investments and also limits the percentage of total investments which can be placed in certain classifications. Investments must meet the time schedules as indicated by the cash flow projections of PCE. Investments will be purchased with the intent to hold until maturity, however this will not preclude the sale of securities prior to maturity in order to reposition the portfolio's duration, credit quality, or enhance the rate of return.

INVESTMENT POOLS

The State pool and San Mateo County Pool invest in additional Government Code authorized investments that are not approved for *direct* purchase by the PCE's Board of Directors. These pools shall provide a current investment policy and monthly reports for review by the Chief Financial Officer and Treasurer. PCE is authorized to invest in these pools provided they are in conformance with their investment policies.

MATURITY LIMIT

State law requires that the maturity of any given instrument should not exceed five years unless specifically approved by PCE Board of Directors at least three months before the investment is made. Maximum Maturity for PCE's investments shall be limited to 2 years. Maximum Weighted Average Maturity is limited to 1 year.

INTERNAL CONTROL

The Chief Financial Officer is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of PCE are protected from loss, theft or misuse. The PCE Chief Financial Officer and Treasurer or his/her designee shall arrange for an annual audit by an external CPA firm in compliance with the requirements of state law and generally accepted accounting principles as pronounced by the GASB (Governmental Accounting Standards Board.) As part of the audit, investment transactions will be tested. The annual audit will be an integral part, but not the sole part of management's program of monitoring internal controls.

CUSTODY OF SECURITIES

All securities owned by PCE except time deposits and securities used as collateral for repurchase agreements, will be kept in safekeeping by a third-party bank's trust department, acting as an agent for PCE under the terms of a custody agreement executed by the bank and PCE. All securities shall be held in PCE's name.

All securities will be received and delivered using standard delivery versus payment

procedures.

PERFORMANCE STANDARDS

PCE's portfolio shall be structured to achieve a market-average rate of return through various economic cycles, commensurate with the investment risk constraints and the cash flow needs. Investment performance will be calculated on a gross basis before fees and expenses and tracked monthly for internal use and monitoring. The benchmark for "market-average rate" shall be the rate of return of an appropriate market-based index which has a duration or weighted average maturity similar to that of the PCE's portfolio, against which portfolio performance shall be compared on a regular basis. Performance will be benchmarked to the appropriate performance index. It is PCE's goal to meet or succeed the performance benchmark on a quarterly and annual basis. Currently, the benchmark used for comparison purposes is the Lipper 30-Day Money Market Index.

REPORTING

The Chief Financial Officer will provide a quarterly investment report to the PCE Audit & Finance Committee showing all transactions, type of investment, issuer, purchase date, maturity date, purchase price, yield to maturity, total return, performance benchmark, and current market value for all securities. An annual investment report shall be provided to the PCE Board of Directors in the month following the end of PCE's fiscal year. The Treasurer will provide monthly reports to the Board as required by Government Code 53607.

POLICY REVIEW

This Investment Policy will be reviewed at least annually to ensure its consistency with:

1. The California Government Code sections that regulate the investment and reporting of public funds.
2. The overall objectives of preservation of principal, sufficient liquidity, and a market return.
3. Performance of investment advisor(s) against the appropriate benchmark.

Approved by Board of Directors on ____________________

____

Janis Pepper, Chief Executive Officer

____

Andrew Stern, Chief Financial Officer

Glossary

Asset Backed Securities (ABS) are securities backed by loans or receivables on assets other than real estate. ABS can be secured by a variety of assets including, but not limited to credit card receivables, auto loans, and home equity loans.

Broker-Dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Certificates Of Deposit

1. **Negotiable Certificates of Deposit** are large-denomination CDs. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.

Collateral refers to securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper is a short term, unsecured, promissory note issued by a corporation to raise working capital.

Demand Deposits are funds held that can be withdrawn at any time without advance notice to the institution holding the funds.

Duration is a measure of the sensitivity of the price of a security or a portfolio of securities to a change in interest rates, typically stated in years.

Federal Agency Obligations are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

Issuer means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is $5,000, in multiples of $1,000 above that, with a maximum of $65 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

Local Government Investment Pools (LGIP) are investment tools similar to money market funds that allow public entities to invest funds.

Market Value is the price at which a security is trading and could presumably be purchased or sold.

Maturity is the date upon which the principal or stated value of an investment becomes due and payable.

Money Market Fund is a type of investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders. Eligible money market funds must strive to maintain a stable net asset value (NAV) of $1 per share.

Net Asset Value (NAV) is the value of an entity's assets minus the value of its liabilities, often in relation to open-end or mutual funds, since shares of such funds registered with the U.S. Securities and Exchange Commission are redeemed at their net asset value. Money Market funds that PCE is authorized to invest in are required to maintain an NAV of $1.00 at all times.

Par Value is the face value of the bill, note, or bond.

Principal describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreements are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

Total Return is the time-weighted performance of a portfolio including interest income and any capital appreciation or depreciation as a result of interest rate movements.

U.S. Treasury Issues are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** which are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve month maturities.

2. **Treasury Notes** that have original maturities of one to ten years.

3. **Treasury Bonds** that have original maturities of greater than 10 years.

Yield to Maturity is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE:	May 12, 2020
BOARD MEETING DATE:	May 28, 2020
SPECIAL NOTICE/HEARING:	None
VOTE REQUIRED:	Majority Vote

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Andy Stern, Chief Financial Officer

SUBJECT: Approve the Appointment of Picenti & Brinker as Auditor for the FY2019-2020 and FY2020-2021 Fiscal Years

RECOMMENDATION:
Recommend that the Board of Directors approve the appointment of Picenti & Brinker as Auditor for the FY2019-2020 and FY2020-2021 fiscal years.

BACKGROUND AND DISCUSSION:
PCE is required to engage an independent auditor to audit the financial statements each year. In September 2017, PCE engaged Picenti & Brinker to perform the audit for 4 fiscal years fiscal years ending June 30, 2016, 2017, 2018 and 2019.

Staff identified alternative auditors for the Audit and Finance Committee at its meeting on May 11, 2020. Based on the Staff recommendation to continue with Picenti & Brinker for the upcoming two years, the Audit and Finance Committee members unanimously supported bringing this recommendation to the full Board.

Fiscal Impact
The fiscal impact of the appointment of Picenti & Brinker will be $23,100 for the year ending June 30, 2020 (to be incurred in FY2020-2021) and $23,600 for the year ending June 30, 2021 (to be incurred in FY2021-2022).

Recommendation
PCE staff recommends that the Board approve the appointment of Picenti & Brinker as Auditor for the FY2019-2020 and FY2020-2021 fiscal years.

RESOLUTION NO. ____________

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

* * * * * *

RESOLUTION RECOMMENDING THAT THE BOARD APPROVE THE APPOINTMENT OF PICENTI & BRINKER AS AUDITOR FOR THE FY2019-2020 AND FY2020-2021 FISCAL YEARS

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

WHEREAS, the Board of the Peninsula Clean Energy Authority initially engaged Picenti & Brinker to audit the annual financial statements of the Peninsula Clean Energy Authority for in October 2017, and

WHEREAS, Picenti & Brinker has provided audit services to the Peninsula Clean Energy Authority for the years ending June 30, 2016 through June 30, 2019, and

WHEREAS, the Audit and Finance Committee of the Peninsula Clean Energy Authority at its meeting on May 11, 2020 unanimously supported the recommendation of Staff to continue to engage Picenti & Brinker to provide audit services for the years ending June 30, 20120 and June 30, 2021.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board of PCEA approve the appointment of Picenti & Brinker as Auditor for the FY2019-2020 and FY2020-2021 fiscal years.

* * * * * *

PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: May 15, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

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

FROM: Subcommittee on Citizens Advisory Committee Recruitment

SUBJECT: Approve Citizens Advisory Committee (CAC) Meeting Attendance Policy

RECOMMENDATION: Approve the Peninsula Clean Energy Citizens Advisory Committee (CAC) Meeting Attendance Policy

BACKGROUND:
In the Resolution Establishing the Peninsula Clean Energy Authority Citizens Advisory Committee (the "Resolution") approved on February 23, 2017, the Board outlined the structure of the Citizens Advisory Committee (CAC). The following two statements have been excerpted from the Resolution, and are relevant to the creation of an attendance policy for CAC members by the Board:

1. "The CAC members serve at the pleasure of the PCE Board and any member may be removed by a majority vote of the PCE Board."

2. "CAC members must demonstrate and maintain a personal commitment of time and energy to attending CAC and PCE meetings and to helping the organization attain its full potential."

The CAC has not had a formal attendance policy or process for removing members based on attendance. Committee members committed to attend 75% of the CAC meetings when they applied to serve and not all have met this commitment. To date, Staff have not brought any CAC members to the Board for failing to meet the attendance requirement.

Discussion:

On April 23, 2020 the Subcommittee on Citizens Advisory Committee Recruitment consisting of Carole Groom, Wayne Lee, and Marty Medina, met to interview applicants to the CAC as part of the CAC's annual recruitment process. During this meeting, the subcommittee also requested PCE's legal counsel draft an attendance policy for CAC members. This attendance policy would serve as the Board's mechanism for removing CAC members for poor attendance, in lieu of bringing individual CAC members to the Board for removal. At their meeting on May 1, 2020, the Recruitment Subcommittee amended this draft and agreed to bring it before the Board for consideration and approval.

Attachments:

1. Peninsula Clean Energy Citizens Advisory Committee (CAC) Meeting Attendance Policy

RESOLUTION NO. ____________

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * * *

RESOLUTION APPROVING THE PENINSULA CLEAN ENERGY CITIZENS ADVISORY COMMITTEE (CAC) MEETING ATTENDANCE POLICY

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

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

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

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

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

WHEREAS, CAC members serve at the pleasure of the PCE Board and any member may be removed by a majority vote of the PCE Board; and

WHEREAS, CAC members must demonstrate and maintain a personal commitment of time and energy to attending CAC and PCE meetings; and

WHEREAS, the regular attendance of CAC members is necessary to ensure the Committee regularly reaches a quorum and functions with consistency; and

WHEREAS, the Subcommittee on Citizens Advisory Committee Recruitment requested an attendance policy be created for CAC members when they met on April 23, 2020; and

WHEREAS the Subcommittee on Citizens Advisory Committee Recruitment reviewed and edited a draft attendance policy for CAC members when they met on May 1, 2020 that would serve as the Board’s mechanism for removing CAC members for poor attendance; and

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board approves the Peninsula Clean Energy Citizens Advisory Committee (CAC) Meeting Attendance Policy in Attachment 1.

* * * * * *

Attachment 1

Peninsula Clean Energy Citizens Advisory Committee (CAC) Meeting Attendance Policy

A member of the CAC shall notify the Committee Chair or staff if he or she is unable to attend a regular or special meeting at least 48 hours prior (when feasible) to the scheduled meeting. As used in this section, “regular meetings” mean regularly scheduled meeting of the CAC at the regular monthly time approved by the CAC. Adjourned regular meetings, continued regular meetings and meetings held outside of the regular CAC meeting schedule and location shall be considered “special meetings.” For the purpose of this section, a member shall be deemed absent from a meeting if the member fails to attend a regular meeting for one-half of the duration of the meeting.

Automatic Resignation

A member of the CAC shall be deemed to have automatically resigned from office if:

a. The member has unexcused absences from any three consecutive regular meetings of the CAC;

b. The member has unexcused absences for more than 25% percent of the total number of regular meetings in any calendar year; or

c. The member has unexcused absences for more than 25% percent of the total remaining number of regular meetings in that calendar year if the member was appointed to fill a vacancy.

