Peninsula Clean Energy Board of Directors Annual Retreat

September 26, 2020

PENINSULA CLEAN ENERGY

Agenda

- Call to order / Roll Call
- Public Comment
- Action to set the agenda and approve consent items

Regular Agenda

8:30 – 8:45	Call to Order / Roll Call
	Public Comment
	Action to set the agenda and approve consent items
8:45 – 8:50	Citizens Advisory Committee Report
8:50 – 9:30	Strategic Plan Update
	- Review and Discussion of Strategic Plan Dashboard

Regular Agenda

9:30 – 10:10	High Level Review and Discussion of Market Research Results
10:10 – 10:20	Break
10:20 – 11:00	Financial Update
11:00 – 11:45	Review of Approved Community Energy Programs and Budgets/Allocation
11:45 – 12:00	Conclusions and Wrap-Up
12:00	Adjourn

PCE Board Retreat
Strategic Plan Dashboard

September 26, 2020

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Agenda

- Strategic Plan Implementation Status
- Updates to PCE Strategic Plan
- Review Strategic Plan Dashboard
  - Departmental Dashboards
  - Descriptions of Metrics
  - One-page descriptors

Strategic Plan Implementation Status

- All departments have worked with their teams to create work plans to support the strategic plan goals, objectives, and key tactics
  - Tasks developed under each key tactic
  - “Owners” assigned to each task
  - Discussion on metrics and timelines

- All staff has been involved
- All staff know where they fit into PCE’s strategic plan

Updates to PCE Strategic Plan

- As part of the implementation process, certain departmental goals and key tactics were revised and some were added
- Details of these changes were provided in the packet

Strategic Plan Dashboard

Metrics for reviewing progress against strategic plan:

Organizational Priorities

Department dashboards:

- Power Resources
- Public Policy
- Community Energy
- Marketing and Customer Care
- Financial Stewardship
- Organizational Excellence

Strategic Plan Dashboard

BOD Dashboard

Organizational Priorities	2019 Baseline	2020	2025 Target
2025 100% RE 24/7	47%		100%
Overall County GHGs (MT CO2e)	TBD		TBD

Power Resources	Measurement Period - Calendar Year		
	2019 Baseline	2020	2025 Target
Renewable Content (%)	52%		100%
Emmissions Factor (lbs/MWh)	94		0
New Capacity Statewide (%)	0		50%
Local Resources (MW)	0		20

Public Policy	Measurement Period - Fiscal Year		
	2020 Baseline	2021	2025 Target
PCIA Containment	Low		High
Legislative Impact	Medium		High
Regulatory Impact	High		High
Coalition Building	Low		High
Fostering CCA Growth	Medium		High

Community Energy	Measurement Period - Calendar Year		
	2019 Baseline	2020	2025 Target
Transportation: GHG Reductions (M	770		TBD
Buildings: GHG Reductions (MT)	TBD		TBD
EV Charging ports installed	0		3,500
Electric appliances installed	0		2,000
Funds for Low Income (FY)	11%		20%

Marketing & Customer Care	Measurement Period - Fiscal Year		
	2020 Baseline	2021	2025 Target
Participation Rate (as of FY end)	97%		97%
PCE Aided Awareness	34%		60%
PCE Favorability	63%		80%
Key Account Engagement	Low		High
Residential & SMB Engagement	Med/Low		High

Financial Stewardship	Measurement Period - Fiscal Year		
	2020 Baseline	2021	2025 Target
Days Cash On Hand (Unrestricted	238		231
Credit Rating (Fitch/Moodys)	BBB+/Baa2		"A" Level
Change in Net Position ($000s)	$48,900		Positive
Investment Performance	TBD		TBD
Average Cost of Energy	$61.92		$62.73

Organizational Excellence	Measurement Period - Fiscal Year		
	2020 Baseline	2021	Yearly Target
Governance	High		High
Staff Satisfaction	High		High
Innovation Impact	High		High
Organizational Policies	High		High
Technology and Systems	Med		High

Baseline is 2020 if FY, 2019 if CY

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Organizational Priorities

	Measurement Period: Calendar Year		
	2019 Baseline	**2020**	**2025 Target**
2025 100% RE 24/7	47%		100%
Overall County GHGs (MT CO2e)	TBD		TBD

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Metrics Definition

- **2025 100% RE 24/7 (%):** Average hourly renewable penetration – average % of load served by renewables in each hour of the year
- **Overall County GHGs (MT CO2e)**: County-wide total GHG emissions for the calendar year comprising
  - Building energy use (natural gas and electricity)
  - Vehicle use (estimate of how many vehicles and total VMT)
  - Point source data (e.g. cement factory, etc.)

Power Resources

	Measurement Period: Calendar Year		
	2019 Baseline	**2020**	**2025 Target**
Renewable Content (%)	52%		100%
Emissions Factor (lbs / MWh)	94		0
New Capacity Statewide (%)	0		50%
Local Resources (MW)	0		20

Metrics Definition

- **Renewable Content (%):** ECOplus renewable energy content as reported through CEC Power Source Disclosure reporting
- **Emissions Factor (lbs / MWh):** Greenhouse gas emissions per MWh of load (Starting in 2020, as reported through CEC Power Source Disclosure reporting)
- **New Capacity Statewide (%):** Percent of load served by newly constructed resources (i.e. Wright)
- **Local Resources (MW):** Megawatts of new resources built in San Mateo County

Public Policy

	Measurement Period: Fiscal Year		
	2020 Baseline	2021	2025 Target
PCIA Containment	Low		High
Legislative Impact	Medium		High
Regulatory Impact	High		High
Coalition Building	Low		High
Fostering CCA Growth	Medium		High

Metrics Definition

PCIA Containment – Qualitative assessment based on participation of regulatory team in PCIA related CPUC dockets

Legislative Impact – Qualitative assessment based on participation of legislative team in legislative hearings, coalitions and other activities

Regulatory Impact – Qualitative assessment based on participation of regulatory team in advancing PCE's regulatory objectives and priorities within CalCCA and at relevant regulatory agencies

Coalition Building – Qualitative assessment based on regulatory and legislative teams' engagement with and formation of coalitions as a means to achieve success in all areas of our work

Fostering CCA Growth – Qualitative assessment based on participation of regulatory team in in supporting expansion CCAs and assessment of regulatory team in thought leadership

Community Energy

Measurement Period: Calendar Year			
	2019 Baseline	2020	2025 Target
Transportation: GHG Reductions (MT)	770		TBD
Buildings: GHG Reductions (MT)	TBD		TBD
EV Charging Ports Installed	0		3,500
Electric Appliances Installed	0		2,000
Funds for Low Income (FY)	11%		20%

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Metrics Definition (1/3)

- **Transportation: GHG Reductions (MT)**
  - Total EVs added due to PCE incentives (estimated VMT and avoided gasoline emissions)
  - Utilization of EV chargers due to PCE incentives (estimated VMT and avoided gasoline emissions)
  - Utilization of EV chargers installed due to reach codes
  - One-year average emissions reduction based on 10-year projection

- Assumes 0 GHG for electricity based on annualized 100% greenhouse gas free electricity to start in 2021
- Figures are a *projection* of reductions based on *actual* measures

Transportation – 2020 Hypothetical

			EV Charging		
	Electric Vehicles	Ride-Hailing	Multifamily L1/L2	Workplace L2	Fast Charge
# Units	600	100	500	1000	100
Avg. Miles/yr/vehicle	17,000	69,000	-	-	-
Gal. gas saved	440K	229K	232K	3.5M	734K
CO2e saved (metric tons)	3,900	2,000	2,000	31,000	6,500

- Total emissions reduced: 45,000 metric tons/year
- Gas saved compared to gas vehicle that gets 23 MPG for personal vehicles and 30 MPG for ride-hail vehicles
- Multifamily charging usage is an annual average over 10 years (because EVs do not immediately appear)

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Metrics Definition (2/3)

- **Buildings: GHG Reductions (MT)**
  - Projected reach code impact: emissions benefit of new buildings constructed under reach codes (difference in emissions compared to buildings with natural gas) compared to state code
  - Expected use of appliances in existing buildings receiving incentives (compared to average gas appliance)
  - One-year average emissions reduction based on 10-year projection

- Assumes 0 GHG for electricity based on annualized 100% greenhouse gas free electricity to start in 2021
- Figures are a *projection* of reductions based on *actual* measures

Reach Codes – 1 city hypothetical residential

	Newly built residential units with reach code (10 yr historical ave.)	Built prior years under code (by code cycle)	Ave CO2 savings per unit (MT/unit by code cycle)	Total CO2 savings for year (MT)
2020	0	0	0	0
2021	270	270	4	1,080
2022	270	540	4	2,160
2023*	270	810	4	3,240

State Code improves but not 100% electric

State Code 100% electric

- Total emissions reduced: 34,020 MT CO2e
- Average emissions reduced over 10 years: 3,402 MT CO2e /year

Metrics Definition (3/3)

- **EV Charging ports installed** – Annual and cumulative total EV charging stations deployed in current and prior years
- **Electric appliances installed** – Annual and cumulative total electric appliances deployed in current and prior years
- **Funds for Low Income** – Percentage of community energy and resilience budget spent in the fiscal year targeting:
  - workforce: all investment for training programs
  - low-income and underserved communities: 400% above federal poverty line, participation in low-income rate plans (CARE/FERA), and San Mateo County Community Vulnerability Index

Marketing and Customer Care

	Measurement Period: Fiscal Year		
	2020 Baseline	2021	2025 Target
Participation Rate (as of FY end)	97%		97%
PCE Aided Awareness	34%		60%
PCE Favorability	63%		80%
Key Account Engagement	Low		High
Residential & SMB Engagement	Med/Low		High

Metrics Definition

- **Participation Rate (as of FY end):** Percentage of eligible electricity accounts in our service territory that receive electricity generation from Peninsula Clean Energy.
- **Peninsula Clean Energy Aided Awareness:** Measured by annual survey, in the second half of the FY, of representative sample of residents in our service territory (including customers and non-customers). Aided awareness of Peninsula Clean Energy (respondents recognize from a list) as an electricity provider for the service territory.
- **Peninsula Clean Energy Favorability:** Of those respondents to the annual survey (see above) who are aware (aided) of Peninsula Clean Energy, the percentage who have a "favorable" or "somewhat favorable" opinion of Peninsula Clean Energy.
- **Key Account Engagement:** Based on scoring rubric of strategic accounts who participate in high-, medium- and low-engagement Peninsula Clean Energy activities/programs.
- **Residential and Small Business Engagement:** Based on scoring rubric of residential and small business customers who participate in high-, medium- and low-engagement Peninsula Clean Energy activities/programs.

Financial Stewardship

	Measurement Period: Fiscal Year		
	2020 Baseline	**2021**	**2025 Target**
Days Cash on Hand (Unrestricted)	238		231
Credit Rating (Fitch/Moody's)	BBB+/Baa2		"A" level
Change in Net Position ($000s)	$48,900		Positive
Investment Performance	TBD		TBD
Average Cost of Energy	$61.92		$62.73

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Metrics Definition

- **Days Cash on Hand (Unrestricted):** Cash balance that is unencumbered by bank or loan covenants and reduced by Board-approved future fiscal year community program commitments. As measured by the number of days of cash on hand at any given point. Board policy is a minimum of 180 days.
- **Credit Rating:** Public assessment by independent rating agencies measured by maintenance of investment grade ratings.
- **Change in Net Position:** Annual measurement of Total Revenues minus Total expenses plus/minus the change in Non-Operating Income/Expenses.
- **Investment Portfolio Performance:** Metric and performance criteria not yet defined.
- **Average Cost of Energy:** Quantitative assessment measured by Total Cost of Energy divided by Base Load (as publicly reported).

