

Peninsula Clean Energy Board of Directors Meeting

May 26, 2022

Agenda

- Call to Order / Roll Call
- Public Comment (for items not on the Agenda)
- Action to set the Agenda and Approve Consent Items 1-7
 - Consent - Public Comment
- Regular Agenda
- Adjournment

Chair Report (Discussion)

May 26, 2022

CEO Report (Discussion)

May 26, 2022

Staffing Updates

- Posted Positions:
 - CFO
 - EV Associate Programs Manager
 - Power Resources Manager
 - Renewable Energy Analyst



Presentations / Meet and Greet's

- May 9 – Presentation on 24/7 at World Resources Institute Webinar
- May 12 – Meeting with CEC Chair David Hochschild
- May 23 – Follow up meeting with CPUC Commissioner Cliff Rechtschaffen



Legislative Activities Update

- **AB 1944** (Lee and C. Garcia) was heard on May 4 in the Assembly Committee on Local Government and passed that committee. It is now headed to the floor of the state Assembly for consideration.
- **SB 881** (Min) was placed on the Suspense Calendar and then held by the Senate Committee on Appropriations. This bill will not move forward in 2022.
- **SB 887** (Becker) reached the floor of the state Senate where it passed this week. It is now headed to the state Assembly for consideration.
- **SB 1020** (Laird, Caballero, Durazo, Atkins) was passed in the Senate Energy Committee and the Senate Committee on Appropriations. It is scheduled for a floor vote in the state Senate during the week of May 23.

Legislative Activities Update

- **SB 1112** (Becker) passed in the Senate Energy Committee and the Senate Committee on Appropriations. It was considered by the full state Senate and passed earlier this week.
- **SB 1158** (Becker) passed in the Senate Energy Committee and then referred to the Senate Committee on Appropriations where it was placed on the Suspense Calendar. The committee voted it off the Suspense Calendar. It was voted upon and passed off the floor of the full Senate.
- **SB 1203** (Becker) passed in the Senate Environmental Quality Committee. Peninsula Clean Energy submitted a letter of support for the bill and spoke in favor at the hearing. The Senate Committee on Appropriations then sent the bill to the full Senate for consideration, where it was voted upon and passed this week..
- **SB 1393** (Archuleta) passed in the Senate Governance and Finance Committee on April 20. It was referred to the Senate Committee on Appropriations for further consideration. The bill was passed by Senate Appropriations, but further amended at that time. It will next be considered by the full Senate.

Upcoming Meetings

- Citizens Advisory Committee:
 - June 9 at 6:30 p.m. (Zoom)
- Audit & Finance Committee:
 - June 13 at 8:30 a.m. (Zoom)
- Executive Committee:
 - June 13 at 10:00 a.m. (Zoom)
- Board of Directors:
 - June 23 at 6:30 p.m. (Zoom)



CAC Report (Discussion)

May 26, 2022



Recognition of Peninsula Clean Energy's Fifth Anniversary of Service to San Mateo County (Discussion)

May 26, 2022

Resolution to Honor Members of the Citizens Advisory Committee (CAC) (Action)

May 26, 2022

Honoring Recent CAC Members

Tim Bussiek

- Advocated for PCE to set decarbonization of San Mateo County by 2035 goal

Morgan Chaknova

- Drafted the Citizens Advisory Committee's original work plan template in 2020
- Supported CAC work plan creation in 2021 and 2022
- Served as Vice-Chair and then Chair of the CAC in 2021 and into 2022

Janet Creech

- Spearheaded a grassroots group supporting the creation of PCE
- Played a leading role in the creation of PCE's programs to support schools
- Volunteered significant hours to develop Peninsula Clean Energy's energy education resources

Honoring Recent CAC Members (cont'd)

Terri Givens

- Offered PCE her deep professional expertise on Diversity, Equity, Accessibility, and Inclusion (DEAI)
- Drafted the CAC's Equity Statement in 2020

Ray Larios

- Supported PCE in outreach to San Mateo County's Latinx community
- Volunteered at bilingual events throughout the County
- Served as CAC Chair in 2021

Alex Melendrez

- Expanded PCE reach to San Mateo County's young Latinx community
- Promoted our program offerings through personal social media
- Helped connect PCE with San Mateo County's affordable housing community