Excused Absences

For the purpose of this section, the following shall be considered excused absence:

a. An absence due to illness for the member, illness or death of a member’s immediate family, or a family emergency;
b. An absence due to pre-authorized CAC business;
c. An absence due to a member’s performance of required business as an elected official.

Extended Leave of Absence

Except under the most unusual circumstances, such as for medical reasons, extended leaves of absence will not be allowed. Exceptions to this and other attendance rules may be reviewed and granted by the CAC as a body.

REGULAR MEETING of the Board of Directors of the Peninsula Clean Energy Authority (PCEA)
Thursday, April 23, 2020
MINUTES

Peninsula Clean Energy
Video conference and teleconference
6:30 p.m.

CALL TO ORDER

Meeting was called to order at 6:33 p.m.

ROLL CALL

Present:	Dave Pine, County of San Mateo Carole Groom, County of San Mateo Jeff Aalfs, Town of Portola Valley, *Chair* Rick DeGolia, Town of Atherton, *Vice Chair* Madison Davis, City of Brisbane Donna Colson, City of Burlingame John Goodwin, Town of Colma Roderick Daus-Magbual, City of Daly City Carlos Romero, City of East Palo Alto Catherine Mahanpour, City of Foster City Laurence May, Town of Hillsborough Catherine Carlton, City of Menlo Park Ann Schneider, City of Millbrae Deirdre Martin, City of Pacifica 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 Flor Nicolas, City of South San Francisco John Keener, Director Emeritus Pradeep Gupta, Director Emeritus
Absent:	City of Belmont City of Half Moon Bay Town of Woodside

Staff: Jan Pepper, Chief Executive Officer
Andy Stern, Chief Financial Officer
Leslie Brown, Director of Customer Care
Rafael Reyes, Director of Energy Programs
Joseph Wiedman, Director of Legislative and Regulatory Affairs
KJ Janowski, Director of Marketing and Community Affairs
Kirsten Andrews-Schwind, Senior Manager of Community Relations
Siobhan Doherty, Director of Power Resources
Chelsea Keys, Power Resources Manager
Peter Levitt, Associate Manager of Distributed Energy Resources (DER)
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:
None

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: May / Bonilla

Motion passed unanimously with correction to the minutes to add Pradeep Gupta, and pulling Item 9 from the Consent Agenda 18-0 (Absent: County of San Mateo, Belmont, Half Moon Bay, Woodside)

9. APPROVE PUBLIC RELATIONS CONSULTANT CONTRACT

Ann Schneider reported that the City of Millbrae will not support this expenditure for marketing due to the impact of reduced city funds due to the COVID-19 pandemic. KJ Janowski—Director of Marketing and Community Affairs—reported that this is an extension of a contract with the Public Relations Consultant Peninsula Clean Energy has been working with since December 2019. Jan Pepper—Chief Executive Officer—reported that the funds for this contract come from previous customer payments, and that no taxes were received from the cities.

Motion Made / Seconded: Bonilla / May

Motion passed 17-1 (Opposed: Millbrae, Absent: County of San Mateo, Belmont, Half Moon Bay, Woodside)

REGULAR AGENDA

1. CHAIR REPORT

Jeff Aalfs—Chair—reported that he has been virtually attending the Energy Institute at HAAS 2020 Power Conference on Energy Research and Policy. Jeff discussed two papers, entitled, "Effects of Mandatory Energy Efficiency Disclosure in Housing Markets", and "Using Machine Learning to Target Treatment: The Case of Household Energy Use".

2. CEO REPORT

Jan Pepper—Chief Executive Officer—provided an update on staffing, announced that PCE received a BBB+ investment grade rating from Fitch Ratings, and reported that several CARE/FERA (California Alternate Rates for Energy/Family Electric Rate Assistance) customers called and wrote to say 'thank you' for the $100 on-bill credit that was approved by the Board. Jan also provided an update on PG&E's bankruptcy, and the impact of COVID-19 on load.

3. CITIZENS ADVISORY COMMITTEE REPORT

Desiree Thayer—Chair—reported that the Citizens Advisory Committee (CAC) received an update on the Strategic Plan from Jan Pepper, received an update on Energy Programs from Director Rafael Reyes, and discussed the potential of other communities joining PCE. Desiree also reported that the CAC created a Work Planning Working Group to discuss the CAC's priorities for 2020.

4. APPPOINTMENTS TO THE EXECUTIVE COMMITTEE AND OTHER STANDING COMMITTEES

Jeff Aalfs reported that a review of the existing committees and their participation is still pending. Board members came to a consensus to table this item for one month, and Jeff requested that Board members contact him to express interest in the Executive Committee and Audit and Finance Committee.

5. APPROVE NEW PENINSULA CLEAN ENERGY RATES BASED ON NEW PG&E RATE UPDATE

Leslie Brown—Director of Customer Care—reported that PG&E will be adjusting rates May 1, 2020, and PCIA (Power Charge Indifference Adjustment) will increase across all rate classes. Leslie reported that the PCIA increase will result in PCE needing to lower generation rates to maintain a net 5% discount on ECOplus rates, resulting in less revenue to PCE.

Leslie reviewed System Average Generation Rates, the Expected PCIA Update May 1, 2020, and the System Average Bundled Rates, outlining the percent change. Leslie announced a new Commercial EV ("BEV" Business Electric Vehicle) Rate being launched May-October 2020, reserved for dedicated EV charging meters.

PUBLIC COMMENT:
Mark Roest, SeaWave Battery

<u>Motion Made / Seconded:</u> Bonilla / Groom

Motion passed unanimously 19-0 (Absent: Belmont, Half Moon Bay, Woodside)

6. UPDATE ON PCIA AND PROJECTED FINANCIAL IMPACT

Andy Stern—Chief Financial Officer—reviewed background information on PCIA, how PCE calculates its rates, and the PCIA "Cap and Trigger" from the CPUC (California Public Utilities

Commission) decision adopted in October 2018. Andy reviewed anticipated rate changes taking effect May 1, 2020, and the expected PCIA Trigger that could increase PCIA rates October 1, 2020. Andy outlined future budget assumptions and the impact to revenue from PCIA increases, and he introduced potential impacts from COVID-19 and the recession. Board members discussed the PCIA Cap and Trigger mechanism, and how to address the significant increases to PCIA.

PUBLIC COMMENT:
Mark Roest, SeaWave Battery
Tom Kabat, Menlo Spark

7. APPROVE PENINSULA CLEAN ENERGY 2020-2025 STRATEGIC PLAN

Jan Pepper reviewed the timeline for the development and review of the Strategic Plan, and outlined the Mission, Vision, Organizational Priorities, and Strategic Goals from 2020 through 2025. Jan reviewed the categories for the Strategic Goals, and reviewed Objectives and Key Tactics to achieve those goals. Jan reviewed the timeline of next steps including implementing the plan and developing metrics, and she outlined a plan for publishing the Strategic Plan with a target date of June 15, 2020.

Board members discussed PCE’s commitment to training, Labor, and Policy 10: Inclusive and Sustainable Workforce Policy and Workforce, and reminded the public of Policy 18: Financial Reserves Policy.

PUBLIC COMMENT:
Mark Roest, SeaWave Battery
Tom Kabat, Menlo Spark
Gladwyn D’Souza
Sri Sukhi

<u>Motion Made / Seconded:</u> Carlton / Bonilla

Motion passed unanimously 19-0 (Absent: Belmont, Half Moon Bay, Woodside)

8. BOARD MEMBERS’ REPORTS

Donna Colson reported that the City of Burlingame’s recovery plan includes investing in their lowest income residents. Catherine Carlton reported that a contractor twice cut power lines in Menlo Park, causing an energy surge backwards into home wiring and appliances. Rick Bonilla reported on a Commute.org campaign to keep cars off the road and offer more people the opportunity to work from home to reduce particulates and GHG (greenhouse gas). Rick recommended a Daily Journal article by John Ford (Telecommuting: Not just a short-term solution). Ann Schneider reported that NGOs (non-government organizations) are introducing a movement to telecommute to reduce traffic, accidents, and the load on police and first responders. Jeff Aalfs suggested this could be the silver lining of what can be achieved without driving.

ADJOURNMENT

Meeting was adjourned at 8:57 p.m.

PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: May 15, 2020
BOARD MEETING DATE: May 28, 2020
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, Community Affairs, and Customer Care Teams are responsible for enhancing Peninsula Clean Energy's brand reputation, educating and engaging customers, driving participation in programs, and ensuring customer satisfaction. Tactics include community outreach, content creation and storytelling through owned (e.g. online, social media), earned (e.g. public relations), and paid media (advertising), schools engagement programs, and customer care.

DISCUSSION:

NEW: Funding Sustainable Future Outdoor Academy
Peninsula Clean Energy will provide grant funding to scale the Sustainable Future Outdoor Academy for public secondary schools in San Mateo County. Sustainable Future Outdoor Academy teaches middle and high school students about sustainability in an outdoor camp environment through educational modules with hands-on activities, field trips to local sustainable farms, and hikes exploring local natural destinations. Grant funds will be used for the development of staff and school recruitment, camp selection, and scholarship source planning.

News & Media
Full coverage of Peninsula Clean Energy in the news can be found on our News & Media webpage.

ECO100 Statistics

Total ECO100 accounts at end of April:	6003
ECO100 accounts added in the month:	56
ECO 100 accounts dropped in the month:	20
Total ECO100 accounts at the end of March:	5967

Enrollment Statistics

Opt-outs decreased from March 2020 (66) to April 2020 (48). The April 2020 opt-out rate was lower than the April 2019 rate, with 66 opt-outs for the month. As of the end of April, the opt-out rate adjusted for move-in/move-outs is 2.62% and our overall participation rate is 97.14% of eligible accounts.

Opt-Outs by City

CITY	Eligible Ac	TOTAL OPT OUT !
ATHERTON INC	2,706	1.66%
BELMONT INC	11,939	2.66%
BRISBANE INC	2,542	2.05%
BURLINGAME INC	15,372	2.24%
COLMA INC	761	1.45%
DALY CITY INC	34,128	3.51%
EAST PALO ALTO INC	7,929	3.97%
FOSTER CITY INC	14,783	2.09%
HALF MOON BAY INC	4,978	3.05%
HILLSBOROUGH INC	4,043	2.30%
MENLO PARK INC	15,802	1.58%
MILLBRAE INC	9,364	3.14%
PACIFICA INC	15,457	3.84%
PORTOLA VALLEY INC	1,679	6.67%
REDWOOD CITY INC	35,183	2.31%
SAN BRUNO INC	16,481	4.14%
SAN CARLOS INC	14,662	2.58%
SAN MATEO INC	44,457	2.71%
SO SAN FRANCISCO INC	25,224	3.81%
UNINC SAN MATEO CO	24,564	2.96%
WOODSIDE INC	2,289	1.79%
Grand Total	**304,343**	**2.92%**
Adjusted Total	**304,016**	**2.63%**

Table reflects data as of 5/08/2020

In addition to the County of San Mateo, there are a total of 15 ECO100 cities. The ECO100 towns and cities as of May 15, 2020, include: Atherton, Belmont, Brisbane, Burlingame, Colma, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Portola Valley, Redwood City, San Carlos, San Mateo, and Woodside.