Organizational Excellence

	Measurement Period: Calendar Year		
	2020 Baseline	**2021**	**Yearly Target**
Governance	High		High
Staff Satisfaction	High		High
Innovation Impact	High		High
Organizational Policies	High		High
Technology and Systems	Medium		High

Metrics Definition

- **Governance** – Assessment of succession process for Board members and alternates, quality of orientation for new board members, and degree of Board member support of the organization
- **Staff Satisfaction** – Based on yearly surveys, assessment of employee satisfaction; evaluation of professional development and training efforts; evaluation of competitive benefits
- **Innovation Impact** – Assessment of the quality of technology, program design, and policy innovation developed by the organization and its impact towards the organization's goals and the clean energy industry
- **Organizational Policies** – Assessment of progress toward implementation of key policies such as the Sustainable Workforce and Ethical Vendor Standards policies
- **Technology & Systems** – Assessment of quality and completeness of systems to support the organization's work including for business processes, energy-related analysis, program impact evaluation and customer insights; evaluation of systems and practices that ensure data accuracy/privacy and security.

Discussion and questions

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Market Research Results

September 26, 2020

HINER & PARTNERS, INC.
MARKETING DIAGNOSTICS AND STRATEGIES

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Objectives

Assess awareness and perception among San Mateo County residents of:

- Peninsula Clean Energy brand
- Benefits, obstacles to adoption and purchase interest in:
  - Electric Vehicles
  - All-Electric Homes and specific end uses historically fueled by natural gas

Approach

- Random sample of all households in San Mateo County
- Letter invitation from San Mateo County Office of Sustainability
- Response rate: 8.3%
- 19-minute self-administered online survey offered in multiple languages (English, Spanish, Mandarin, Tagalog)

Affiliation with OOS provided an opportunity to capture "unaided awareness" BUT likely introduced some degree of pro-environment bias into the sample

Approach (continued)

- Sample was "**normalized**" as follows to better reflect population
- Resulting sample: **2,261 residents**
- The margin of error for a total sample of 2,261 at the **95% confidence level is +/- 2.0%** but is slightly higher for subgroups
- Surveys were completed **April 7 to April 29, 2020**

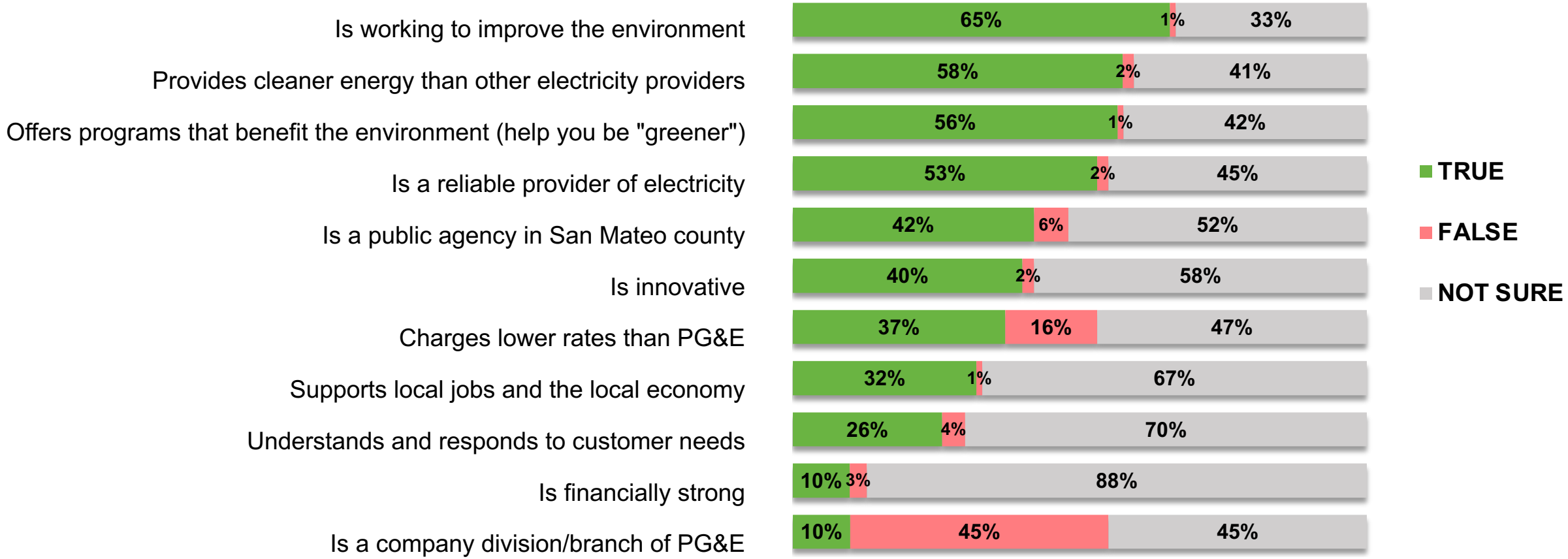
Brand Awareness, Perception

Brand Awareness, Perception

- 34% total awareness
  - Inclusive of 11% unaided
- Of those who are aware, 63% had a favorable perception
- Brand perceptions are fairly well-aligned with our mission and messaging
- Top priority for an *"electricity provider"* is lower rates; all other priorities far behind in importance
- 85% of respondents agree (58% strongly agree) with the statement: "I believe our community should prioritize efforts to do our part to reduce greenhouse gas emissions."

Brand Perceptions

Our intended messages are getting across (among those who are aware)



Q9 - For each statement, please indicate if you think it is true or false about Peninsula Clean Energy.
Base: Aware of PCE (n=770)

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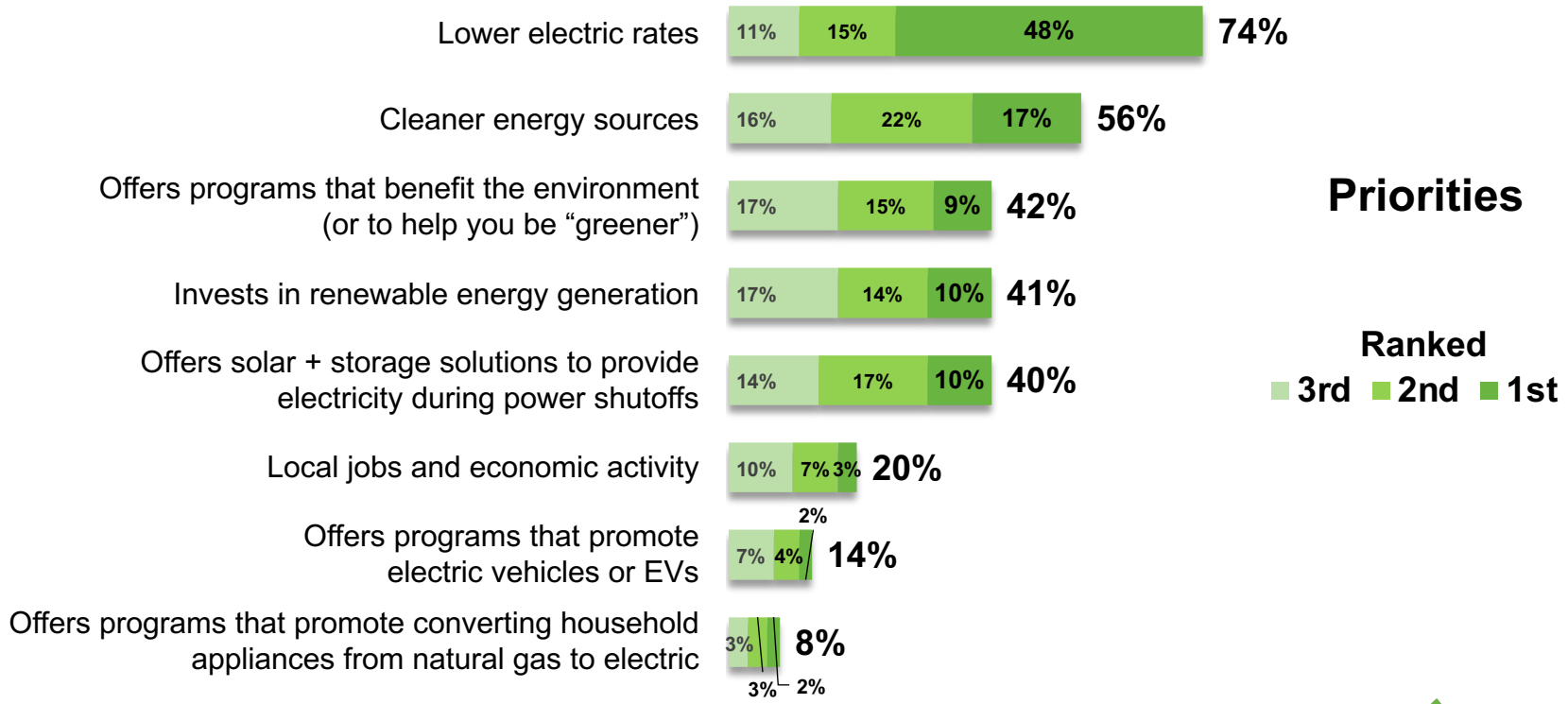
Energy Provider Priorities

The highest priority for an electricity provider among all San Mateo County residents is lower electric rates

- Nearly half (48%) rank low rates as their #1 priority
- Just 17% rank cleaner sources #1, followed by renewable investment (10%), storage (10%) and environmental benefits (9%)



Q7a - If a provider of electricity to your home could offer all the advantages listed below, which three would be most important to you?
Base: Total Sample (n=2,261)

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Implications

- Our brand awareness has plenty of upside for improvement
- Perceptions of Peninsula Clean Energy are favorable among those who are aware
- Improvement needed on the perception of lower cost electricity
- Opportunity to improve awareness and favorability among non-whites and renters

Electric Vehicles

EV Awareness, Perceptions

Objective:

- Assess awareness and perception among San Mateo County residents about electric vehicles, including benefits, obstacles to adoption and purchase interest

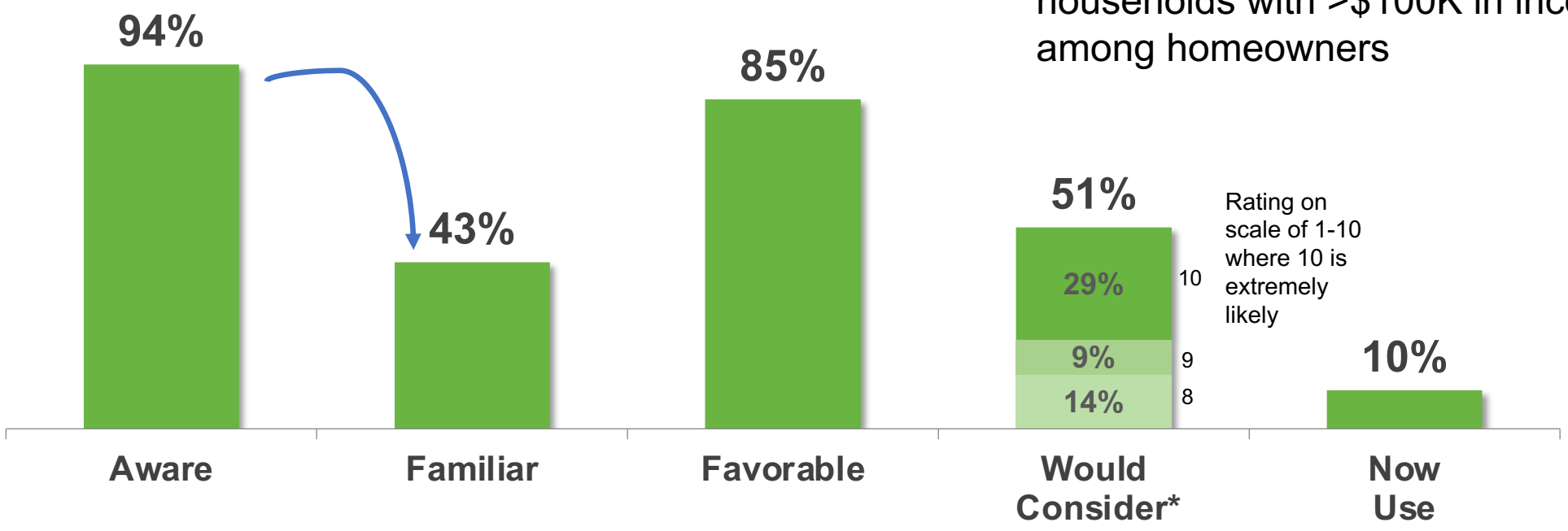
Respondents:

- Survey questions on this topic were presented only to those respondents who were:
  - Licensed drivers and
  - Primary decision maker for vehicle purchases

Persuasion Monitor™– EV / Plug-in Hybrid EV

Almost all respondents to the EV survey were aware of EVs and view them favorably. However, most rate themselves as lacking in familiarity. This dip indicates a need for more information, especially to address barriers to adoption.