Approval of New Citizens Advisory Committee (CAC) Members (Action)

May 26, 2022

CAC Openings

Total of 8 openings on the CAC

- ❖ 4 CAC members had terms expiring in May 2022
 - Two requested re-appointment for another term:
 - Jason Mendelson
 - Steven Booker

- ❖ 4 additional vacancies from members who stepped off in the past year

CAC Nomination Process

- Members terming off can request re-appointment by submitting a letter
- Open application posted on PCE website
- 12 complete applications received
- All 12 applicants interviewed by a Board subcommittee in April 2022
 - All applicants were highly qualified
 - Diversity in perspectives and geographic balance were considered
 - Following applicants recommended for appointment

Candidates Nominated for Appointment

Term	Name	City	Selected Background
<i>Renewed Term</i>	Steven Booker	Half Moon Bay	Political Director and Community Affairs Liaison with IBEW 617. A former electrician for 20+ years, working with Building Management Systems to reduce energy consumption.
<i>Renewed Term</i>	Jason Mendelson	Redwood City	Active in developing Woodside's Climate Action plan and city sustainability ordinances, organizing Earth Day celebrations in Portola Valley/Woodside, owns TV and film production studio.
<i>New Term</i>	Brandon Chan	South San Francisco	Current member of Community Advisory Committee General Plan 2040 for City of South San Francisco. Interested in supporting the electrification of existing buildings equitably.
<i>New Term</i>	Kathleen Goforth	San Carlos	Brings experience from a career with the U.S. Environmental Protection Agency and volunteer work with local environmental organizations. Passionate about public education on building electrification and reach codes.

Candidates Nominated for Appointment (cont'd)

Term	Name	City	Selected Background
<i>New Term</i>	Michael Garvey	San Carlos	Led various energy and energy efficiency efforts through a career in local government, including as City Manager of San Carlos. Vision is to increase education around electrification programs.
<i>New Term</i>	Margaret Li	South San Francisco	Environmental engineer with the San Francisco Public Utilities Commission. Enthusiastic about contributing to community through local environmental advocacy.
<i>New Term</i>	Ed Love	Half Moon Bay	Architect with experience in design and construction. Interested in programs for electrifying homes, including new technologies and pilots such as Harvest Thermal.
<i>New Term</i>	Bryan Tran	South San Francisco	Passionate about community service and addressing the rising cost of energy for households. Former member of the YMCA Urban Services Philanthropy Board and mentor for at-risk youth.

Approval of 2022 Citizens Advisory Committee Workplan (Action)

May 26, 2022

CAC Role and Responsibilities

- Act as liaison to community
- Provide feedback on PCE policy and operational objectives
- Engage in outreach to community, including encouraging ratepayers to participate in PCE offerings and programs, and implement other carbon reducing practices
- Assist with legislative advocacy in conjunction with staff and board
- Provide an initial forum for community discussions on wide variety of strategies to reduce carbon emissions in conjunction with staff and board

New: *Support PCE in strategic initiatives, such as the Diversity, Equity, Accessibility, and Inclusion (DEAI) project*

CAC Work Planning

- Ad hoc working groups focus on specific projects with PCE staff
- 2021 CAC working group deliverables included in agenda packet
- 2022 working group projects suggested by both staff and CAC members, reviewed by PCE Executive Committee

Work Plan Guiding Principles

- Ensure PCE Staff and Board understand how to leverage CAC in a way that is useful and drives PCE strategic priorities
- Ensure CAC members feel fully engaged and utilized if they have interest and bandwidth
- Maximize efficiency of CAC impact on staff resources

Proposed 2022 CAC Working Groups

Project	Proposed Task Description and Deliverables	Staff Liaison
1. Home Upgrade Program	<p>Review data and results from the first completed homes. Provide input on technical design guidelines, outcomes for the program, and future program enhancement as needed.</p> <p><i>Deliverable: Brief memo summarizing input on technical design guidelines and outcomes for the program provided between June 2022 and April 2023. Delivered to staff prior to the April 2023 CAC meeting.</i></p>	Alejandra Posada, Programs Team
2. Building Electrification Education	<p>Conduct community education around the Reach Code 2.0 effort and/or building electrification contribution to 2035 decarbonization goal.</p> <p><i>Deliverable: Brief memo summarizing community education conducted by CAC members regarding reach codes and/or building electrification between June 2022 and April 2023. Delivered to staff prior to the April 2023 CAC meeting.</i></p>	Rafael Reyes, Programs Team