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

Active Accounts by City and ECO100 Opt-Up Rate

City	Active Accounts	ECO100 Opt-Up %
Atherton	2,661	2.07%
Belmont	11,667	1.57%
Brisbane	2,494	3.45%
Burlingame	15,056	2.27%
Colma	748	4.01%
Daly City	33,131	0.27%
East Palo Alto	7,627	0.29%
Foster City	14,528	2.21%
Half Moon Bay	4,807	2.27%
Hillsborough	3,957	1.64%
Menlo Park	15,598	3.18%
Millbrae	9,117	1.16%
Pacifica	14,924	1.06%
Portola Valley	1,577	93.66%
Redwood City	34,506	2.08%
San Bruno	15,883	0.55%
San Carlos	14,333	2.13%
San Mateo	43,436	1.54%
So. San Francisco	24,368	0.44%
Uninc. San Mateo Co	23,721	2.31%
Woodside	2,253	2.53%
Grand Total	**296,392**	**2.03%**

Table reflects data as of 5/08/2020

Item No. 20

PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: May 18, 2020
BOARD MEETING DATE: May 28, 2020
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 April and May Regulatory and Legislative Activities

SUMMARY:

Late April and early May were very busy on the regulatory front as the Commission continues to move forward with numerous activities. As discussed below, stakeholders took action to mitigate the impacts of the COVID-19 pandemic. Actions related to resource adequacy, PCIA mitigation, and transportation electrification were also areas of activity over the last four weeks. Moreover, limited legislative activity has resumed. Both chambers of the Legislature have reconvened and activities are slowly resuming with energy-related bills being heard in the Senate and hearings being set in the Assembly. Word on the street is that the Legislature is keenly focused on mitigation of the coronavirus crisis, affordability, and associated budget impacts. All energy matters are being viewed through that lens. 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 thirteen 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 four stakeholder meetings over the last month.

DEEPER DIVE:

Regulatory Advocacy and Outreach

Pacific Gas & Electric Company (PG&E) Advice Letter 5784-E – On March 19, 2020, PG&E submitted Advice Letter 5784-E pursuant to Ordering Paragraph 1 of D.19-07-015 and a letter from CPUC Executive Director Alice Stebbins to all electric utilities. The advice letter requests approval of PG&E extending four consumer protections to customers impacted by COVID-19. Those protections are (1) suspending disconnection due to nonpayment; (2) waiving deposit requirements; (3) implementing flexible payment options; and (4) taking various actions to support CARE and medical baseline customers including suspending removals from either program and providing $100 in payment assistance through the REACH program. PG&E proposed that these program changes remain in effect until March 4, 2021. On April 8, 2020, CalCCA filed a protest to PG&E's advice letter regarding the flexible payment options. CalCCA requested the Commission require PG&E to allocate customer payments on a pro-rata basis between CCA and PG&E charges as required by Rule 23, that deposits collected by PG&E from customers be allocated to CCA and PG&E charges on a pro-rata basis, that a single point of contact be created for payments to streamline the process and ensure equitable treatment between PG&E and CCAs, and that CCA customers not be responsible for uncollected charges from PG&E bundled customers to ensure CCA and bundled customers are treated fairly.

California Independent System Operator (CAISO) – On April 29, 2020, CAISO released a revised proposal on hybrid resources to establish rules for hybrid and co-located resources. Hybrid and co-located resources are energy generation resources that have storage associated with the renewable generation resource. On May 7, 2020 the CAISO also held a workshop on the topic which Doug Karpa attended. On May 13, 2020, the CAISO released a revised proposal based on feedback received at the workshop. Stakeholders continue to discuss the best way to determine the resource adequacy value associated with the addition of energy storage to a renewable generation resource.

R.17-06-026* – Power Charge Indifference Adjustment *(PCIA) Order Instituting Rulemaking (OIR) – On May 6, 2020, a workshop was held on filing, timing, and transparency issues with the PCIA. Tim Lindl and Richard McCann presented at the workshop on behalf of the Joint CCAs. They discussed ongoing issues with review of Investor-owned Utility (IOU) filings in PCIA-related cases and how inconsistencies in filings by the IOUs impact the ability to review PCIA-related filings for accuracy and compliance. They also discussed how these issues spill over into timely resolution of the discussion in time to allow January 1 rate changes to occur. Joseph Wiedman attended the workshop on behalf of PCE. Additionally, two workshops for Energy Division staff were held by members of Working Group 3 on May 7, 2020 and 15, 2020. The purpose of the workshop was to address staff questions regarding the Working Groups proposals to lower the cost of the PCIA, namely, the Working Group proposal that the all Renewable Portfolio Standard, Resource Adequacy, and Green House Gas-free energy in the Investor Owned Utility portfolios be allocated to all load serving entities in the state, mostly on a voluntary basis, with the remainder not accepted sold on behalf of the customers of those load serving entities. Doug Karpa attended both workshops as he is a key CalCCA lead on Working Group 3 matters.

R.17-09-020 – Resource Adequacy (RA) OIR – On March 26, 2020, the assigned administrative law judge issued a proposed decision (PD) rejecting the settlement worked out between CalCCA and numerous other load serving entities to establish a residual centralized procurement model for local resource adequacy resources wherein load serving entities (LSEs) would procure local resource adequacy resources first and a central entity would procure for any gaps stemming from the overall procurement. Instead, the PD proposed to establish PG&E and Southern California Edison (SCE) as sole buyers of local resource adequacy in their transmission access areas (essentially their service territories). Under the PD, LSEs would still be able to procure resources having local resource adequacy value, but the only way to receive the local RA value of those resources would be to offer to sell them to the central buyer or keep the resource for their own use and have the local RA value socialized to all LSEs for free. On April 15, 2020, CalCCA filed opening comments on the PD arguing for support of the settlement and proposing edits to the PD to make it an acceptable framework for central procurement of local RA resources. In particular, CalCCA discussed how the ability of LSEs to receive credit for any local RA value stemming from resources LSE's procure is essential to preserve the full value of resources procured by LSEs to serve their customers and ensure LSEs continue to procure preferred resources such as renewables and storage. On April 20, 2020, CalCCA filed reply comments on the PD and parties' opening comments. CalCCA, many CCAs – including PCE – and allied parties held ex parte meetings with the Commission to highlight the deficiencies of the PD's proposed framework. PCE's ex parte meetings focused on the need for crediting to preserve the ability of PCE to continue on the path to meeting our customers energy needs with renewables on a time coincident basis. PCE staff also focused on revisions to the central procurement framework to ensure any central procurement was done as affordably as possible. Joseph Wiedman and Jeremy Waen attended the ex parte meetings on behalf of PCE. The PD was set for a vote by the Commission at the May 7, 2020 voting meeting. However, the PD was held by staff until at least the Commission's May 28, 2020 voting meeting. This outcome likely means that changes are being made to the PD based on comments on the PD and ex parte meetings.

R.18-07-003 – RPS OIR/BioMAT Program – BioMAT Program issues: On March 10, 2020, the assigned administrative law judge issued a ruling requesting comments on an updated staff proposal concerning the Commission's development of the Bioenergy Market Adjusting Tariff (BioMAT) listing recommended changes to the BioMAT program rules, contract terms, process, as well as recommended clarifications to the BioMAT program. Notably, the updated proposal would allow CCAs to request cost recovery for procurement from facilities that qualify for the program. On April 1, 2020, numerous parties filed comments in response to staff's proposal. The three IOUs generally opposed allowing CCAs to recover costs of their procurement under the program via a non-bypassable charge. On April 15, 2020, the Joint CCAs, including PCE, filed reply comments responding to the IOUs concerns and supporting the ability of CCAs to seek cost recovery of procurement that falls under the program.

R.18-12-005 – De-energization OIR – On April 13, 2020, PCE joined numerous other parties including CCAs and representatives of local governments to file a motion requesting the Commission issue an emergency order setting forth de-energization protocols for the electric investor-owned utilities ("IOUs") that will be effective for as long as a State of Emergency or shelter-in-place order remains in effect due to the COVID-19 pandemic. The proposed protocols were designed to be complimentary to the existing order prohibiting the IOUs from disconnecting customer accounts for nonpayment during the COVID-19 emergency and would be temporary emergency supplements to the existing de-energization rules and any new or modified rules that may be adopted in Phase 2 of this Rulemaking. On April 14, 2020, the Small Business Utility Advocates filed a response generally supporting the motion. On April 15, 2020, the assigned ALJ issued a ruling requiring parties to file any responses to the motion by April 20, 2020 and for moving parties to file any response by April 24, 2020. On April 20, 2020, PG&E filed a response to the motion. PG&E generally argued that efforts were continuing to minimize the scope, duration and impacts of future PSPS events, that PG&E was taking steps to address the impact of the COVID-19 pandemic on PSPS event planning and mitigation efforts and, finally, that the proposals within the emergency motion were technically infeasible, unnecessary and would result in diminished public safety. SCE also filed a response generally asking the Commission to deny the motion in the name of public safety. The Public Advocates Office generally supported the motion but asked that parties be allowed to filing opening and reply comments on the motion, so parties have an opportunity to more fully respond to the requests. TURN also filed a response supporting some but not all of the requests presented in the motion. TURN requested that the Commission affirm that the existing de-energization guidelines require IOUs to consider public safety risks, which includes COVID-19 related safety risks; find that the ultimate decision regarding de-energization events must belong to the IOUs once established criteria/thresholds are met, establish that the IOUs have the burden of demonstrating that the scope of each de-energization event was as narrowly tailored as possible and reject the Joint Parties' recommendation for utilities to provide backup power to withstand a five-day outage, with the exception of certain Community Resource Centers that do not have onsite generators. On April 24, 2020, the Joint Movants filed a reply to PG&E and TURN's responses.

R.18-12-006 – Transportation Electrification Framework OIR – On February 3, 2020, the Energy Division Staff released a draft Transportation Electrification Framework via a ruling from the assigned administrative law judge. The ruling requested party comment on the draft report through a series of comments from February through July. The ruling also scheduled a series of workshops on the draft Framework. On March 6, 2020, numerous parties filed opening comments on various sections of the draft Framework. On April 27, 2020, the Joint CCAs and PCE submitted reply comments. The Joint CCAs reply comments argued that there needs to avoid overlap or redundancy between IOU and CCA transportation electrification programs, explained why the CCAs are well positioned to serve as administrators of transportation electrification programs, supported flexibility in the timing of filings for transportation electrification proposals, argued that IOU programs and any ownership of facilities should be limited to the utility side of the meter, and discussed views on what near term priorities for transportation electrification should be among other matters. PCE's comments echoed many of these points within the specific context of PCE's ongoing transportation electrification programs. On May 11, 2020, the Joint CCAs and PCE filed opening comments on a "scorecard concept" for measuring progress with transportation electrification goals and how the IOU's low carbon fuel standard programs should be integrated with ongoing transportation electrification programs. PCE's comments detailed how metrics can be used to assess programs, how the scorecard concept should be aligned with CCA administration of transportation electrification programs and supporting the Framework's proposal for holding back LCFS funds to support transportation electrification programs. The Joint CCAs comments addressed similar matters.

A.19-06-001 – PG&E 2020 Energy Resource Recovery Account (ERRA) Forecast Application – On February 28, 2020, the Commission issued D.20-02-047 disposing of the issues at stake in this docket. On April 1, 2020, PG&E filed an application for rehearing of the decision. The PG&E's request asked the Commission to revise D.20-02-047 to reflect two changes: 1) to clarify there are only annual RPS compliance targets and 2) to modify the sales volume calculations to reflect a modified protocol for adjustment, without changing the required deduction in this instance. On April 14, 2020, the Joint CCAs, including PCE, filed a response to the application for rehearing. The Joint CCAs argued that PG&E's application for rehearing should be denied as PG&E was seeking to relitigate issues that the decision had already properly declined to address until a future ERRA Forecast docket.