Metrics are particularly strong in households with >$100K in income and among homeowners



The base for this chart and all remaining slides in this section is Licensed Drivers who are Vehicle Decision-makers, not all SM County households.

* Would Consider includes those who would consider an HEV, the other metrics are for BEV and PHEV only.

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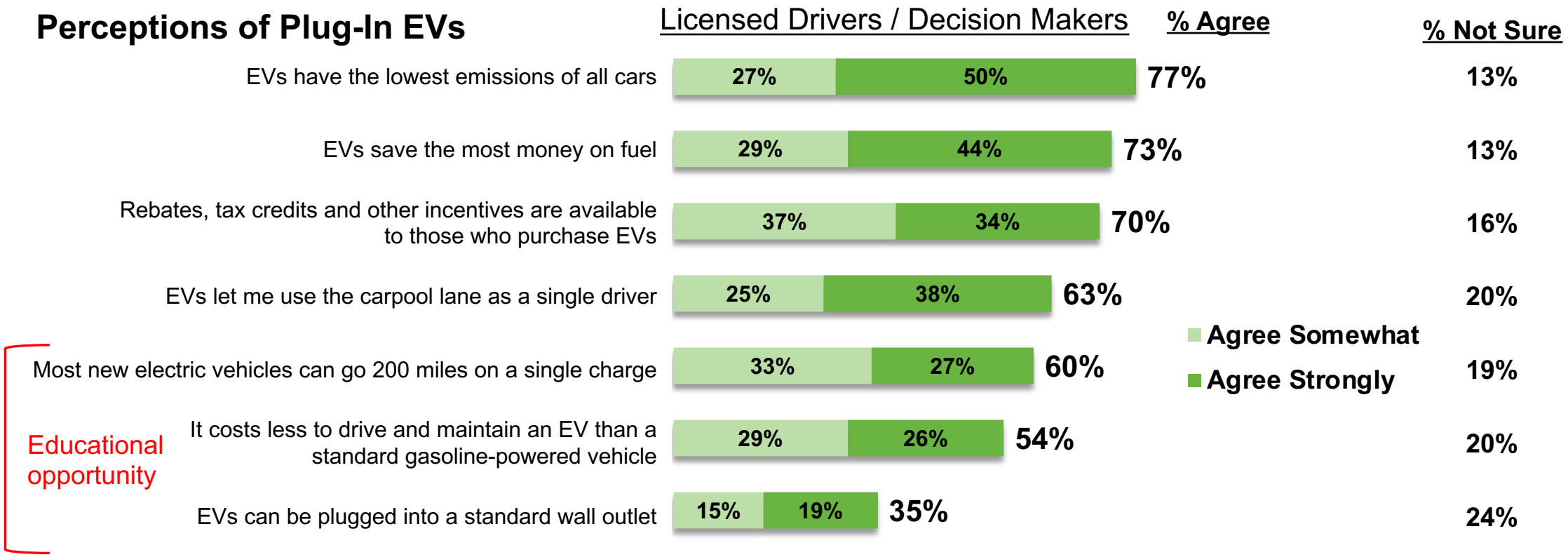
Perceptions of EVs

High percentages of respondents agree with most factual statements about EVs but are less certain about total cost of ownership and ability to charge in a standard wall outlet.



QEV3 - Please indicate your agreement with the following statements about plug-in electric vehicles (EVs).
Base: Licensed Drivers and Decision Makers (n=1,777)

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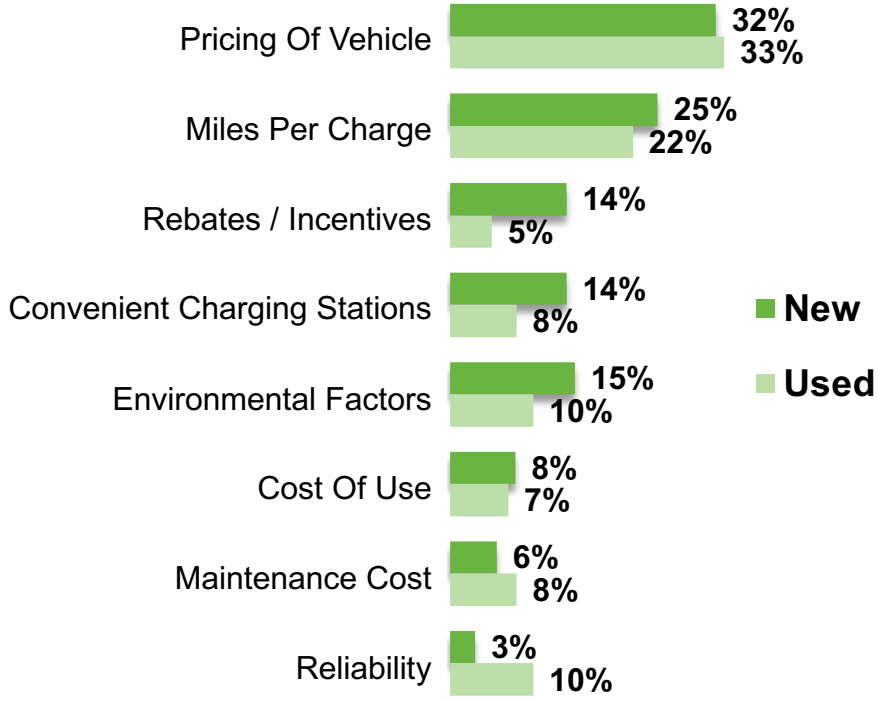
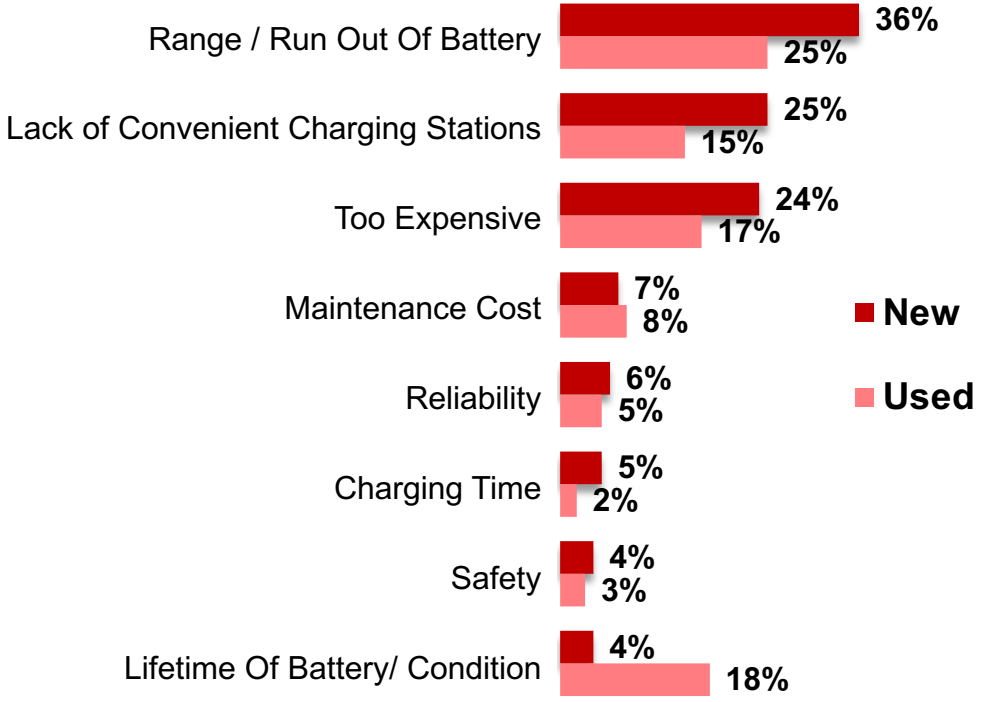
EV Motivators & Barriers

- Purchase price and miles per charge are motivating consideration.
- Fear of running out of battery and inability to charge are the biggest barriers, followed by purchase price.

Motivators Licensed Drivers / Decision Makers



Barriers Licensed Drivers / Decision Makers



QEV12 - If you were in the market for a NEW/USED vehicle, what are two or three things that might motivate you to consider getting an electric vehicle?
QEV13 - If you were in the market for a NEW/USED vehicle, what are two or three things that might be a concern to you when considering an electric vehicle?
Base: Expecting to buy/lease a new/used car (n=1,111 / 404)

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Implications

- Residents are strongly aware of EVs and view them favorably
- Opportunities exist for education about operating costs and charging
- As of April 2020, 1 in 4 residents were considering buying a vehicle in the next year
- Opportunity to influence used vehicle buyers toward EVs

Building Electrification

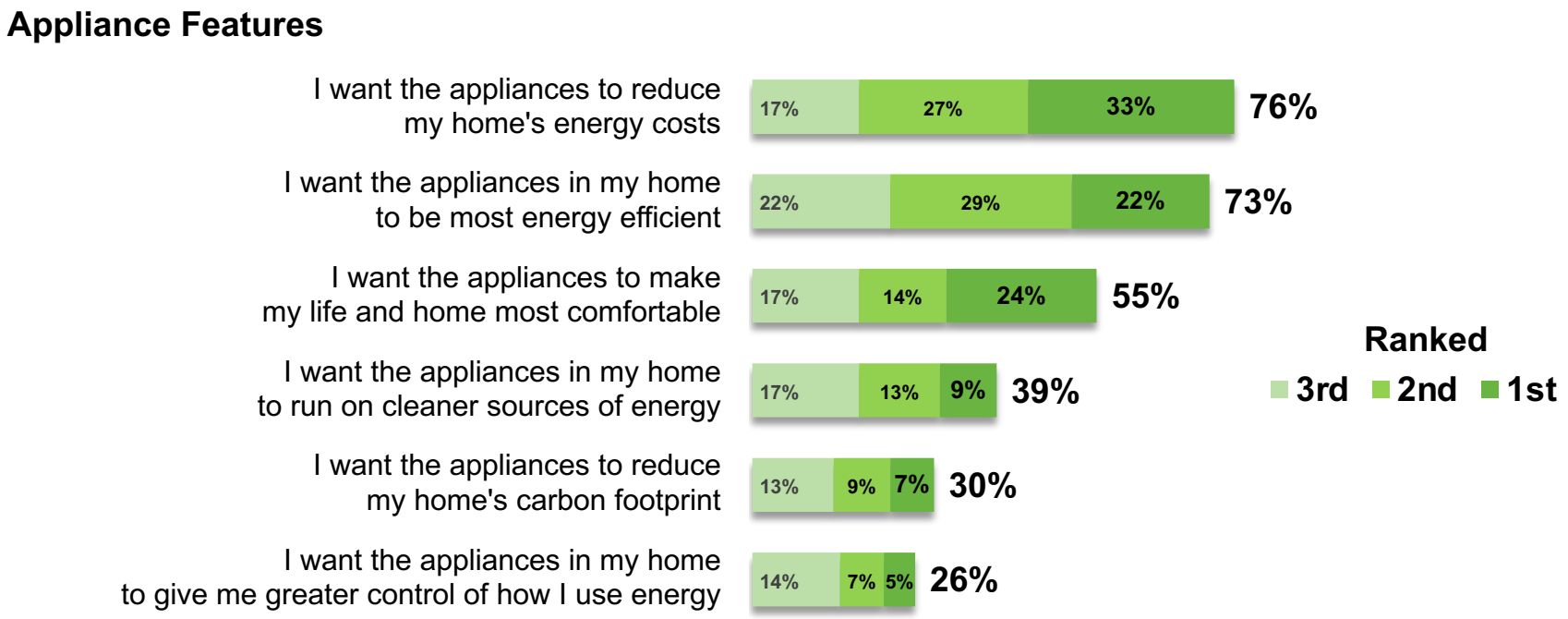
All Electric Buildings Awareness, Perceptions

Objective:

To assess awareness and perception among San Mateo County residents about All-Electric Homes and electric appliances/equipment for specific end uses in homes that are historically fueled by natural gas, including benefits, obstacles to adoption and intention to electrify their homes

Appliance Feature Priorities

Energy efficiency (read: lower cost), reduced energy costs, and comfort are prioritized above all.