Proposed 2022 CAC Working Groups (cont'd)

Project	Proposed Task Description and Deliverables	Staff Liaison
3. Demand-Side Strategies for 24/7 Grid Decarbonization	<p>Provide input on the Distributed Energy Resources (DER) framework, focusing on demand-side strategies (e.g., load management / shaping) to accomplish our planned 24/7 grid decarbonization.</p> <p><i>Deliverable: Brief memo summarizing input for DER programs provided between June 2022 and April 2023. Delivered to staff prior to the April 2023 CAC meeting.</i></p>	Peter Levitt and Dave Fribush, Programs Team
4. Education Initiatives	<p>Provide input on initiatives to expand clean energy curriculum and decarbonization projects in schools.</p> <p><i>Deliverable: Brief memo summarizing input on education initiatives provided between June 2022 and April 2023. Delivered to staff prior to the April 2023 CAC meeting.</i></p>	Vanessa Shin, Marketing Team

Proposed 2022 CAC Working Groups (cont'd)

Project	Proposed Task Description and Deliverables	Staff Liaison
5. Role of Citizen Advisory Committees	<p>Research the roles, objectives, basic functioning, and impact to date of citizen advisory committees at other CCAs and similar public agencies in California.</p> <p><i>Deliverable: Brief memo summarizing research on citizen advisory committees and any resulting recommendations for Peninsula Clean Energy, keeping in mind the CAC's advisory role, provided between June 2022 and April 2023. Delivered to staff prior to the April 2023 CAC meeting.</i></p>	Kirsten Andrews-Schwind, Marketing Team



Approval of Authority for Peninsula Clean Energy CEO to Vote on California Community Power Board Items (Action)

May 26, 2022

Recommendation

- Approve Resolution Delegating Authority to Chief Executive Officer to Vote on California Community Power (CC Power) Board Items.

CC Power Firm Clean Update

- Issued RFO on Oct 25, 2021, for up to 200 MW of Firm Clean Resources, to achieve compliance with the CPUC D.21-06-035 requiring new firm clean resources (zero-emitting) such as geothermal to address mid-term reliability
 - <https://cacomunitypower.org/solicitations/>
- Offers were due on Dec 13, 2021
- In February, CC Power shortlisted two geothermal developers
- Negotiations are underway and two project PPAs are near finalized
- CC Power will execute projects under a similar structure as the long-duration storage with Tumbleweed



Peninsula Clean Energy



Peninsula Clean Energy Approval Process for CC Power Projects

Date	Event	
5/9	May Executive Committee	Provide background
5/26	May Board Meeting	Provide Board with background on project
5/27	Procurement Subcommittee	Deeper dive on project and contract
Prior to June Peninsula Clean Energy board meeting	CC Power Board Meeting	Vote on CC Power participation in Firm Clean Power project
6/23	June Board Meeting	Report back on status of CC Power vote
Within 120 days of CC Power Board Meeting	June – September PCE board meetings	Vote on Peninsula Clean Energy participation in project(s)

CC Power Enhanced Conditions - Workforce

- In April 2021, CC Power Board passed a resolution for Enhanced Project Conditions for the Long Duration Storage (LDS) project
- The CC Power Board adopted these same conditions for FCR

1. Workforce:

- Require payment of prevailing wages
- State a preference, but not a requirement for a Project Labor Agreement (PLA) allowing up to 5 points in the evaluation process
- For projects that do not implement a PLA, require an audit to ensure compliance with the first two conditions
- Encourage the use of local labor

CC Power Enhanced Conditions – Environmental

2. Environmental

- All projects must meet permitting requirements of the appropriate governing authority / authorities
- State a preference for projects that avoid sensitive habitat areas

3. Environmental Justice

- Require the developer to attest to not using forced labor in its supply chain which can be demonstrated by signing on to the SEIA pledge
- Require developers to identify project benefits to local communities