I.19-09-016 – PG&E Bankruptcy Order Instituting Investigation (OII) – On April 9, 2020, PG&E submitted an ex parte letter to the Commission requesting the Commission address issues of rate neutrality, enhanced oversight, board governance, and the safety culture OII in the CPUC's Bankruptcy OII decision. On April 17, 2020, the Joint CCAs, including PCE, filed a letter responding to PG&E's letter. The Joint CCAs' letter reiterated the points made in comments in the docket. On April 20, 2020, the Commission issued a proposed decision that, if adopted, would approve PG&E's plan for reorganization with significant modifications. The PD would require numerous requirements including: (1) requirements for executive oversight of safety and risk; (2) requiring at least 50% of PG&E's Board of Directors be residents of California, with a preference for residents of PG&E's service territory; (3) requiring safety expertise within the Board; (4) providing for a sunset on Board of Directors requirements; (5)

development of safety and operational metrics; (6) requiring that completion of the bankruptcy will not impact future PUC fines and investigations; (7) requiring PG&E to file a regional reorganization plan by June 30, 2020; (8) requiring an enhanced oversight process that could lead to PG&E being acquired by the state; (9) approving PG&E's debt and equity structure; (10) finding that the PG&E plan is "neutral, on average, to ratepayers" as required by AB 1054; and covering numerous other issues. On May 12, 2020, the Joint CCAs filed comments on the PD. The Joint CCAs argued that the Commission was correct in rejecting PG&E's request to suspend oversight of certain aspects of PG&E's reorganization and that resolution of PG&E's continued provision of retail energy service was more properly considered in the Commissions Safety OII docket (I.15-08-019), but had incorrectly determined that the Plan was "neutral, on average, to ratepayers". On May 18, 2020, the Joint CCAs filed reply comments supporting TURN's proposal for PG&E to issue $12 billion in equity instead of $9 billion which would lower customer costs and also supporting parties that proposed to expressly exclude recovery for 2017 and 2018 wildfire claims in the future.

A.20-02-009 – ERRA Compliance Application – On February 28, 2020, PG&E filed its current ERRA compliance application requesting a decision by the Commission that PG&E has complied with its Bundled Procurement Plan in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, resource adequacy sales, and least-cost dispatch of electric generation resources. PG&E also requested that the Commission find that during the record period PG&E managed its utility-owned generation (UOG) facilities reasonably and that expenditures in the numerous balancing accounts were consistent with applicable tariffs and Commission directives. On April 2, 2020, the Joint CCAs, including PCE, filed a protest to the application arguing that careful review of the application is necessary, and that preliminary review had already found issues to be addressed in the proceeding. On April 16, 2020, the assigned administrative law judge issued a ruling establishing a prehearing conference for May 12, 2020 and requiring the filing of a meet and confer report for May 4, 2020. On May 4, 2020, PG&E filed a meet and confer report that reported on the status of meet and confer efforts. The report covered agreement on the scope of the docket and put forward a proposed schedule. Jeremy Waen continues to lead PCE's efforts on PCIA issues.

Legislative Advocacy and Outreach

As reported in last month's memo, legislative activity has slowed sharply due to the emergence of the Coronavirus in Northern California. The Assembly reconvened on May 4, 2020 and the Senate reconvened on May 11, 2020. Both chambers are focusing most activity on bills addressing issues related to COVID-19, energy affordability and righting the California budget. Thus, most energy legislation that does not address these matters has been viewed very skeptically or put on hold. Importantly, PCIA issues are not an area of focus or discussion for the Legislature at this time. The matter is considered settled after PUC action on the topic and it is understood that the PUC is still working through actions designed to reduce the cost of the PCIA.

CalCCA Sponsored Legislation:

Shelved - AB 2689 (Kalra). Jointly sponsored by San Jose Clean Energy (SJCE) and CalCCA, this bill would have updated IOU confidentiality provisions to allow a broader range of market experts to participate in IOU cost recovery proceedings and review aggregated, monthly IOU load, revenue and cost data.

Shelved - AB 3014 (Muratsuchi). The second CalCCA sponsored bill would have codified the terms of the Resource Adequacy Central Procurement Entity (RA-CPE) Settlement Agreement submitted to the CPUC on August 30, 2019 and create a central buyer for residual resource adequacy.

Senate Activity:

The following bills were heard on May 14, 2020 in the Senate Energy, Utilities and Communications Committee. All bills were voted out of the Committee. Unfortunately, because the committee hearing came together very quickly after the Senate reconvened, PCE's legislative team was not able to review each bill prior to the hearing to determine positions.

Measure	Author	Summary	CalCCA/PCE Position
SB 801[1]	Glazer	This bill would require an electrical corporation to deploy backup electrical resources or provide financial assistance for backup electrical resources to a customer receiving a medical baseline allowance if the customer meets those conditions. The bill would require an electrical corporation to develop its program to provide backup electrical resources or financial assistance in consultation with community disability rights groups or other local disability rights advocates.	None
SB 858[2]	Beall	This bill would exclude from the definition of a thermal powerplant subject to the jurisdiction of the California Energy Commission an emergency backup or standby generator that is not connected to the electrical grid and that is constructed, operated, or modified to provide immediate electrical power to maintain the operations of a data center in the event of an outage of electricity from the electrical grid.	None
SB 862[3]	Dodd	This bill would clarify that the provisions of the Emergency Services Act apply to de-energization events as defined. The bill would also expand wildfire mitigation plan protocols for de-energization to address the needs of Access & Functional Needs (AFN) individuals, in addition to utility customers who receive a medical baseline allowance.	CalCCA: Support
SB 895[4]	Archuleta	Current law requires the California Energy Commission, within the limits of available funds, to provide technical assistance and support for the development of petroleum diesel fuels that are as clean or cleaner than alternative clean fuels and clean diesel engines. This bill would instead require the commission, within the limits of available funds, to	None

[1] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB801
[2] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB858
[3] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB862
[4] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB895

		provide technical assistance and support for the development of zero-emission fuels, zero-emission fueling infrastructure, and zero-emission fuel transportation technologies.	
SB 1117[5]	Monning	This bill would replace "electrical corporation" with "load-serving entity," defined as including electrical corporations, community choice aggregators, and electric service providers, to ensure residents of mobilehome parks are able to receive the reduced energy rates that CCAs provide.	CalCCA: Support PCE: Support
SB 1403[6]	Hueso	Current law requires an electrical or gas corporation to perform home weatherization services for low-income customers if the Public Utilities Commission determines that a significant need for those services exists in the corporation's service territory, as specified. This bill would define "low-income customers" for those purposes to mean certain low-income persons and families under regulations established and published by the Department of Housing and Community Development.	None

Assembly Activity:

The Assembly Utilities and Energy Committee has scheduled a hearing for May 20, 2020. At this time, only one piece of legislation has been slated for hearing.

Measure	Author	Summary	CalCCA/PCE Position
AB 2788[7]	Gloria	This bill would prohibit an electrical corporation, gas corporation, or local publicly owned electric utility from sharing, disclosing, or otherwise making accessible to any immigration authority a customer's electrical or gas consumption data without a court-ordered subpoena or judicial warrant.	None
SB 350[8]	Hill	on May 14, 2020, Senator Jerry Hill "gut and amended" SB 350. The bill is now called The Golden State Energy Act. The legislation would establish a framework for winding down PG&E if the PUC determines that PG&E is unable to safely operate its electric or gas system after a Commission investigation. This legislation would allow for the establishment of Golden State Energy as a non-profit public benefit corporation to acquire PG&E's property and continue electric or gas service. The legislation	None

[5] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB1117
[6] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB1403
[7] http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB2788
[8] http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB350

		also provides a framework for management and oversight of the corporation.	

FISCAL IMPACT:
Not applicable.

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: May 20, 2020
BOARD MEETING DATE: May 28, 2020
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. DriveForward Electric Low-Income EV Incentive Program
2. Ride-Hail Electrification Pilot
3. EV Managed Charging Pilot
4. “EV Ready” Charging Incentive Program

The following programs are in hiatus during the shelter-in-place order (last updates included for reference):
5. MUD Low-Power EV Charging Pilot
6. Building and EV Reach Codes
7. New EV Dealer Incentive Program
8. EV Ride and Drives

DETAIL

1. DriveForward Electric Low-Income EV Incentive Program

Background: 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 or the state-wide Clean Vehicle Assistance Program from

Beneficial State Foundation. When combined with another program, PCE offers $2,000 as a follow-on rebate. The program operates in partnership with Peninsula Family Service's (PFS) DriveForward program, a robust program that provides financial coaching and access to financing to help participants purchase reliable used vehicles.

Status: The program is under continuous operation even during the shelter-in-place order.

Key metrics:

- Vehicles sold to-date: 53
- Estimated CO2 emissions avoided over 10 years: 2,100+ tons
- Estimated annual total participant savings: $55,000+
- The pipeline includes 6 additional clients that have been approved but have not purchased vehicles

2. **Ride-Hail Electrification Pilot**

Background: This pilot, approved by the Board in March 2020, is PCE's first program for the electrification of new mobility options. The project partners with Lyft and FlexDrive, its rental-car partner, to test strategies that encourage the adoption of all-electric vehicles in ride-hailing applications.

Status: PCEA staff are engaged in contract negotiations with Lyft and FlexDrive and the pilot is anticipated to begin in late summer 2020.

3. **EV Managed Charging Pilot**

Background: PCE has entered into a contract with FlexCharging to test manage charging through vehicle-based telematics. The system utilizes existing Connected Car Apps and allows PCE to manage EV charging via algorithms with a goal of shifting more charging to occur during off-peak hours.

Status: Phase 1 of the project, which is testing basic functionality of the App and connectivity with Tesla and Nissan vehicles, was kicked off in January 2020 and is estimated to last about 4-6 months. Approximately 15 volunteers are assisting at this phase. PCE is now able to analyze incoming data from this pilot and is gathering lessons learned from a vehicle-based approach to managed charging. If successful, the project will move to a phase 2, which will begin testing incentive structures for behavior change impact.

4. **"EV Ready" Charging Incentive Program**

Background: 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.

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 incentives will address critical market segments not addressed by CALeVIP including Level 1 charging, assigned parking in multi-family dwellings, affordable housing new construction, and charging for resiliency purposes. PCE staff is working on operational readiness for the dedicated program.

Status: Detailed planning for the technical assistance with CLEAResult and systems development for the dedicated PCE incentives are underway. Technical assistance for key accounts and support for inbound project inquires is intended to launch on June 23rd in conjunction with a CALeVIP workshop which is to outline the final incentives and program requirements, hosted by the CEC. PCE's dedicated incentives program is intended to launch in the summer, the contract for CALeVIP is nearing execution and CALeVIP is expected to launch in October.

5. MUD Low-Power EV Charging Pilot (no change since February)

Background: This project was initially approved by the Board in 2018. This pilot program will conduct a needs assessment among various apartment ownership types, foster new low-power charging technology solutions, pilot them in multi-unit dwellings (MUDs), assess the technologies for possible inclusion in PCE's Charging Incentive Program, and document the results. Energy Solutions was selected as the consultant partner as part of a competitive bid process. The project was kicked off in August 2019.

Status: Business requirements and technology scouting has been completed with a number of innovative technologies identified and assessed. The project team selected Plugzio, an internet-connected 120V outlet, as the pilot technology for the first round of testing. Four apartment properties in Foster City, Millbrae, and San Mateo have been identified as candidates and have tentatively agreed to participation in the pilot. Preparation will begin after the Bay Area shelter in place is lifted and installations are targeted for late-summer 2020.