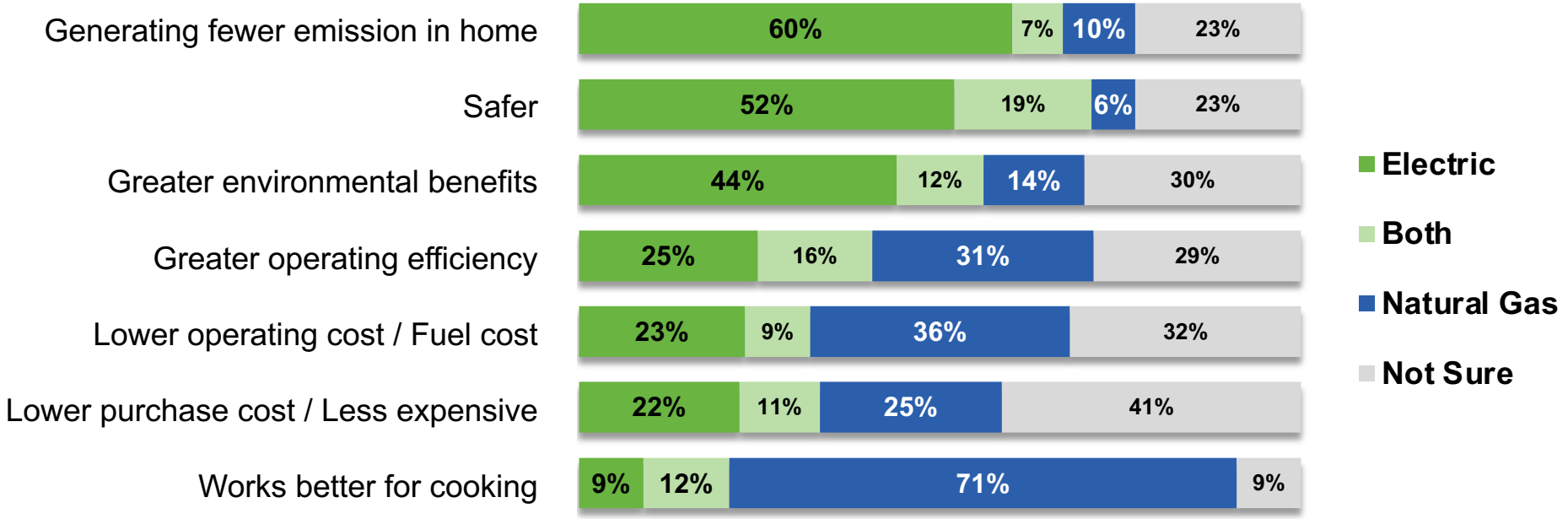


QBE4b - When thinking about all the appliances in your home, how important are the following factors to you?
Base: Total Sample (n=2,261)

NG vs Electric Appliance Perceptions

- Operating efficiency and fuel costs are more strongly associated with gas appliances, but about 1/3 of consumers *are not sure.*
- BE will benefit from leveraging the factors on which electric appliances win: emissions, safety, and the environment.

When asked about concerns if considering an electric appliance for their homes, respondents raised VERY few barriers.



QBE7 - For each of the phrases below, please check whether the phrase better applies, generally, to a natural gas or electric powered appliance.
Base: Total Sample (n=2,261)

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Implications

- Possible opportunity to add to consumer priorities by emphasizing the importance of **safety** and **reduced emissions** inside the home
- Widely held belief that natural gas works better for cooking presents a communications and education challenge especially among upper income households

Financial Review
Board Meeting
September 26, 2020

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Purpose/Context

Recently, there have been questions about whether to continue spending on programs at the same magnitude or

- Cutback?
- Pause?

Step back and review financial projections

- Review assumptions
- Assess sensitivities
- Revise forecasts and upsides/downsides

Summarize program spending

Implement trigger level for when we would reassess program commitments and/or activities

Agenda

- Review of Budget
  - Conservative assumptions
    - Electricity Load
    - Prices (old)
    - PG&E generation rates
    - PCIA
- Energy Price Forecast Summary and Update
- Electricity Load Results YTD
- MRW forecasts
  - PCIA
  - PG&E Generation rates
- Combined Summary Projection
- Program Expenses and Financial Overview

Key Assumptions in the FY20/21 Approved Budget and 5-year Plan

- PG&E Generation Rates
  - Jan 1, 2021 - Increase of 2%
  - 0.5% increase each year through FY24/25
- PCIA Rates
  - PCIA Cap of $0.005 on Jan 1, 2021
  - PCIA Trigger of 58% increase on Oct 1, 2020 (3 months)
  - PCIA Cap of $0.005 on Jan 1, 2022
  - No change after that
- Energy Prices
  - Based on then-latest forecast (in Nov 2019) – did not include effects of COVID-19
- Electricity Load
  - Extended period of depressed and slow-recovering economy (especially in Small/Medium Business)
  - Overall load decrease of 13% for FY20/21 from Pre-COVID level (“Budget Case”)
  - Overall load decrease of 10% for FY21/22 from Pre-COVID level (“Budget Case”)
  - Overall load decrease of 8% for next 3 years from Pre-COVID level (“Budget Case”)

Cash Reserve Policy

Per current Board-approved policy:

Total Cash

Less - cash restricted by loan term or covenant

Less – cash restricted for committed program spending in future fiscal years (beyond current one)

Equals – Unrestricted Cash

Expenses per day

Total Annual expenses divided by 360

Unrestricted Days Cash on Hand

Unrestricted Cash divided by Expenses per Day

Note: This is a more conservative calculation than rating agencies use (they do not restrict for future programs)

Financial Projections Per Approved Budget

Original Budget	FY2019-2020	FY2020-2021	FY2021-2022	FY2022-2023	FY2023-2024	FY2024-2025
	Preliminary Actual	Approved Budget	Plan	Plan	Plan	Plan
OPERATING REVENUES	**278,092,536**	**215,703,496**	**232,290,968**	**234,247,659**	**240,623,184**	**245,026,768**
OPERATING EXPENSES	**231,337,227**	**225,642,453**	**235,267,423**	**239,214,533**	**236,055,745**	**248,158,683**
Total Nonoperating Income/(Expense)	2,177,295	1,408,000	1,528,000	1,648,000	1,768,000	1,888,000
CHANGE IN NET POSITION	**48,932,604**	**(8,530,957)**	**(1,448,455)**	**(3,318,874)**	**6,335,439**	**(1,243,915)**
Total Cash & Cash Equivalents	**210,562,154**	**186,646,421**	**184,697,966**	**181,379,092**	**187,714,531**	**186,470,616**

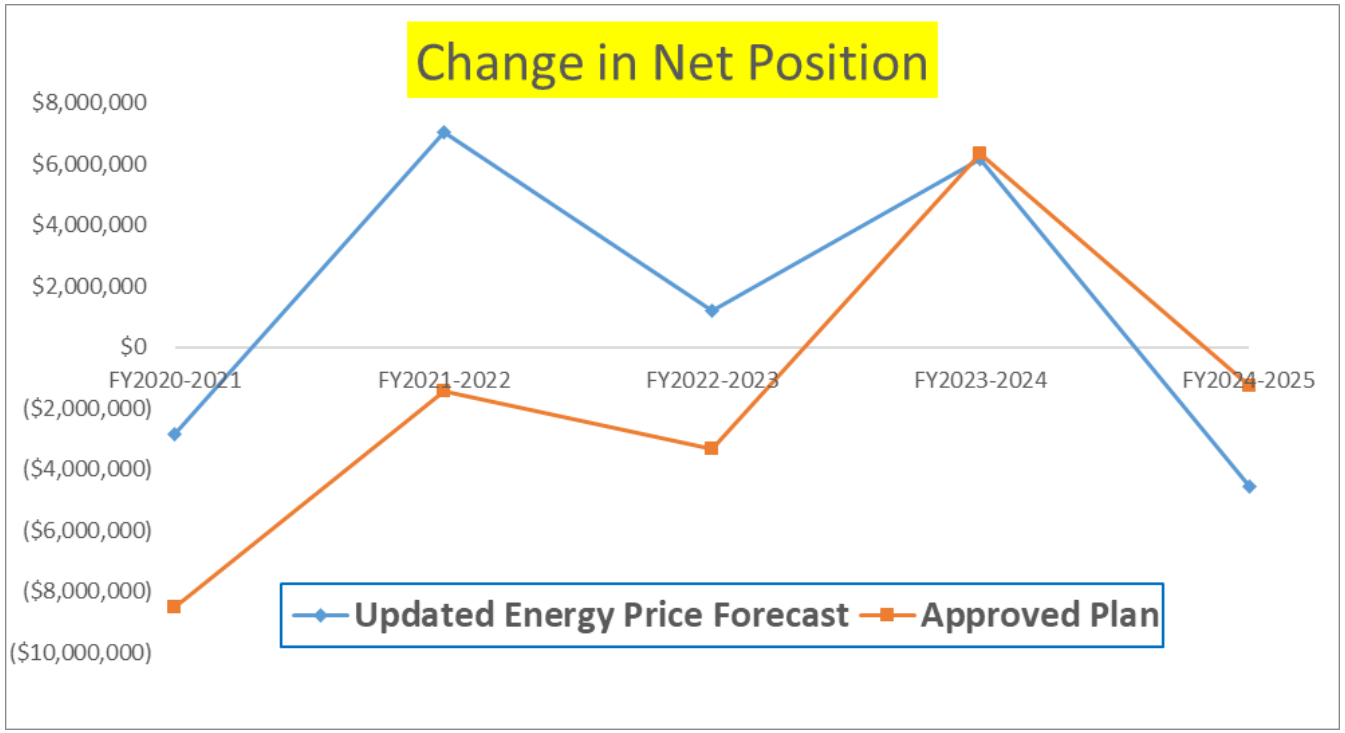
Based on Current/Projected Program Commitments

Unrestricted Cash (per Current Reserve Policy)	**150,553,581**	**153,906,214**	**152,579,772**	**151,760,898**	**158,096,337**	**156,852,422**
Unrestricted Days Cash on Hand (per Current Reserve Policy)	**234**	**246**	**233**	**228**	**241**	**228**

Note: Unrestricted cash has been updated to reflect more current program commitments