6. Building and EV Reach Codes (no change since February)

Background: In 2018 the Board approved a building "reach code" initiative to support local governments in adopting enhancements to the building code for low-carbon and EV ready buildings. The initiative is a joint project with Silicon Valley Clean Energy (SVCE), The program includes small grants to municipalities, technical assistance, and tools, including model codes developed with significant community input. The tools and model code language are available on the project website (www.PeninsulaReachCodes.org).

Status: In PCE territory, Brisbane, Menlo Park, Pacifica, San Mateo and San Mateo County have adopted reach codes. 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:

	Buildings			
City	Choice All-Electric or High Efficiency Mixed-Fuel	All-Electric with Limited Gas Usage	Natural Gas Ban	Electric Vehicles
County of San Mateo		ADOPTED		EV Ready code (PCE model)
Brisbane		ADOPTED		Aggressive EV Ready code
Menlo Park		ADOPTED		Increase chargers & EV Capable (2018)
Milpitas	ADOPTED			Increase chargers & EV Capable
Morgan Hill			ADOPTED	
Mountain View		ADOPTED		Aggressive EV Ready code
Pacifica		ADOPTED		Increase chargers (2017)
Palo Alto		ADOPTED		Aggressive EV Ready code
San Mateo	ADOPTED			Increase chargers & EV Capable
San Jose		ADOPTED	ADOPTED (low rise)	Increase chargers & EV Capable

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.

In addition, the Board approved in January 2020 an extension of the reach code technical assistance plus additional elements:

- Education and training for developers and contractors
- Consumer education program on the benefits of all-electric buildings

These new elements are under development and anticipated to launch in Q2/Q3 2020.

7. New EV Dealer Incentive Program

Background: 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. In addition, the program provides a "hook" for broad based marketing across the county intended to not only motivate immediate purchases but also increase awareness and interest in EVs to foster future purchases. The program includes participating dealerships which are selected annually 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

April 2019, the Board approved the continuation of the New EV Dealer Incentive Program over three years (2019-2021) following a 2018 pilot.

Status: Impact of the 2019 program is under assessment. A community-wide market study was executed in April and the results are being compiled. The market study is intended to indicate the level of awareness and interest in EVs and provide a comparative to a 2018 baseline study.

New EV sales declined about 23% in 2019 as compared to 2018. 14.5% of new vehicle sales were EV in 2019 as compared to 17% in 2018. This was likely due to a number of factors. First, overall personal vehicle sales decreased by about 9% in 2019 as compared to 2018. Second, sales are trending from sedans to SUVs, which currently has limited availability in all-electric models, however new electric SUVs have since come to the market in 2020, providing opportunity for additional adoption. Third, 2018 was an anomalous year due to Model 3 sales. 2018 saw a major increase with over double the sales of 2017 (4892 vehicles, 17% of personal vehicle sales in 2018 compared to 2037 vehicles, 8.5% of sales in 2017). The Model 3 announcement resulted in considerable pent up demand which affected 2019 EV sales. Lastly, there were a number of additional negative market factors in 2019: Chevrolet Bolt supply problems due to General Motor strikes, significant decrease in the federal tax credit incentive for the Bolt, and the California rebate being reduced. The shelter in place order has had a major impact on vehicle purchase demand and EV sales are expected to be severely impacted in 2020.

However, the PCE program was well received:

- Buyer reported significance of promotion: 46% stated the program was crucial in decision, 38% very important, 12% slightly important.
- Dealer reported significance of promotion: 75% of dealers said the PCE program was a ‘high’ significance in customer’s purchase decisions, 25% said ‘medium’ significance.

Staff is evaluating various changes to the New EV Dealer Incentive Program for FY 2020-2021. It is expected that vehicle sales will decline significantly as a result of COVID-19 and the resulting economic downturn. Program options include increasing the incentive level, adding in used vehicle incentives, and a more equity-driven program model to benefit those impacted most by the situation.

8. EV Ride & Drives

Background: 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. The program generated 14 events and 1,879 experiences in 2019 and a total of 19 events and 3,033 experiences since inception in 2018. Events have included 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. Event surveys indicate that the ride and drive was the first EV experience for 64% of participants and

87% report an improved opinion of EVs. Trailing surveys 6 months or more after events have yielded a 26% response rate and 18% of respondents indicate they acquired an EV after the event.

Status: Due to the COVID-19 pandemic all previously confirmed events beginning in were cancelled. Two events are tentatively scheduled in September and October. It is likely to even after the shelter-in-place order is lifted large gatherings will continue to have limitations and/or public preferences may be to avoid such events. Staff is exploring other EV engagement strategies that may be able to complement the EV ride & drive objectives, such as hosting virtual EV forums with corporate hosts and potentially working with dealers to offer delivered ‘at-home’ test drives.

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: May 15, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Energy Supply Procurement Report – May 2020

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

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
April	Sale of System Resource Adequacy	Exelon Generation Company, LLC	1 month
April	Sale of System Resource Adequacy	Exelon Generation Company, LLC	2 months
April	Purchase of System Resource Adequacy	Sacramento Municipal Utility District	1 month
April	Purchase of Local Resource Adequacy	EDF Trading North America, LLC	1 year
May	Purchase of System Resource Adequacy	CleanPowerSF	2 months
May	Sale of System and Local Resource Adequacy	CleanPowerSF	4 months

May	Sale of System Resource Adequacy	Sonoma Clean Power Authority	2 months
May	Sale of System and Local Resource Adequacy	Sonoma Clean Power Authority	1 month
May	Sale of System Resource Adequacy	Bolt Energy Marketing LLC	1 month
May	Purchase of System Resource Adequacy Import Allocation Rights	Pacific Gas & Electric Company	1 month
May	Sale of System Resource Adequacy	Pacific Gas & Electric Company	1 month
May	Sale of System Resource Adequacy	Valley Electric Association	1 month
May	Sale of Local Resource Adequacy	Silicon Valley Clean Energy Authority	1 month
May	Amendment to Purchase of Local Resource Adequacy	Southern California Edison Company	13 months

In January 2020, 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:**
   a. Chief Executive Officer has authority to approve Energy Procurement contracts with terms of twelve (12) months or less, in addition to contracts for Resource Adequacy that meet the specifications in section (b) and in Table 1 below.
   b. Chief Executive Officer has authority to approve Energy Procurement contracts for Resource Adequacy that meet PCE's three (3) year forward capacity obligations measured in MW, which are set annually by the California Public Utilities Commission and the California Independent System Operator for compliance requirements.

   Table 1:

Product	**Year-Ahead Compliance Obligation**	**Term Limit**
Local Resource Adequacy	In years 1 & 2, must demonstrate capacity to meet 100% of monthly	Up to 36 months

	local obligation for years 1 and 2 and 50% of monthly local obligation for year 3 by October 31st of the prior year	
System Resource Adequacy	In year 1, must demonstrate capacity to meet 90% of system obligation for summer months (May – September) by October 31st of the prior year	Up to 12 months
Flexible Resource Adequacy	In year 1, must demonstrate capacity to meet 90% of monthly flexible obligation by October 31st of the prior year	Up to 12 months

c. Chief Financial Officer has authority to approve any contract for Resource Adequacy with a term of twelve (12) months or less if the CEO is unavailable and with prior written approval from the CEO.
d. 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, the Board Chair, and other members of the Board as CEO deems necessary, has the authority to approve Energy Procurement contracts with terms greater than twelve (12) months but not more than five (5) years, in addition to Resource Adequacy contracts as specified in Table 1 above. 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.

4) **Amendments to Agreements**: Chief Executive Officer, in consultation with the General Counsel and the Board Chair, or Board Vice Chair in the event that the Board Chair is unavailable, has authority to execute amendments to Energy Procurement contracts that were previously approved by the Board.

PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: May 15, 2020
BOARD MEETING DATE: May 28, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer
Siobhan Doherty, Director of Power Resources
Peter Levitt, Associate Manager, Distributed Energy Resources (DER) Strategy

SUBJECT: Update on Energy Resiliency Strategy

SUMMARY

On January 23, 2020, the Peninsula Clean Energy Board of Directors approved staff's three-year, $10 million strategy to deploy local electricity resiliency programs in San Mateo County. Each month, staff will provide an update report to the Board on the status of the programs deployed under this strategy. Any actual budget commitments would need to be approved by Peninsula Clean Energy's Board in accordance with our policies. The full Energy Resiliency Strategy is available on Peninsula Clean Energy's website: https://www.peninsulacleanenergy.com/wp-content/uploads/2020/02/Resiliency-Strategy_January.pdf

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

1. Public Facility Resilience
2. Distributed Resource Adequacy (RA)
3. Solar Energy Resiliency for Medically Fragile Customers
4. Community Resiliency at Faith Institutions – Interfaith Power & Light
5. Future Programs – EVs for Backup Power

DETAIL

1. Public Facility Resilience (Formerly "Municipal Community Resiliency Centers")

Background
In Q3 2018, East Bay Community Energy (EBCE), in partnership with Peninsula Clean Energy, was awarded a Bay Area Air Quality Management District grant for a scoping study to identify critical facilities that can provide emergency services during natural disasters including for community shelter in the counties of Alameda and San Mateo. These facilities will be studied to evaluate viability and economics for deploying solar+storage to provide back-up power. 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 $300,000, 12-month scoping project will achieve four objectives 1) identify a subset of critical facilities in San Mateo and Alameda counties that can serve as community shelters and/or emergency response hubs during power outages related to Public Safety Power Shutoff events or natural disasters (e.g. police and fire depts, recreation centers, libraries, etc); 2) narrow that list to select priority sites based on site hazards, proximity to population, and location in a disadvantaged community or low income zone; 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 was initiated in Q3 2019, and Peninsula Clean Energy conducted outreach to cities to identify sites and form a preliminary list of prospective facilities. Eleven cities responded by the required deadline and identified 118 facilities for initial study: Belmont, Brisbane, Colma, Foster City, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Redwood City, San Carlos, and San Mateo. These cities' facilities were studied for their solar potential, to understand their risk of fault as a result of natural disasters, and to evaluate the population within a 30-minute walk. This is the first phase of the project, and we intend to include additional cities and facilities in the future.

In January, February, and March, staff met with personnel from each of these 11 cities to review initial evaluations studies, discuss city priorities with respect to backup power needs, and consider potential procurement pathways. Based on the initial study and conversations with the cities, we have narrowed the list of facilities for further evaluation to 49 out of the initial 118 facilities that cities identified.

Current Status
Peninsula Clean Energy released a Request for Information in partnership with EBCE, seeking guidance from the solar+storage industry on recommendations for a joint procurement. The RFI posits that CCAs have the knowledge and capability to alleviate some of the pre-development work that goes into solar+storage projects, and that we

have a strong financial position that we can leverage for creative procurement practices. It asks industry how to best make use of these unique CCA attributes to drive down project cost and increase deployment scale. Responses are due by the end of May. With a better understanding on how to organize a joint procurement for energy resiliency, EBCE and Peninsula Clean Energy expect to release a Request for Proposals (RFP) in Q3 2020.

2. Distributed Resource Adequacy

Background

The Distributed Resource Adequacy (RA) program is a group effort among Peninsula Clean Energy, East Bay Community Energy, Silicon Valley Clean Energy, and Silicon Valley Power to utilize Load-Serving Entities' (LSEs) RA purchasing obligations to motivate new solar+storage systems to provide energy resiliency throughout the Bay Area. Peninsula Clean Energy aims to purchase 10MW of Local Greater Bay Area RA from new solar and storage capacity, 5% of which will be sited in Disadvantaged Communities or Low-Income Zones. We are targeting 50% of systems to be installed on residences and 50% to be installed on businesses. In total, all LSEs will procure 33MW of new energy capacity as a result of this program.

The request for proposals was published in November 2019 with a due date in December. Peninsula Clean Energy received 20 proposals. Since January 2020, Peninsula Clean Energy has reviewed the 20 proposals and interviewed a shortlist of eight respondents. Based on the interviews with shortlisted candidates, we narrowed the list to five candidates. Peninsula Clean Energy has selected two vendors for this program – one to provide RA from systems located on single-family and multi-family homes, and one to provide RA from systems located on commercial sites.

Current Status

As this is a new type of CCA program, we are currently reviewing program details with the two selected vendors. We are currently reviewing co-marketing plans, negotiating data sharing agreements, and identifying viable customer targets with each organization. In addition, we are entering into contract negotiations with both partners with a goal to bring the contracts to the board for approval in June or July 2020 and begin deploying energy resiliency systems ahead of the 2020 fire season.

COVID-19 and the shelter in place requirements might delay installing systems under this program as vendors cannot do in-person sales, many permitting offices are currently closed, and PG&E is doing limited interconnection work. Once the shelter-in-place is lifted, there may be a backlog of permitting and interconnection applications causing further delays.

3. Solar Energy Resiliency for Medically Fragile Customers

Background

Grid outages can be life threatening for people that depend on electricity to power medical equipment. Clean backup power will allow customers that depend on medical equipment to remain in their homes during a power outage and have access to electricity. This could also reduce power outage-related calls to emergency services from these customers.

Peninsula Clean Energy will conduct outreach to customers with critical, electricity-dependent medical needs in our service territory in two primary ways –

a) Medical Baseline rate designation – Medical Baseline provides certain protections for residential customers that have special energy needs due to qualifying medical conditions. Peninsula Clean Energy has approximately 4,300 Medical Baseline customers. During the largest of the four PSPS events in October, approximately 600 Medical Baseline customers lost power.
b) Partner with local public health institutions such as hospitals, municipal emergency services and non-profit agencies for outreach to target customers.

Peninsula Clean Energy will partner with a private sector vendor to facilitate the deployment of solar and battery energy solutions on a select number of homes and apartments of medically threatened customers before the 2020 wildfire season. This will deliver immediate relief and test the approach and pricing for this solution.

Current Status

Based on conversations with community partners about the importance of targeting the rental segment, staff has decided to focus on portable energy storage products this summer to allow deployment ahead of the next fire season. This will allow customers who rent their home, live in an apartment, or otherwise would be unable to install an energy storage system, to also participate. Under this program, we will provide portable energy storage systems to customers that live in high fire threat districts or experienced PSPS events and rely on electricity to power medical equipment. Staff has sent questionnaires to several portable storage companies to vet products. In the coming month, staff will select a portable storage vendor and pursue a contract for a bulk purchase.

Under this program, Peninsula Clean Energy will provide grants to community outreach partners. Throughout Q2 2020, staff has made connections to three potential partners who will provide outreach and case management services. We are currently negotiating statements of work for these grants.

4. Community Resiliency at Faith Institutions – Interfaith Power & Light

Background

This pilot project seeks to recruit and equip 3-5 faith institutions to be community resilience hubs with clean energy backup power and emergency preparedness plans to respond to community needs during a natural disaster or emergency. Through this pilot, Peninsula Clean Energy will capture practical knowledge to inform and design future resilience programs.

This program is managed by the Community Energy Programs team.

Current Status
The project engaged four congregations across San Mateo County - (1) Hope United Methodist Church, (2) Congregational Church of San Mateo, (3) Peninsula Sinai Congregation, and (4) Unitarian Universalists of San Mateo. Of the four sites, three are currently reviewing bids that range between 20-25 kW PV arrays and ~10-40 kWh storage. In conjunction with the bid review, two congregations are engaging in more detailed emergency preparedness planning to help both inform their operational plans and the required system sizes based on those plans. Projects were anticipated to start mid-2020, however, installations are delayed due to impacts of COVID-19. All three sites are investigating additional options to finance the battery purchase or solicit a donation due to the high cost of the storage system. The fourth congregation, which has not solicited a bid, has plans to construct a new building on their site and is discussing whether to align the solar plus storage project with that new construction project.

The pilot project highlighted two key learnings: (1) what are the best practices for designing an emergency preparedness plan for off-grid operation, and (2) what standards exist for developers to properly size storage for resiliency needs. The seemingly larger storage requirement to support longer duration off-grid operation increases the cost of the storage system reducing financial feasibility of the project.

5. Future Programs

EVs for Backup Power
EVs require powerful batteries and therefore represent an energy asset that can act as a virtual power plant, charging their batteries with renewable energy during the daytime, and discharging their batteries to the grid when there is high demand during evening hours. Additionally, these fleets can provide backup power by reserving a portion of their overall capacity in the event of a power outage. In the U.S., there are some limits around using EVs in this way due to limitations in warranties. However, we expect this to change over time as "V2Home" (Vehicle to Home) programs become implemented by car companies and/or other third-party suppliers.

Staff is tracking several Vehicle to Grid (V2G) companies and pilot projects for possible development with Peninsula Clean Energy. These range from light-duty vehicles (vehicles equipped with Chademo ports, mostly the Nissan Leaf) to heavy-duty school buses. We are developing a V2G program track, which will be incorporated into a larger fleet strategy. This will include day-to-day customer bill management for EV fleets and could potentially include bi-directional grid support and backup emergency power demonstrations.

This program is managed by the PCE Community Energy Programs team.

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
March 31, 2020

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
March 31, 2020
($000s)

Net Position Balance

Fiscal Year	Actual/Budget	Amount
June 30, 2016	Audited	($1,044)
June 30, 2017	Audited	$21,711
June 30, 2018	Audited	$85,365
June 30, 2019	Audited	$140,139
March 31, 2020	Unaudited Actual	$186,772
June 30, 2020	Budget	$167,992

Unrestricted Cash/Investments Balance

Fiscal Year	Actual/Budget	Amount
June 30, 2016	Audited	$2,333
June 30, 2017	Audited	$17,382
June 30, 2018	Audited	$64,889
June 30, 2019	Audited	$114,069
March 31, 2020	Unaudited Actual	$182,613
June 30, 2020	Budget	$145,937

Change in Net Position

Fiscal Year	Actual/Budget	Amount
FY2015-2016	Audited	($1,044)
FY2016-2017	Audited	$22,755
FY2017-2018	Audited	$63,655
FY2018-2019	Audited	$54,774
March 31, 2020	Unaudited YTD Actual	$47,930
FY2019-2020	Budget	$33,205

Cost of Electricty

Fiscal Year	Actual/Budget	Amount
June 30, 2016	Audited	$0
June 30, 2017	Audited	$64,501
June 30, 2018	Audited	$170,135
June 30, 2019	Audited	$194,035
March 31, 2020	Unaudited Actual	$159,836
June 30, 2020	Budget	$216,549

Revenues

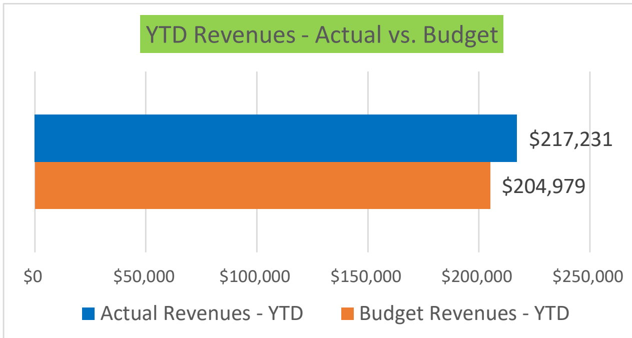
Fiscal Year	Actual/Budget	Amount
FY2015-2016	Audited	$0
FY2016-2017	Audited	$93,129
FY2017-2018	Audited	$244,738
FY2018-2019	Audited	$259,782
March 31, 2020	Unaudited YTD Actual	$217,231
FY2019-2020	Budget	$267,782

Total Operating Expenses

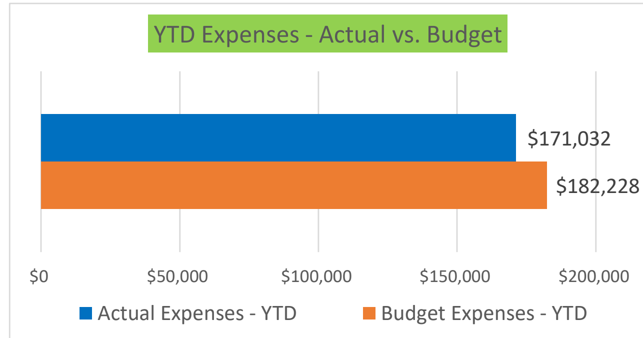
Fiscal Year	Actual/Budget	Amount
FY2015-2016	Audited	$1,041
FY2016-2017	Audited	$70,104
FY2017-2018	Audited	$180,970
FY2018-2019	Audited	$206,912
March 31, 2020	Unaudited YTD Actual	$171,032
FY2019-2020	Budget	$236,809

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
March 31, 2020
($000s)

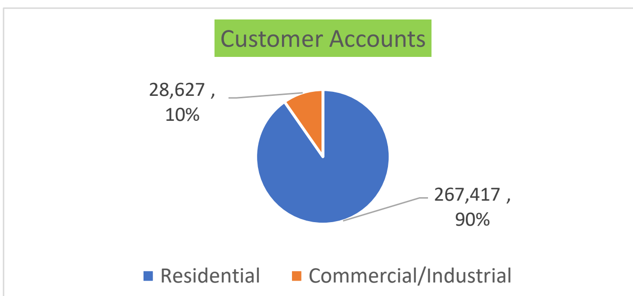
YTD Revenues



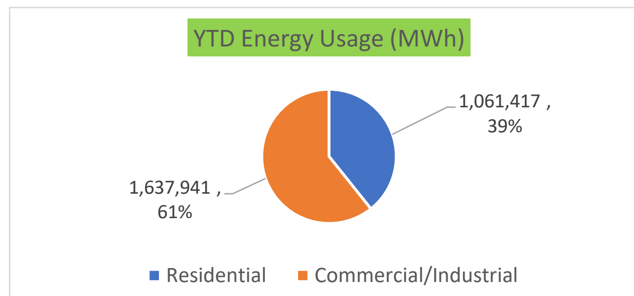
YTD Expenses



Customer Accounts



Energy Used



- **Revenues** were $4.1MM above budget in Q2 (and $12.3 million above budget for YTD) continuing prior trend as a result of rates that were higher than budgeted. PG&E's final rates, effective on July 1, 2019, were not available at the time that the Board approved the FY2019-2020 budget. Revenues are expected to drop starting in May 2020 when a higher PCIA is adopted. Originally targeted to be adopted as of January 1, 2020, the implementation date was effective as of May 1, 2020. PCE expects that its customer rates will be substantially lower effective as of May 15, 2020. Reevneus in the upcoming quarter are expected to be lower when combining the effects of lower usage (related to COVID-19) and lower net customer rates although offset by Commercial Demand charges that start again in May through the Summer months.
- **Total Expenses** were $1.6MM below budget in Q2 (and $11.2 million below budget for YTD). For the ful year, expense savings are largely due to energy costs remaining relatively low and stable compared to the prior year and to current year budget while customer energy use is very close to the budgeted level on a YTD basis. Hedging strategies implemented on a quarterly basis have helped to maintain predictable costs.