Energy Price Forecast Update

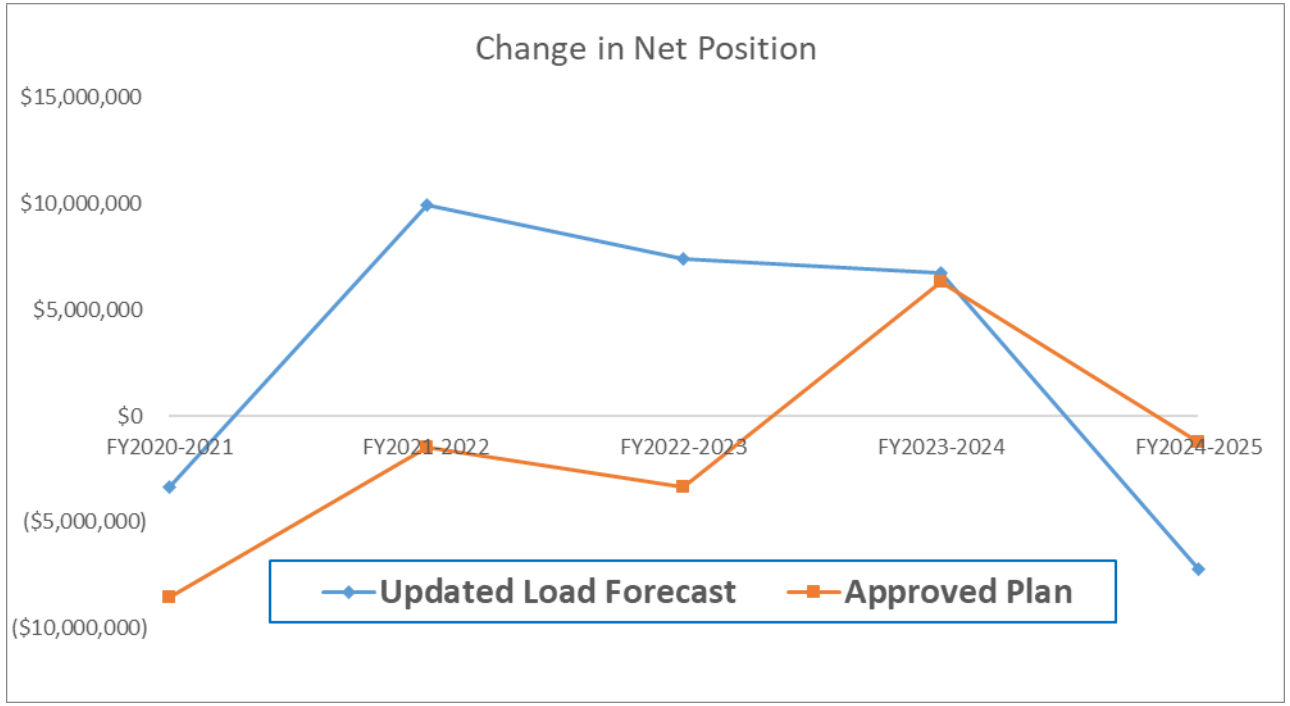
- We use updated energy price forecasts that are done twice/year (Fall and Spring)
- The FY2020/20221 Approved Budget was based on the then-current forecast - Fall 2019 (pre-COVID)
- The updated Spring 2020 forecast has been used to update the forecast
- Major observations about impact on **Net Position**:
  - Prices are expected to be lower in the first 3 years of PCE's 5-year plan (through FY2023)
  - Prices are expected to be somewhat higher in the last 2 years of PCE's 5-year plan



Significant Improvement in Net Position: Updated price forecast expected to have $15.2 million positive impact to Net Position over 5-year time horizon – all in the first 3 years

Electricity Load Forecast Update

- Load Forecast was based on slow economic recovery
- Load is still below Pre-COVID forecasted levels
- But early indications are that actual load is well above conservative Budget assumptions and closer to original “Mid-Case” scenario



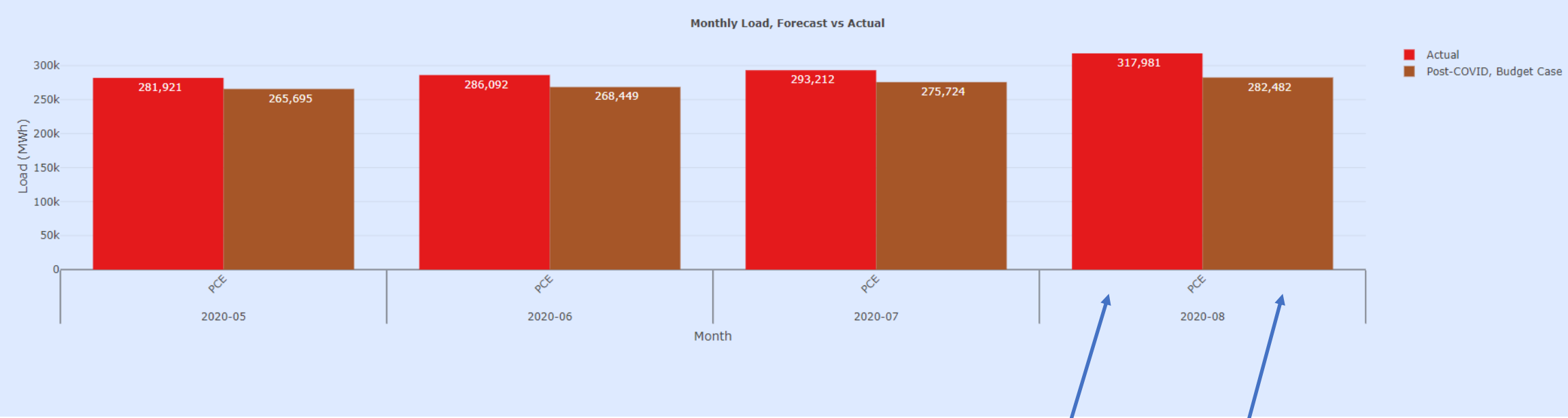
Using Mid-Case Forecast would add $21.7 million positive impact to Net Position mostly in the first 3 years

Electrical Load – Actual vs. Pre-COVID Forecast

Actual

Pre-COVID Forecast

Electrical Load – Actual vs. Budget



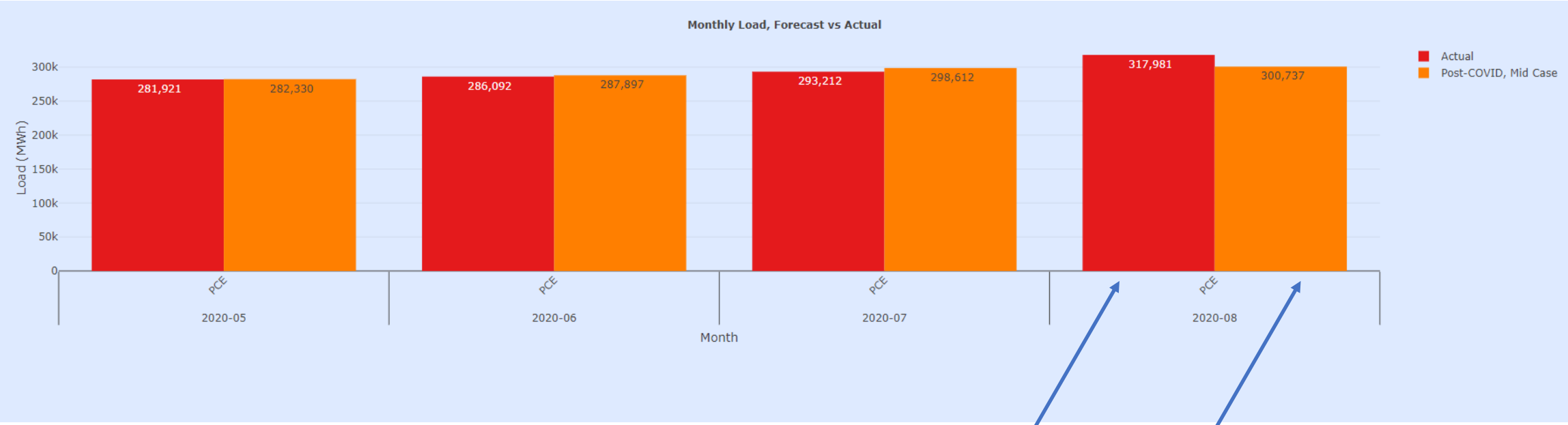
Actual

Budget

<u>Comparison of actuals versus assumed in the Approved Budget</u>

- August 2020 – 12.5% higher (included significant heat wave)
- July 2020 – 6.5% higher
- June 2020 – 6.7% higher
- May 2020 – 6.1% higher

Electrical Load – Actual vs. Mid-Case Scenario



Actual

Mid-Case Scenario

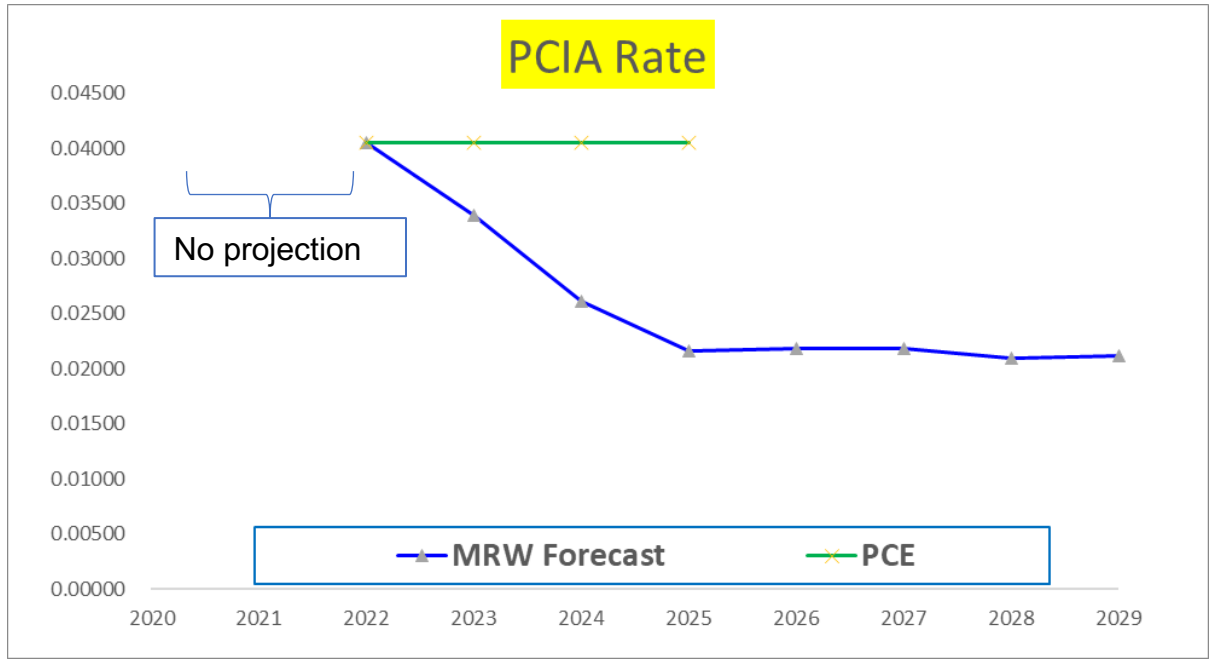
MRW Rate Forecasts

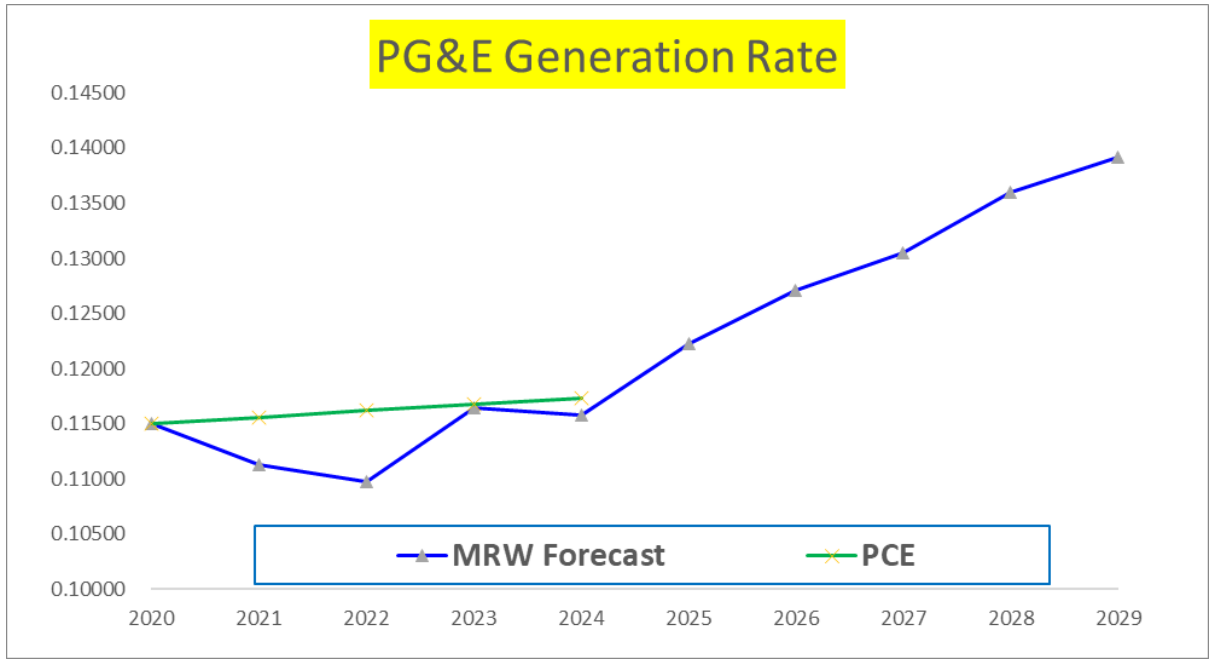
- 10-year Projection vs. PCE's 5-year planning horizon and forecasts
- MRW
  - Expert provider of IOU generation and PCIA rate forecasts (used by most CCAs)
  - Uses bottoms-up approach to projections taking into account actual PG&E resource utilization and retirements
  - Retained as Independent Consultant to provide Los Banos Technical Study

  - PCIA Rate
    - Slightly higher than PCE's forecasts in near term (negative for PCE)
    - Significantly lower than PCE's forecasts in 4th and 5th year (significantly positive for PCE)
    - Significantly lower than current levels in years 6-10 (significantly positive for PCE)

  - PG&E Generation Rates
    - Lower than PCE's forecasts in next 5 years (negative for PCE)
    - Significantly lower than PCE's forecasts in 3rd year (negative for PCE)
    - Significantly higher than current levels in years 6-10 (significantly positive for PCE)

MRW Rate Projections





Change in Net Position	FY2020-21	Total Years 1-5	Annually in Years 6-10
MRW Forecast	Negative $8.5 million	Positive $64.2 million	Positive $44.1 million/year
PCE Forecast	Negative $8.5 million	Negative $8.2 million	Not forecast

Change in Net Position	FY2020-21	Total Years 1-5	Annually in Years 6-10
MRW Forecast	Negative $12.1 million	Negative $81.8 million	Positive $27.8 million/year and growing
PCE Forecast	Negative $8.5 million	Negative $8.2 million	Not forecast

Combined Financial Scenario – 5 and 10 Years

Includes

- Updated for actual year-ending cash (Budget was based on an estimate of June 30)
- Updated Energy Price Forecast
  - Positive impact in Years 1-3
  - Negative impact in Years 4-5
- Revised Electricity Load Forecast
  - Positive impact in Years 1-3
  - Negative impact in years 4-5
- MRW Forecasts for PCIA and PG&E Generation rates for 10 years
  - Negative in Years 1-3
  - Positive in years 4-5
  - Significantly Positive in Years 6-10

- Other Assumptions for Years 6-10 (conservative)
  - Base Load stays flat from Year 5 through Year 10
  - Energy Costs escalate at 5% compounded per year from Year 5 level
  - All other costs escalate at 5% compounded per year from Year 5 level

Revised 5-year Outlook

Original Budget	FY2020-2021	FY2021-2022	FY2022-2023	FY2023-2024	FY2024-2025
	Approved Budget	Plan	Plan	Plan	Plan
CHANGE IN NET POSITION	(8,530,957)	(1,448,455)	(3,318,874)	6,335,439	(1,243,915)
Total Cash & Cash Equivalents	186,646,421	184,697,966	181,379,092	187,714,531	186,470,616
	Based on Current/Projected Program Commitments				
Unrestricted Cash (per Current Reserve Policy)	153,906,214	152,579,772	151,760,898	158,096,337	156,852,422
Unrestricted Days Cash on Hand (per Current Reserve Policy)	246	233	228	241	228

Revised Forecast	FY2020-2021	FY2021-2022	FY2022-2023	FY2023-2024	FY2024-2025
	Forecast	Forecast	Forecast	Forecast	Forecast
CHANGE IN NET POSITION	(3,988,708)	(5,672,871)	(18,141,312)	9,352,965	30,761,073
Total Cash & Cash Equivalents	179,805,080	174,132,209	155,990,897	165,343,862	196,104,935
	Based on Current/Projected Program Commitments				
Unrestricted Cash (per Current Reserve Policy)	147,064,873	142,014,015	126,372,703	135,725,668	166,486,741
Unrestricted Days Cash on Hand (per Current Reserve Policy)	233	217	190	203	233

Compared to Original Budget/Plan:

Positive in Year 1

Negative in Year 3

Significantly favorable in Year 5

10-year Financial Projection

Revised Forecast	FY2020-2021	FY2021-2022	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026	FY2026-2027	FY2027-2028	FY2028-2029	FY2029-2030
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
CHANGE IN NET POSITION	(3,988,708)	(5,672,871)	(18,141,312)	9,352,965	30,761,073	30,606,779	26,817,073	19,458,031	15,529,251	6,240,656
Total Cash & Cash Equivalents	179,805,080	174,132,209	155,990,897	165,343,862	196,104,935	226,711,713	253,528,786	272,986,818	288,516,069	294,756,725
	Based on Current/Projected Program Commitments									
Unrestricted Cash (per Current Reserve Policy)	147,064,873	142,014,015	126,372,703	135,725,668	166,486,741	197,093,519	223,910,592	243,368,624	258,897,875	265,138,531
Unrestricted Days Cash on Hand (per Current Reserve Policy)	233	217	190	203	233	263	284	294	298	291

Conclusions

- Financial outlook is fairly positive and reasonably predictable
  - Don't see significant downside in next few years
  - Could be significant upside – especially after 4th year

Recommendation: Maintain program activities and commitments at current levels for now

Proposal:

- "Trigger" implemented to decide when to scale back program activities and/or commitments
- If it appears that Unrestricted Days Cash on Hand will drop below 200 in the following fiscal year, then scale back to ensure compliance.
- As of today, that could happen in Fiscal Year 2022-2023. We will evaluate in the budget for that year.
- Scaling back would mean:
  - Reduction in new program commitments brought to the Board for approval
  - Evaluation of expenses that could be reduced or delayed for already approved programs

Program Spending Overview & Process

- Programs are the biggest, non-energy part of budget
- Long-term commitments

- Budget and Cash Reserve Projections assume:

  - Approximate spending of $10-11 million per year
  - New program funding approvals of $10-11 million per year
  - So, future commitments stay relatively flat

Program Approval Process

Specific Program – multi-year, multi-element, specific objective

- Specific contract ($100k+)
- Specific contract ($100k+)
- Specific contract ($100k+)
- Other expenses/commitments TBD – each < $100k

Example Program – EV Infrastructure $16 million over 4 years (approved 12/2018)

- Contract to Board: CLEAResult - $2 million/4 years (approved 8/2019)
- Other Contract(s) to Board TBD – each $100K+
- Other Individual Expenses/Commitments – each < $100K
- Total Expenses = $16 million over 4 years

Program Budget Process

Approved FY2021 Budget – Total Organization Expenses ($225.6 million)

Spending Category – **Energy** ($197.4 million)

Spending Category – **Community Energy Programs** ($7.6 million)

- Program 1 Current Year Spending
- Program 2 Current Year Spending
- Program 3 Current Year Spending
- Program 4-n Current Year Spending

Spending Category – **Other Programs** ($1.4 million)

Other Categories – Total ($19.2 million)

Cash Reserves set aside ($27.6 million)

Reserved for **Community Energy Programs** ($18.7 million)

- Program 1 Future Years Spending
- Program 2-n Future Years Spending

Reserved for **Other Programs** ($8.9 million)

- Program 1 Future Years Spending
- Program 2-n Future Years Spending

As Presented to Finance Committee on 8/10/20 (Slide 1 of 2)

As of June 30, 2020								
Programs Approved by Board	Program Amount Approved by Board	Board Approval Date	Contract Amount Approved by Board	Other Expected Contract or Spending	Term	Already Spent as of July 1, 2020	Estimated Spending in Current FY (prior to June 30, 2021)	Future Fiscal Year Spending for Already Approved Programs (FY22-24)
Community Energy Programs								
EV Infrastructure	**16,000,000**	**12/20/18**		**-**	**4 years**	**146,000**	**5,100,000**	**10,754,000**
Contract - ClearResult		08/22/19	2,000,000			146,000	500,000	
Contract - Center for Sustainable Energy		10/24/19	850,000					
Customer Incentives provided through Center for Sustainable Energy				7,150,000			4,000,000	
Customer Incentives (other)				4,000,000				
Workforce Development				1,000,000			100,000	
Other Spending*				1,000,000			500,000	
New EV Incentives	**1,500,000**	**04/27/19**			**3 years**	**220,000**	**800,000**	**480,000**
Low Income Used EV - Contract with Peninsula Family Services	**500,000**	**01/24/19**			**2 years**	**220,000**	**60,000**	**220,000**
Ride & Drive EV Marketing - Contract with Reach Strategies	**750,000**	**02/28/19**			**3 years**	**215,000**	**50,000**	**485,000**
Ride Hailing Electrification - Contract with FlexDrive	**500,000**	**03/26/20**			**2 years**		**100,000**	**400,000**
E-Bikes	**300,000**	**07/23/20**			**3 years**		**60,000**	**240,000**
Curbside & Low Power Pilot in MUD	**1,000,000**	**06/29/18**		**-**	**3 years**	**100,000**	**350,000**	**550,000**
Contract - Energy Solutions (MUD - Low Power Pilot)		03/28/19	400,000			100,000	250,000	
Curbside Pilot				600,000			100,000	
Existing Buildings	**6,100,000**	**05/28/20**		**-**	**4 years**	**-**	**750,000**	**5,350,000**
Contract - ClearResult		06/25/20	250,000				50,000	
Customer-direct incentives (originally part of ClearResult contract)		06/25/20	2,750,000				200,000	
Other Spending*				3,100,000			500,000	
Reach Codes & Technical Assistance	**250,000**	**01/23/20**		**-**	**2 years**	**60,000**	**-**	**190,000**
Contract - TRC		01/23/20	450,000			60,000		
Cost Sharing Contract -SVCE		01/23/20	(200,000)					
Climate Action Plans Support - Contract with SMCOOS	**95,000**	**06/25/20**	**95,000**		**1 year**		**90,000**	**5,000**
Community Energy Programs Authorized Subtotal	**26,995,000**					**961,000**	**7,360,000**	**18,674,000**

As Presented to Finance Committee on 8/10/20 (Slide 2 of 2)