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
March 31, 2020
($000s)

	Year-to-date				Full Year (FY 2019-2020)		Year-to-date
	Actual	Budget	Variance: Favorable / (Unfavorable)	YTD Actual as % of YTD Budget	Budget	YTD Actual as % of Full Year Budget	Prior Year Actual
OPERATING REVENUES							
Electricity Sales, net	$ 215,253	$ 203,049	$ 12,205	106.0%	$ 265,222	81.2%	$ 188,668
Green electricity premium	1,978	1,931	47	102.5%	2,560	77.3%	1,828
Total Operating Revenues	**$217,231**	**$204,979**	**$12,252**	**106.0%**	**$267,782**	**81.1%**	**$190,496**
OPERATING EXPENSES							
Cost of energy	159,836	167,548	7,713	95.4%	216,549	73.8%	144,423
Staff compensation	3,191	3,328	137	95.9%	4,589	69.5%	2,238
Data Manager	2,739	2,867	127	95.6%	3,822	71.7%	2,824
Service Fees - PG&E	939	942	3	99.7%	1,256	74.8%	928
Consultants/Professional Svcs	483	720	236	67.2%	896	53.9%	446
Legal	888	1,104	216	80.4%	1,472	60.3%	1,023
Communications/Noticing	849	1,316	467	64.5%	1,755	48.4%	601
General and Administrative	1,000	956	(44)	104.6%	1,277	78.3%	767
Community Energy Programs	1,037	3,373	2,336	30.7%	5,094	20.4%	398
Depreciation	69	74	5	93.8%	98	70.4%	54
Total Operating Expenses	**171,032**	**182,228**	**11,196**	**93.9%**	**236,809**	**72.2%**	**153,703**
Operating Income (Loss)	**$46,200**	**$22,752**	**$23,448**	**203.1%**	**$30,973**	**149.2%**	**$36,793**
Total Nonoperating Inc/(Exp)	1,730	1,674	56	103.3%	2,232	77.5%	1,330
CHANGE IN NET POSITION	**$47,930**	**$24,426**	**$23,504**		**$33,205**	**144.3%**	**$38,123**

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION
As of March 31, 2020

ASSETS	
Cash and cash equivalents	$ 145,954,121
Accounts receivable, net of allowance	20,303,542
Investments	63,427,155
Other receivables	525,127
Accrued revenue	11,353,089
Prepaid expenses	1,651,866
Restricted cash	6,118,194
Total current assets	249,333,094
Noncurrent assets	
Capital assets, net of depreciation	398,647
Deposits	134,840
Total noncurrent assets	533,487
Total assets	249,866,581
LIABILITIES	
Current liabilities	
Accounts payable	1,018,940
Accrued cost of electricity	28,891,050
Accrued payroll	322,738
Other accrued liabilities	81,637
Supplier deposits - energy suppliers	28,946,513
User taxes and energy surcharges due to other governments	868,467
Total current liabilities	60,129,345
Noncurrent liabilities	
Supplier deposits - energy suppliers	1,668,433
Total liabilities	61,797,778
NET POSITION	
Investment in capital assets	398,647
Restricted for security collateral	6,118,194
Unrestricted	181,551,962
Total net position	$ 188,068,803

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2019 through March 31, 2020

OPERATING REVENUES		
Electricity sales, net	$	215,253,308
Green electricity premium		1,978,137
Total operating revenues		217,231,445
OPERATING EXPENSES		
Cost of electricity		159,835,617
Contract services		6,471,439
Staff compensation and benefits		3,190,774
General and administration		1,464,746
Depreciation		69,232
Total operating expenses		171,031,808
Operating income (loss)		46,199,637
NONOPERATING REVENUES (EXPENSES)		
Miscellaneous income		2,511
Interest and investment income		1,796,277
Finance costs		(68,750)
Total nonoperating revenues (expenses)		1,730,038
CHANGE IN NET POSITION		47,929,675
Net position at beginning of period		140,139,128
Net position at end of period	$	188,068,803

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2019 through March 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	229,411,955
Receipts from supplier security deposits		26,880,331
Payments to suppliers for electricity		(155,022,512)
Payments to suppliers for other goods and services		(8,130,631)
Payments for staff compensation and benefits		(3,082,897)
Payments of taxes and surcharges to other governments		(3,605,111)
Net cash provided (used) by operating activities		86,451,135
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Deposits and collateral received		276,085
Finance costs payments		(68,750)
Net cash provided (used) by non-capital financing activities		207,335
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to acquire capital assets		(125,316)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investment sales		144,505,908
Investment income received		2,203,626
Purchase of investments		(143,209,816)
Net cash provided (used) by investing activities		3,499,718
Net change in cash and cash equivalents		90,032,872
Cash and cash equivalents at beginning of period		62,039,443
Cash and cash equivalents at end of period	$	152,072,315
Reconciliation to the Statement of Net Position		
Cash and cash equivalents (unrestricted)	$	145,954,121
Restricted cash		6,118,194
Cash and cash equivalents	$	152,072,315

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (continued)
July 1, 2019 through March 31, 2020

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

Operating income (loss)	$ 46,199,637
Adjustments to reconcile operating income to net	
cash provided (used) by operating activities	
Depreciation expense	69,232
Revenue adjusted for uncollectible accounts	588,113
Nonoperating miscellaneous income	2,511
(Increase) decrease in:	
Accounts receivable	3,170,218
Other receivables	(229,863)
Accrued revenue	4,808,332
Prepaid expenses	2,657,752
Increase (decrease) in:	
Accounts payable	(36,586)
Accrued payroll and related	104,312
Accrued cost of electricity	4,462,093
Accrued liabilities	(88,701)
User taxes and energy	
surcharges due to other governments	6,594
Supplier security deposits	24,737,491
Net cash provided (used) by operating activities	$ 86,451,135

FIRST REPUBLIC SECURITIES COMPANY, LLC
It's a privilege to serve you®
111 PINE STREET, SAN FRANCISCO, CA 94111, TEL 1-877-348-5576, FAX 1-888-258-6188
E-MAIL: investments@firstrepublic.com

Brokerage
Account Statement

March 1, 2020 - March 31, 2020
[redacted]

PENINSULA CLEAN ENERGY AUTHORITY
2075 WOODSIDE RD
REDWOOD CITY CA 94061-3338

Your Investment Specialist:
KEVIN DOUGLAS

Portfolio at a Glance

	This Period
BEGINNING ACCOUNT VALUE	**$164,149,447.15**
Deposits (Cash & Securities)	1,789,774.39
Withdrawals (Cash & Securities)	-1,789,774.39
Dividends, Interest and Other Income	168,259.99
Net Change in Portfolio[1]	-108,734.93
ENDING ACCOUNT VALUE	**$164,208,972.21**
Accrued Interest	$163,962.27
Account Value with Accrued Interest	$164,372,934.48
Estimated Annual Income	$894,665.51

[1] *Net Change in Portfolio is the difference between the ending account value and beginning account value after activity.*

Asset Summary

Percent	Asset Type	Last Period	This Period
1%	Cash, Money Funds, and Bank Deposits	32,943.95	36,247.36
99%	Fixed Income	164,116,503.20	164,172,724.85
100%	**Account Total**	**$164,149,447.15**	**$164,208,972.21**

Please review your allocation periodically with your Investment Specialist.

Client Service Information

Your Investment Specialist: KD3	Contact Information	Client Service Information
KEVIN DOUGLAS FIRST REPUBLIC INVESTMENT MGMT SAN FRANCISCO CA 94111	**E-Mail Address:** kdouglas@firstrepublic.com	**Service Hours:** Weekdays 06:30 a.m. - 04:00 p.m. (PST) **Client Service Telephone Number:** (415) 296-5961 **Web Site:** WWW.FIRSTREPUBLIC.COM

Portfolio Manager(s):
FIRST REPUBLIC INVESTMENT MGMT   MIKE HICKEY

Your Account Information

INVESTMENT OBJECTIVE
Investment Objective: CAPITAL PRESERVATION
Risk Exposure: LOW RISK
Please review your investment objective. If you wish to make a change or have any questions please contact your Investment Specialist.

TAX LOT DEFAULT DISPOSITION METHOD

Default Method for Mutual Funds:	First In First Out
Default Method for Stocks in a Dividend Reinvestment Plan:	First In First Out
Default Method for all Other Securities:	First In First Out

BOND AMORTIZATION ELECTIONS

Amortize premium on taxable bonds based on Constant Yield Method:	Yes
Accrual market discount method for all other bond types:	Constant Yield Method
Include market discount in income annually:	No

ELECTRONIC DELIVERY
Your electronic delivery selections for account communications are listed below:

Electronic Delivery

Enrollment	Communication
✓	Statements and Reports
✓	Trade Confirmations
X	Tax Documents
✓	Notifications
✓	Prospectus*
X	Proxy/Shareholder Communications

Please log in to your account or contact your Investment Specialist to make any changes to your electronic delivery preferences.

E-mail notifications are delivered to the following e-mail address(es):
a#####@peninsulacleanenergy.com
j####@peninsulacleanenergy.com
j######@peninsulacleanenergy.com
m#####@mahercpa.com
**j######@peninsulacleanenergy.com is on file for these documents*
The above e-mail address is partially masked for your security.
Please log in to your account to review the full e-mail address.

FIRST REPUBLIC SECURITIES COMPANY, LLC
It's a privilege to serve you®
111 PINE STREET, SAN FRANCISCO, CA 94111, TEL 1-877-348-5576, FAX 1-888-258-6188
E-MAIL: investments@firstrepublic.com

Portfolio Holdings

Opening Date	Quantity	Account Number	Activity Ending	Opening Balance	Closing Balance	Accrued Income	Income This Year	30-Day Yield	Current Yield
CASH, MONEY FUNDS AND BANK DEPOSITS 1.00% of Portfolio									
Money Market									
DREYFUS GOVT SEC CASH MGT PART									
02/29/20	36,247.360	N/A	03/31/20	32,943.95	36,247.36	0.00	18,758.41	0.52%	0.13%
Total Money Market				$32,943.95	$36,247.36	$0.00	$18,758.41		
TOTAL CASH, MONEY FUNDS AND BANK DEPOSITS				**$32,943.95**	**$36,247.36**	**$0.00**	**$18,758.41**		