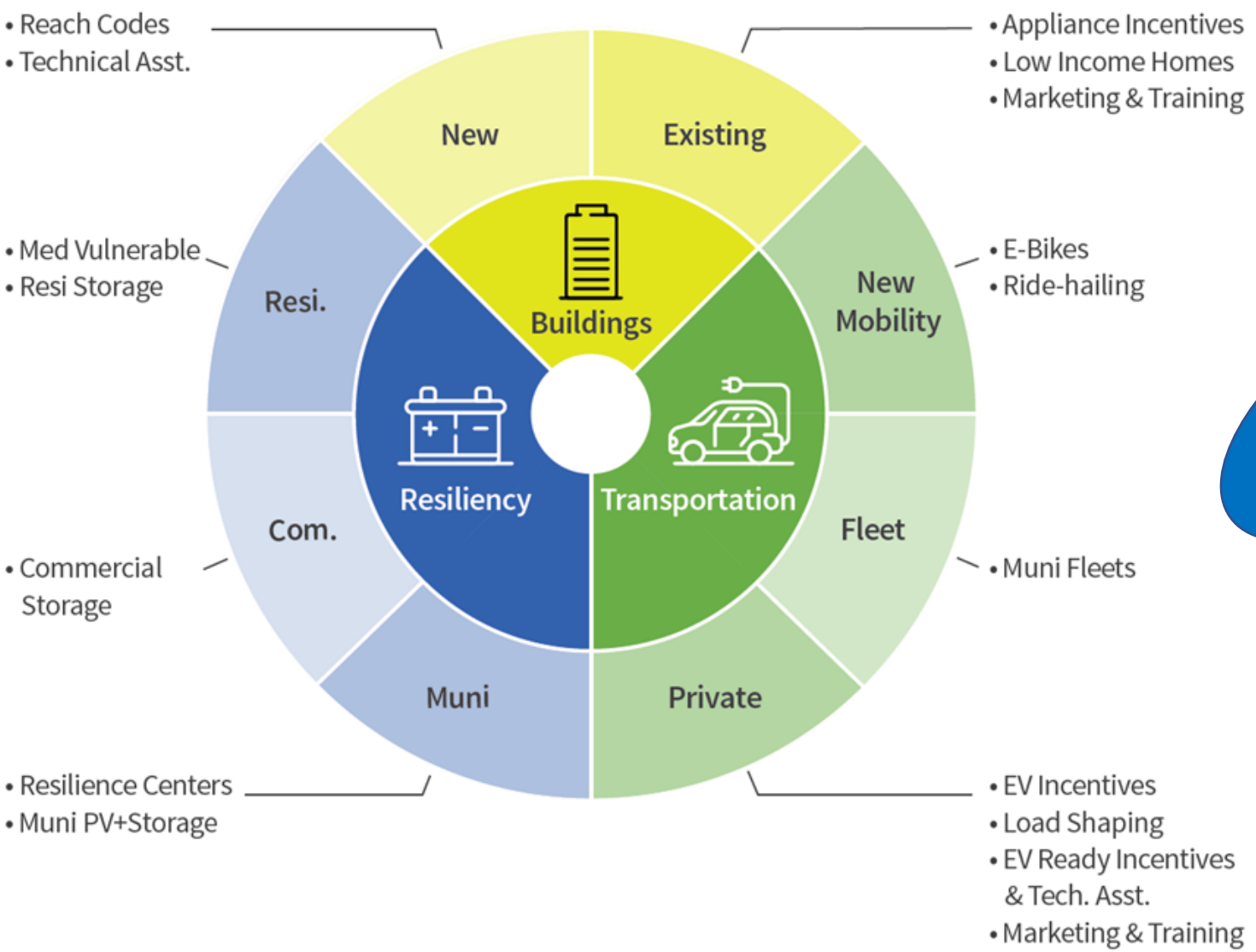
As of June 30, 2020								
Programs Approved by Board	Program Amount Approved by Board	Board Approval Date	Contract Amount Approved by Board	Other Expected Contract or Spending	Term	Already Spent as of July 1, 2020	Estimated Spending in Current FY (prior to June 30, 2021)	Future Fiscal Year Spending for Already Approved Programs (FY22-24)
Other Programs								
Resilience	**10,000,000**	**01/23/20**		**-**	**3 years**	**20,000**	**1,281,987**	**8,698,013**
Power On Peninsula - Medical								
Portable Battery Authorization (Hassett) - 2 BOD authorizations		07/23/20	750,000			-	683,237	-
Power On Peninsula - Residential/Commercial								
Program Admin Contract - TerraVerde		06/25/20	220,000			20,000	140,000	
Contract - Sunrun (10 year Agreement) - Residential		06/25/20	474,000					
Load Modification Agreement - Contractor TBD - Commercial		TBD		460,800				
Other Spending*				8,095,200			458,750	
Building Electrification Awareness	**400,000**	**01/23/20**		**-**	**3 years**	**-**	**150,000**	**250,000**
Contract - Gelfand		07/23/20	300,000				100,000	
Other Spending*				100,000			50,000	
Power Resources & Marketing Authorized Subtotal	**10,400,000**					**20,000**	**1,431,987**	**8,948,013**
Total Programs Authorized Subtotal	**37,395,000**					**981,000**	**8,791,987**	**27,622,013**
* Other Spending includes spending for program areas for which (a) Board approval is not required (e.g. incentives, contracts under $100,000) or (b) have not yet been identified								

Programs Review

September 26, 2020

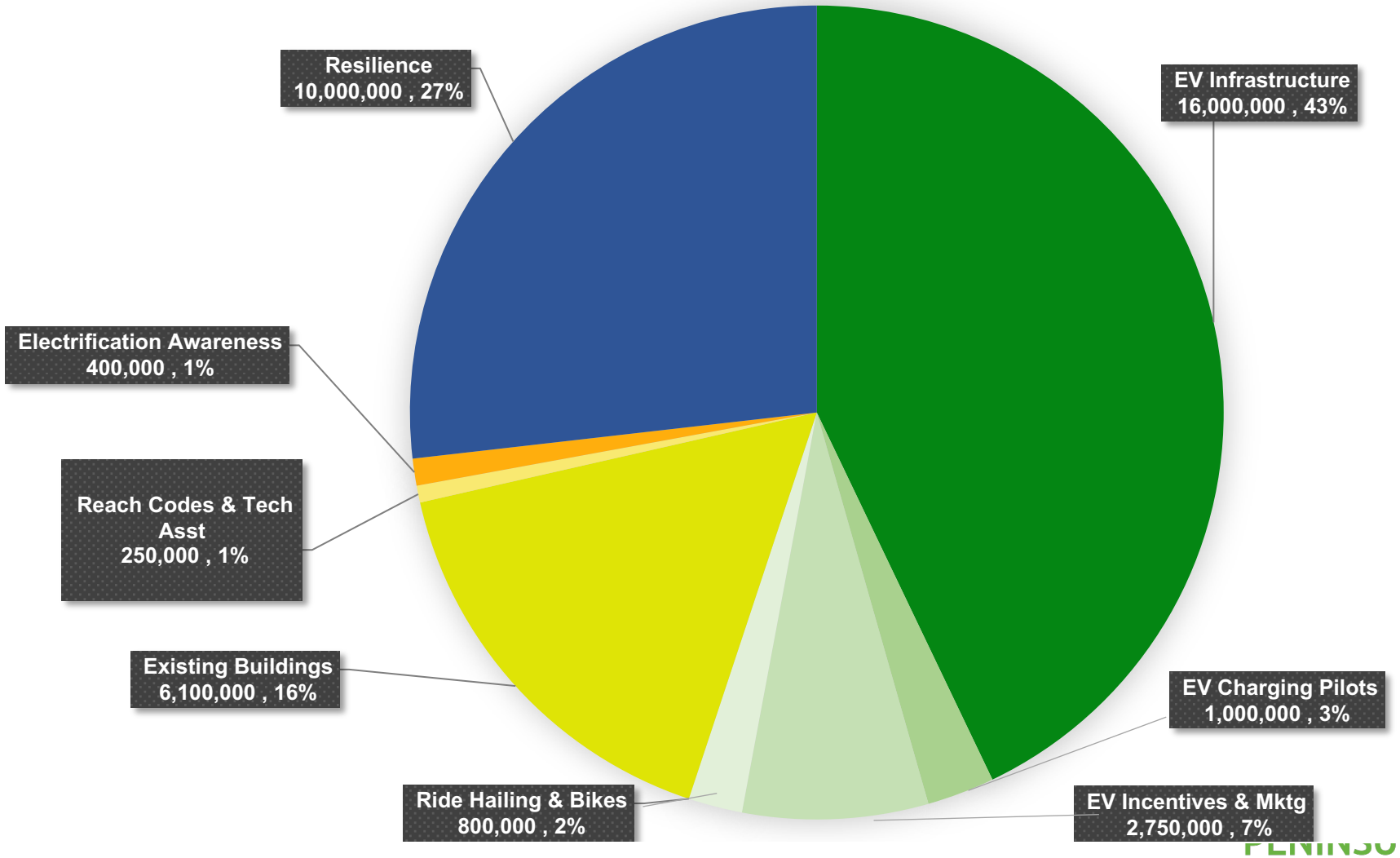
PENINSULA CLEAN ENERGY

High-Level Roadmap



Roadmap v1 90% deployed end 2020

Approved Budget by Major Area



Resilience

2020 | 2021 | 2022 | 2023

Resilience: $10 million over 3 years

Power On Peninsula Res - Contract: TerraVerde - $220k/2 years

Power On Peninsula Res - Contract: Sunrun - $474k/10 years >>

POP Medical - Contract: Hassett Hardware + Outreach- $750k/ 0.5 year

Municipal CRCs –$2.5 M

Remaining Distributed RA - $1.1 M

Remaining Medically Fragile Customers - $1.8 M

Critical Infrastructure - $500k

Future Programs - $2.7 M

Transportation: Vehicles

2019 | 2020 | 2021 | 2022

Vehicles: $3.55 million over 4 years

New EV Incentives - $1.5 million/3 years

Used EV Contract: Peninsula Family Service - $500k/2 years

Ride & Drive Marketing Contract: Reach Strategies $750k/3 yrs

Ride Hailing Contract with Flexdrive: $500k/2 years

E-Bikes - TBD: $300k/3 years >>

Transportation: EV Charging

2019 | 2020 | 2021 | 2022 | 2023

EV Infrastructure: $16 million over 4 years

Technical Assistance - Contract: CLEAResult - $2M/4 years

Incentives (CALeVIP) – Contract: Center for Sustainable Energy - $8M/ 3.5 years ($850k + incentives)

Additional Incentives: $4M

Workforce Grants: $1M

Systems & Admin: $1M

Transportation: EV Charging Pilots

2019 | 2020 | 2021 | 2022

Vehicles: $1 million

Low Power Charging Pilot – Contract: Energy Solutions
$400k/3 years

Curbside Assessment – Contract: ARUP $98k/6 mos

Curbside Pilot – TBD $500k/2 yrs >>

Buildings: New & Existing

2020 | 2021 | 2022 | 2023

Buildings: $6.75 million over 4 years

(New) Reach Codes - Contract TRC - $250k/2 years

(Existing) Water Heaters - Contract CLEAResult- $250k/4 years (plus incentives $2.8M)

(Existing) Low Income Home Upgrades – TBD - $2M/4 years

(Existing) Pilots & Other: $1.1M/4 years

Building Electrification Awareness – Contract Gelfand - $300k/3 yrs (additional $100k in other expenses)

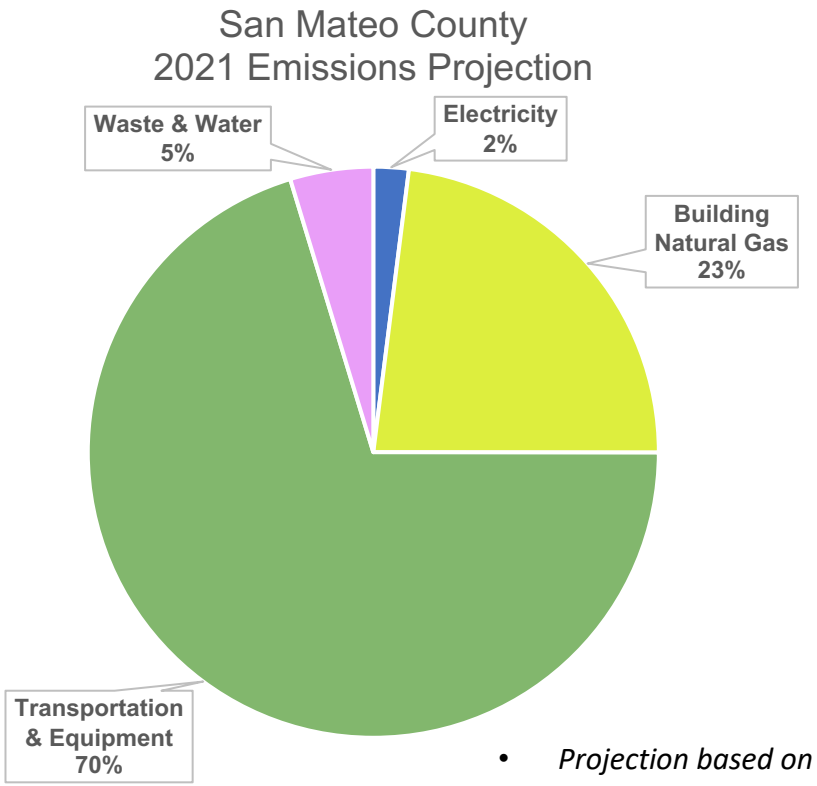
San Mateo County Emissions

2015

- Total Emissions: 5.2 Million MT
- Electricity: ~770,000 MT

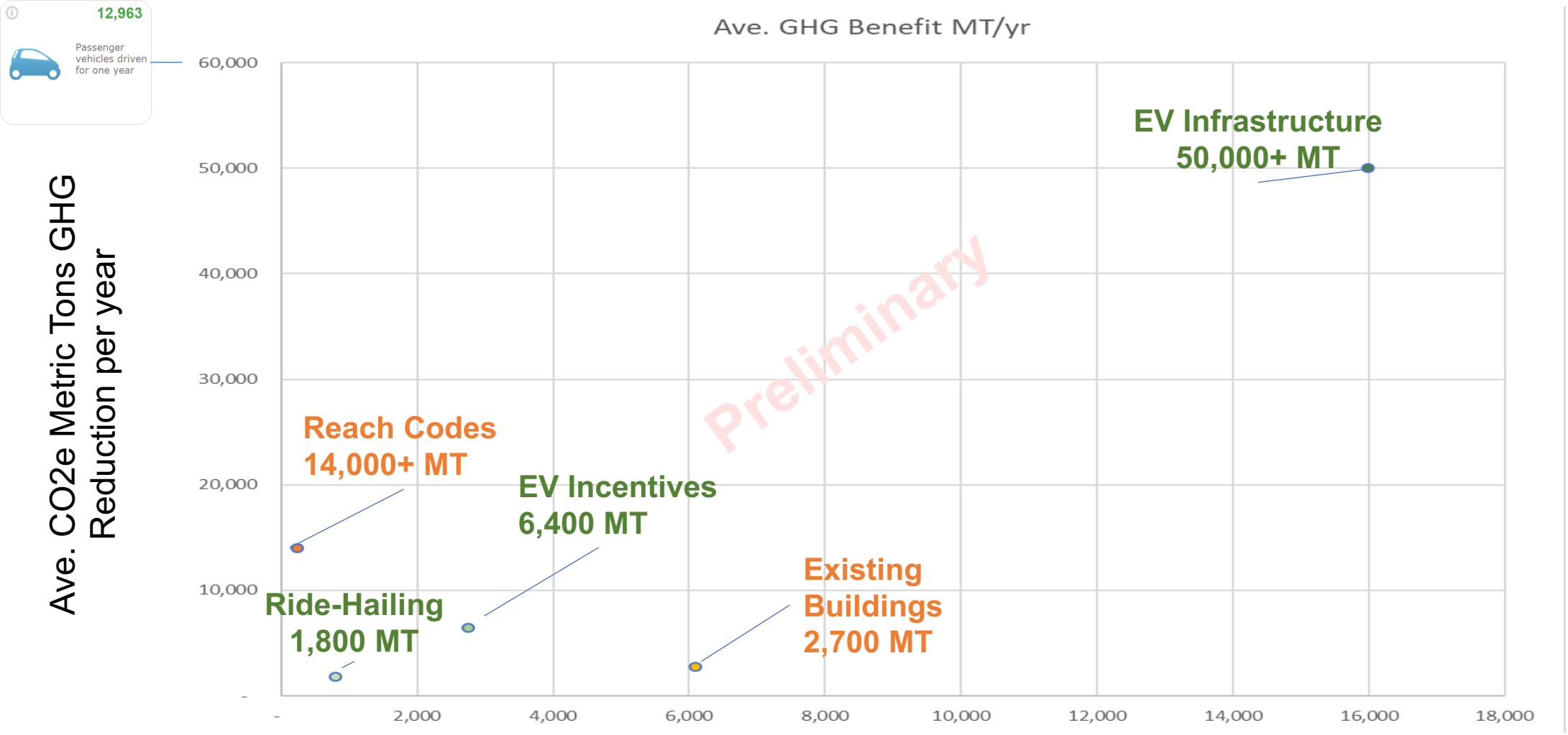
2021

- PCE Electricity will be GHG free on annual basis
- Direct access will account for majority of electricity related emissions



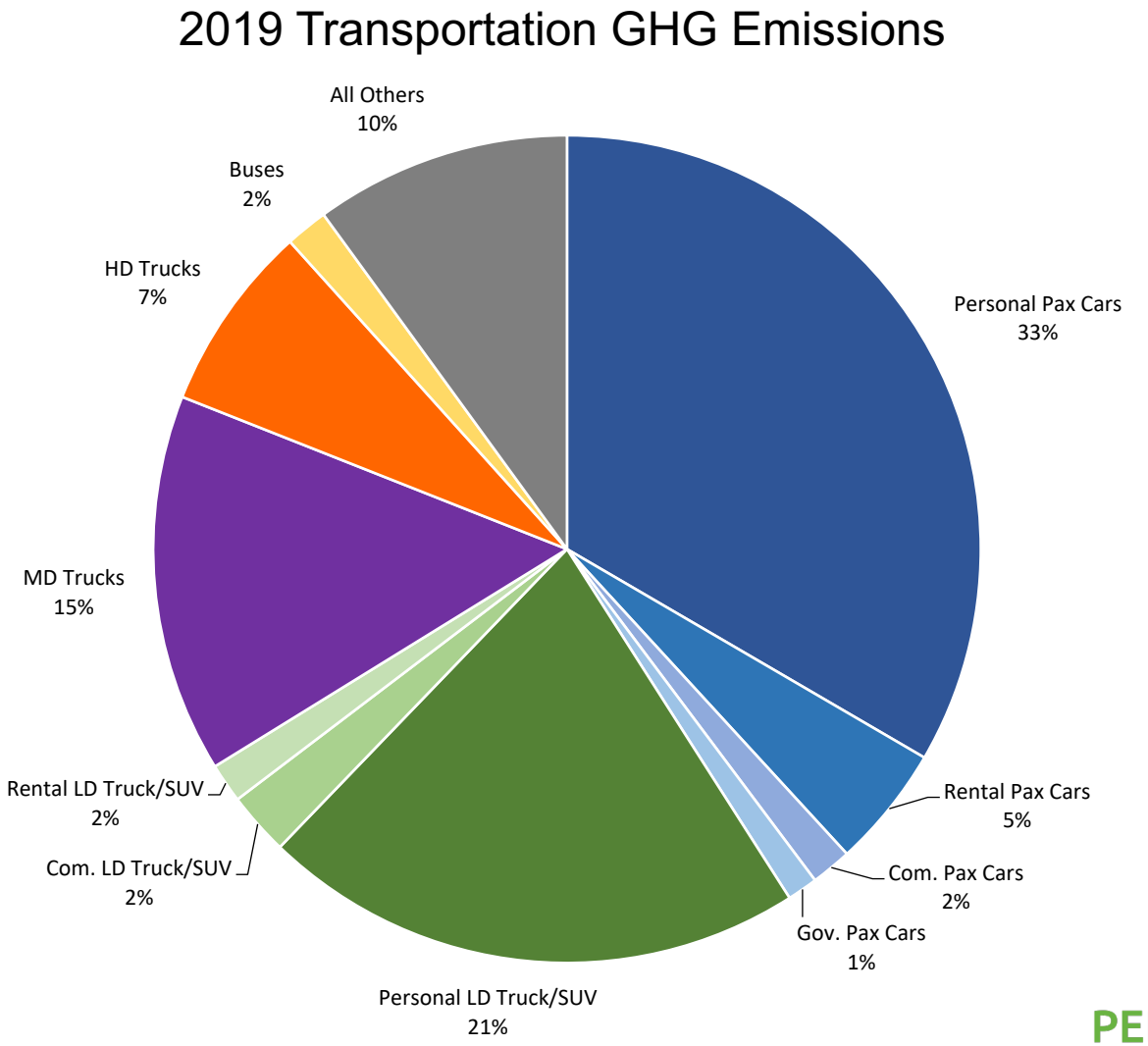
- *Projection based on last available inventory from 2015, modifying electricity to show only estimated direct access emissions*
- *Upstream leakage emissions are not accounted for so Building Natural Gas emissions may be up to 50% larger.*
- *Air travel and embedded carbon of products not included*

Program Cost & GHG Reductions – Full Adoption



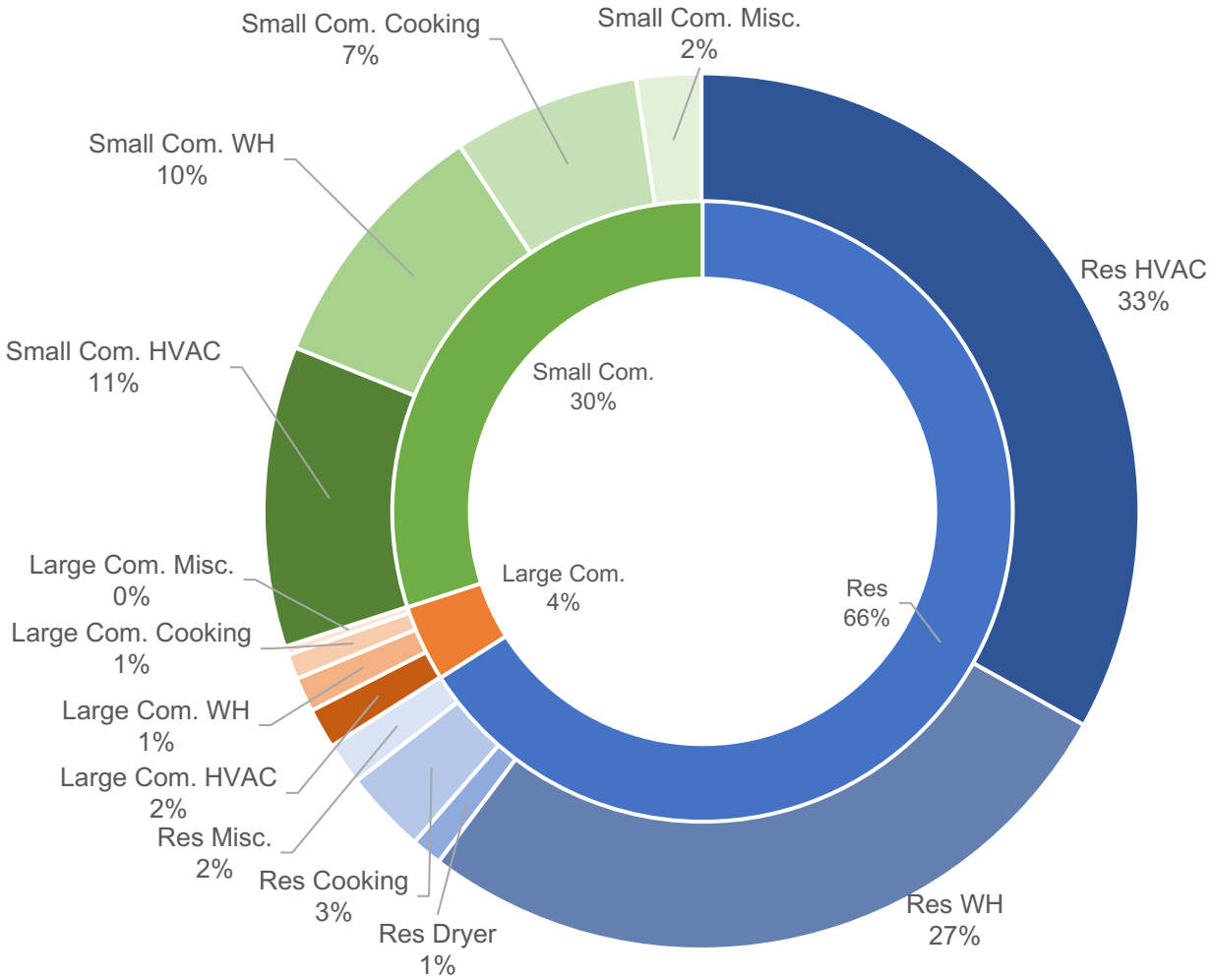
Backup Slides

Transportation Emissions Detail



Source: CARB Model for 2019 for San Mateo County

Natural Gas Emissions Breakdown



Sources: 2018 PG&E Gas data
2010 California Residential Appliance Saturation Survey,
2006 California Commercial End-Use Study

Regular Agenda

Adjourn