Date Acquired	Quantity	Unit Cost	Current Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME 99.00% of Portfolio *(In Maturity Date Sequence)*									
U.S. Treasury Securities									
[1]UNITED STATES TREAS BILLS 0.000% 04/09/20 B/E DTD 10/10/19				Security Identifier: 912796TQ2					
03/13/20*	32,750,000.000	99.9860	32,745,305.91	99.9980	32,749,345.00	4,039.09	0.00		
			Original Cost Basis: $32,745,305.94						
[1]UNITED STATES TREAS BILLS 0.000% 04/23/20 B/E DTD 04/25/19				Security Identifier: 912796SM2					
02/07/20*	31,500,000.000	99.6910	31,402,571.41	99.9980	31,499,370.08	96,798.67	0.00		
			Original Cost Basis: $31,402,571.44						
02/26/20*	2,000,000.000	99.7630	1,995,260.22	99.9980	1,999,959.92	4,699.70	0.00		
			Original Cost Basis: $1,995,260.22						
Total Noncovered	33,500,000.000		33,397,831.63		33,499,330.00	101,498.37	0.00		
Total	33,500,000.000		$33,397,831.63		$33,499,330.00	$101,498.37	$0.00		
UNITED STATES TREAS BILLS 0.000% 05/14/20 B/E DTD 11/14/19				Security Identifier: 912796TV1					
02/14/20*	32,500,000.000	99.6320	32,380,436.04	99.9910	32,497,075.15	116,639.11	0.00		
			Original Cost Basis: $32,380,436.07						
02/26/20*	2,000,000.000	99.6800	1,993,600.44	99.9910	1,999,819.85	6,219.41	0.00		
			Original Cost Basis: $1,993,600.44						
Total Noncovered	34,500,000.000		34,374,036.48		34,496,895.00	122,858.52	0.00		
Total	34,500,000.000		$34,374,036.48		$34,496,895.00	$122,858.52	$0.00		
UNITED STATES TREAS BILLS 0.000% 01/28/21 B/E DTD 01/30/20				Security Identifier: 912796UC1					
03/19/20*	31,175,000.000	99.9020	31,144,545.42	99.9120	31,147,566.00	3,020.58	0.00		
			Original Cost Basis: $31,144,545.45						
Total U.S. Treasury Securities	131,925,000.000		$131,661,719.44		$131,893,136.00	$231,416.56	$0.00		

Portfolio Holdings *(continued)*

Date Acquired	Quantity	Unit Cost	Current Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME *(continued)*									
Corporate Bonds									
QUALCOMM INC FXD RT NT 2.250% 05/20/20 B/E DTD 05/20/15 30/360 1ST CPN DTE 11/20/15 CPN PMT SEMI ANNUAL ON MAY 20 AND NOV 20 Moody Rating A2 S & P Rating A-			Security Identifier: 747525AD5						
09/06/19	2,115,000.000	100.0370	2,115,783.10	99.9870	2,114,725.05	-1,058.05	17,316.56	47,587.50	2.25%
			Original Cost Basis: $2,118,891.60						
WALMART INC FXD RT SR NT 2.850% 06/23/20 B/E DTD 06/27/18 30/360 1ST CPN DTE 12/23/18 CPN PMT SEMI ANNUAL ON JUN 23 AND DEC 23 Moody Rating Aa2 S & P Rating AA			Security Identifier: 931142EG4						
10/21/19	3,100,000.000	100.2570	3,107,969.46	100.0980	3,103,038.00	-4,931.46	24,050.83	88,350.00	2.84%
			Original Cost Basis: $3,122,958.60						
DEERE JOHN CAP CORP MEDIUM TERM FLTNG RT SR NTS SER G 2.254% 07/10/20 B/E DTD 01/10/19 1ST CPN DTE 04/10/19 CPN PMT QRTLY JAN,APR,JUL,OCT 10 Moody Rating A2 S & P Rating A			Security Identifier: 24422EUN7						
01/14/20	2,750,000.000	100.1230	2,753,396.22	99.8500	2,745,875.00	-7,521.22	13,946.63	61,985.00	2.25%
			Original Cost Basis: $2,755,967.50						
BANK OF MONTREAL ISIN#US06367T7H77 3.100% 07/13/20 B/E DTD 07/13/18 30/360 FOREIGN SECURITY 1ST CPN DTE 01/13/19 CPN PMT SEMI ANNUAL ON JAN 13 AND JUL 13 Moody Rating Aa2 S & P Rating A+			Security Identifier: 06367T7H7						
10/11/19	3,000,000.000	100.3560	3,010,691.78	100.2560	3,007,680.00	-3,011.78	20,150.00	93,000.00	3.09%
			Original Cost Basis: $3,027,600.00						
AMERICAN HONDA FIN CORP MED TERM NTS FLTG RATE NOTE SER A 2.089% 07/20/20 B/E DTD 07/20/17 1ST CPN DTE 10/20/17 CPN PMT QRTLY JAN,APR,JUL,OCT 20 Moody Rating A3 S & P Rating A			Security Identifier: 02665WBS9						
11/26/19	2,425,000.000	100.0810	2,426,959.28	99.5100	2,413,117.50	-13,841.78	9,990.93	50,658.25	2.09%
			Original Cost Basis: $2,429,146.75						
UBS AG STAMFORD BRH MEDIUM TERM SR DEP NTS FXD RT NOTE SER 2010-08 4.875% 08/04/20 B/E DTD 08/04/10 1ST CPN DTE 02/04/11 CPN PMT SEMI ANNUAL ON FEB 04 AND AUG 04 Moody Rating Aa3 S & P Rating A+			Security Identifier: 90261XGD8						
10/24/19	2,000,000.000	101.0190	2,020,380.16	100.7640	2,015,280.00	-5,100.16	15,437.50	97,500.00	4.83%
			Original Cost Basis: $2,045,180.00						
HSBC USA INC NEW FXD RT SR NT 2.750% 08/07/20 B/E DTD 08/07/15 30/360 FOREIGN SECURITY 1ST CPN DTE 02/07/16 CPN PMT SEMI ANNUAL ON FEB 07 AND AUG 07 Moody Rating A2 S & P Rating A			Security Identifier: 40428HPV8						
12/02/19	3,000,000.000	100.2900	3,008,713.11	99.5270	2,985,810.00	-22,903.11	12,375.00	82,500.00	2.76%
			Original Cost Basis: $3,016,620.00						

Portfolio Holdings *(continued)*

Date Acquired	Quantity	Unit Cost	Current Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME *(continued)*									
Corporate Bonds *(continued)*									
LLOYDS BANK PLC GTD SR NT ISIN#US53944VAK52 2.700% 08/17/20 B/E DTD 08/17/15 30/360 FOREIGN SECURITY 1ST CPN DTE 02/17/16 CPN PMT SEMI ANNUAL ON FEB 17 AND AUG 17 Moody Rating Aa3 S & P Rating A+				Security Identifier: 53944VAK5					
12/17/19	2,000,000.000	100.2930	2,005,864.04	98.7800	1,975,600.00	-30,264.04	6,600.00	54,000.00	2.73%
			Original Cost Basis: $2,010,160.00						
STATE STR CORP FXD RT SR NT 2.550% 08/18/20 B/E DTD 08/18/15 30/360 1ST CPN DTE 02/18/16 CPN PMT SEMI ANNUAL ON FEB 18 AND AUG 18 Moody Rating A1 S & P Rating A				Security Identifier: 857477AS2					
03/26/20	3,000,000.000	100.2070	3,006,224.71	100.1620	3,004,860.00	-1,364.71	9,137.50	76,500.00	2.54%
			Original Cost Basis: $3,006,270.00						
AUSTRALIA & NEW ZEALAND BKG GROUP ISIN#US05253JAR23 2.125% 08/19/20 B/E DTD 05/19/17 FOREIGN SECURITY 1ST CPN DTE 08/19/17 CPN PMT SEMI ANNUAL ON FEB 19 AND AUG 19 Moody Rating Aa3 S & P Rating AA-				Security Identifier: 05253JAR2					
03/06/20	2,695,000.000	100.4150	2,706,194.10	99.7440	2,688,100.80	-18,093.30	6,522.27	57,268.75	2.13%
			Original Cost Basis: $2,707,801.25						
TORONTO DOMINION BK SR MEDIUM TERM NT ISIN#US89114QC716 3.150% 09/17/20 B/E DTD 09/17/18 30/360 FOREIGN SECURITY 1ST CPN DTE 03/17/19 CPN PMT SEMI ANNUAL ON MAR 17 AND SEP 17 Moody Rating Aa1 S & P Rating AA-				Security Identifier: 89114QC71					
12/13/19	2,250,000.000	100.5870	2,263,213.98	100.4650	2,260,462.50	-2,751.48	2,756.25	70,875.00	3.13%
			Original Cost Basis: $2,271,307.50						
ROYAL BANK OF CANADA ISIN#US78013GKP99 2.034% 10/26/20 B/E DTD 10/26/17 FOREIGN SECURITY 1ST CPN DTE 01/26/18 CPN PMT QRTLY JAN,APR,JUL,OCT 26 Moody Rating Aa2 S & P Rating AA-				Security Identifier: 78013GKP9					
01/27/20	2,000,000.000	100.1580	2,003,161.22	98.1680	1,963,360.00	-39,801.22	7,345.47	40,682.60	2.07%
			Original Cost Basis: $2,004,120.00						

Portfolio Holdings *(continued)*

Date Acquired	Quantity	Unit Cost	Current Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME *(continued)*									
Corporate Bonds *(continued)*									
INTERCONTINENTAL EXCHANGE INC GTD FXD RT SR NT 2.750% 12/01/20 B/E DTD 11/24/15 30/360 CALLABLE 11/01/20 @ 100.000 GTD NYSE HOLDINGS LLC 1ST CPN DTE 06/01/16 CPN PMT SEMI ANNUAL ON JUN 01 AND DEC 01 Moody Rating A2 S & P Rating A			Security Identifier: 45866FAC8						
02/26/20	2,000,000.000	100.6540	2,013,075.40	100.0840	2,001,680.00	-11,395.40	18,333.33	55,000.00	2.74%
			Original Cost Basis: $2,014,800.00						
Total Corporate Bonds	32,335,000.000		$32,441,626.56		$32,279,588.85	-$162,037.71	$163,962.27	$875,907.10	
TOTAL FIXED INCOME	**164,260,000.000**		**$164,103,346.00**		**$164,172,724.85**	**$69,378.85**	**$163,962.27**	**$875,907.10**	

	Current Cost Basis	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income
Total Portfolio Holdings	**$164,139,593.36**	**$164,208,972.21**	**$69,378.85**	**$163,962.27**	**$894,665.51**

* *Noncovered under the cost basis rules as defined below.*

Generally, securities acquired before 2011, in retirement accounts or held by Non-U.S. entities are not subject to the cost basis reporting rules set forth in the Internal Revenue Code of 1986, as amended by the Emergency Economic Stabilization Act of 2008, and are marked as "noncovered". Securities marked as "covered", were identified as securities potentially subject to the cost basis reporting rules and may be reported to the IRS on form 1099-B for the applicable tax year in which the securities are disposed.

Note: In the event where we cannot easily determine the taxability of an account, we may mark the account as noncovered. However, if the account does not receive a 1099B, the cost basis will not be reported to the IRS.

Cost Basis on fixed income securities may be adjusted for amortization, accretion, original issue discount adjustments, or principal paydowns. The calculation is based upon the taxpayer election, type of fixed income security, and certain attributes, obtained from sources believed to be reliable. In the event, one or more of these attributes is changed, there may be a temporary incorrect adjusted cost basis reflected until the cost basis system is amended to reflect this change. These calculations will not be performed under certain circumstances, including those involving foreign bonds, bonds sold short or bonds issued with less than one year to maturity. This information is meant as a general guide and you should consult your tax advisor in the preparation of your tax returns.

[1] *This bond is maturing.*

Portfolio Holdings Disclosures

Pricing

This section includes the net market value of the securities in your account on a settlement date basis, including short positions, at the close of the statement period. The market prices, unless otherwise noted, have been obtained from independent vendor services, which we believe to be reliable. Market prices do not constitute a bid or an offer, and may differ from the actual sale price. Securities for which a price is not available are marked "N/A" and are omitted from the Total.
THE AS OF PRICE DATE ONLY APPEARS WHEN THE PRICE DATE DOES NOT EQUAL THE STATEMENT DATE.

Estimated Annual Figures

The estimated annual income (EAI) and estimated annual yield (EAY) figures are estimates and for informational purposes only. These figures are not considered to be a forecast or