Recommendation

- Approve Resolution Delegating Authority to Chief Executive Officer to Vote on California Community Power (CC Power) Board Items



Wright Solar 2nd Amended & Restated Power Purchase Agreement

Siobhan Doherty, Director of Power Resources

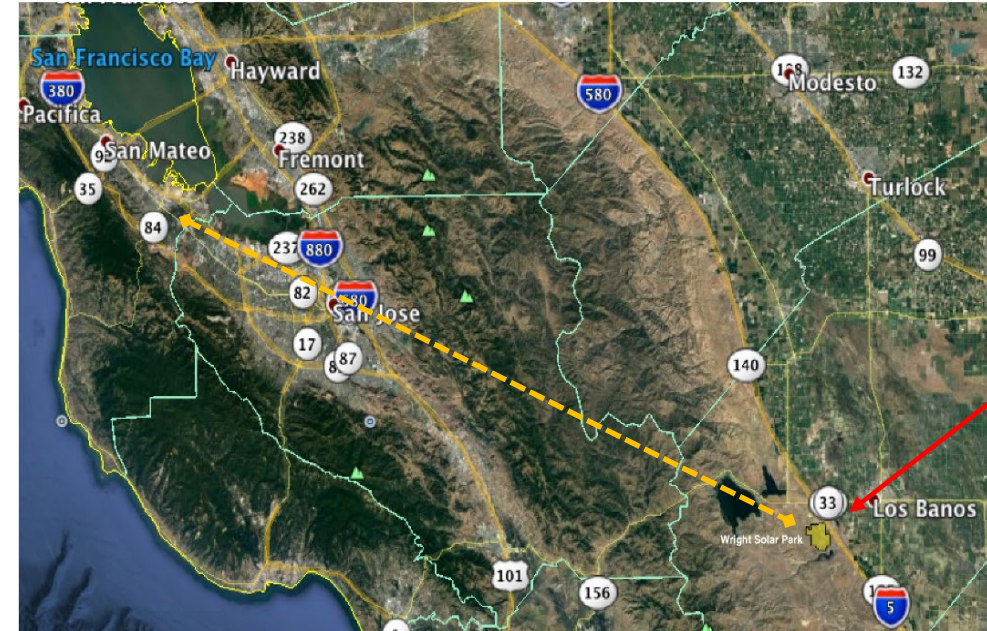
May 26, 2022

Recommendation

- Approve Resolution Delegating Authority to the Chief Executive Officer to Execute a Second Amended and Restated Power Purchase and Sale Agreement for Renewable Supply with Wright Solar Park, LLC, and any necessary ancillary documents with a Power Delivery Term of 25 years, which commenced at the Commercial Operation Date which occurred on January 3, 2020 in an amount not to exceed \$900 million.

Wright Solar + Storage

Developer / Owner	Clenera
Location	Merced County
Solar Capacity	200 MW
Capacity Factor	31.4%
Storage Size	80 MW / 4 hour – 320 MWh
MWh / ~% of Load	~550,000 / 16%
Storage COD	December 31, 2023
Key Milestones	LGIA: Executed Permitting: Complete Construction Start: June 2023
Labor	5 Party PLA
DACs	Located in DAC, expect to provide workforce development benefits



**Wright
Solar
Project**

Background

- Executed initial PPA for Wright in January 2017
- Executed 1st Amended & Restated PPA in September 2017, when it was acquired by Clenera and Centaurus
- Both included the option to negotiate an amendment to add storage
- Wright started operating January 3, 2020
- Staff worked with Wright project owners to negotiate an amended and restated PPA to incorporate storage

Contract Structure

- No change to solar PPA – Continue to pay for the output of the solar generating portion of the project at a fixed-price rate per MWh
- Pay for the use of the storage portion of the project at a fixed-price rate per kW-month
- Both with no escalation
- Contract term: 25 years, started January 3, 2020
- Peninsula Clean Energy is entitled to all product attributes from the facility:
 - Energy
 - Renewable energy
 - Ancillary services
 - Resource adequacy.

Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)

- Requires LSEs to collectively procure 11,500 MW NQC of new resources
- Passed by CPUC on June 24, 2021
- Follow-on to November 7, 2019 CPUC decision mandating 3,300 MW NQC procurement for 2021-2023 to maintain reliability
- Contract of at least 10 years
- Allocated to LSEs by load share
- Allocated to various resource categories – must be zero-emission or RPS eligible
- No fossil resources

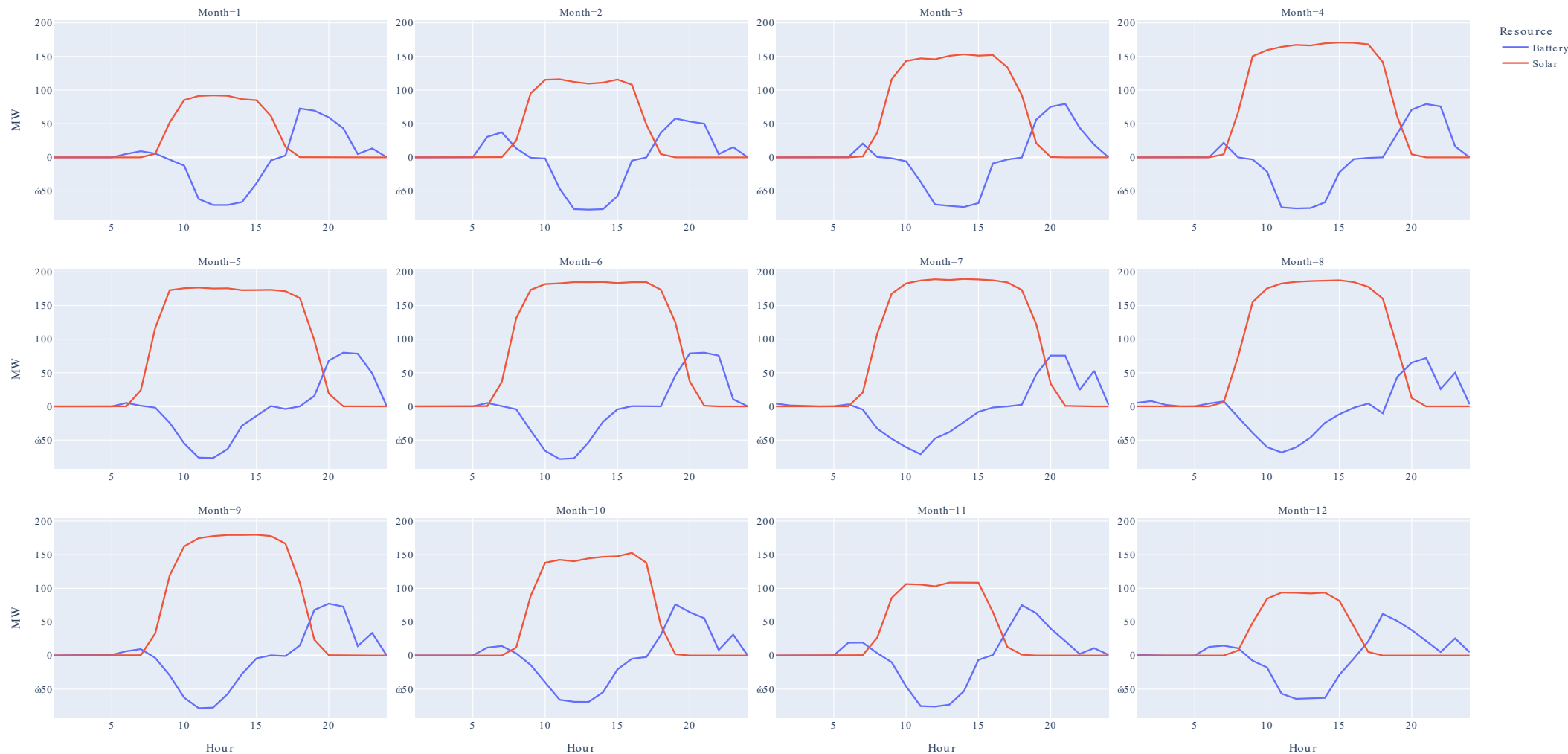
Peninsula Clean Energy Allocation

- Volumes allocated to LSEs based on load share
- Some portion of category 1 would need to come online prior to 2025 to meet targets below

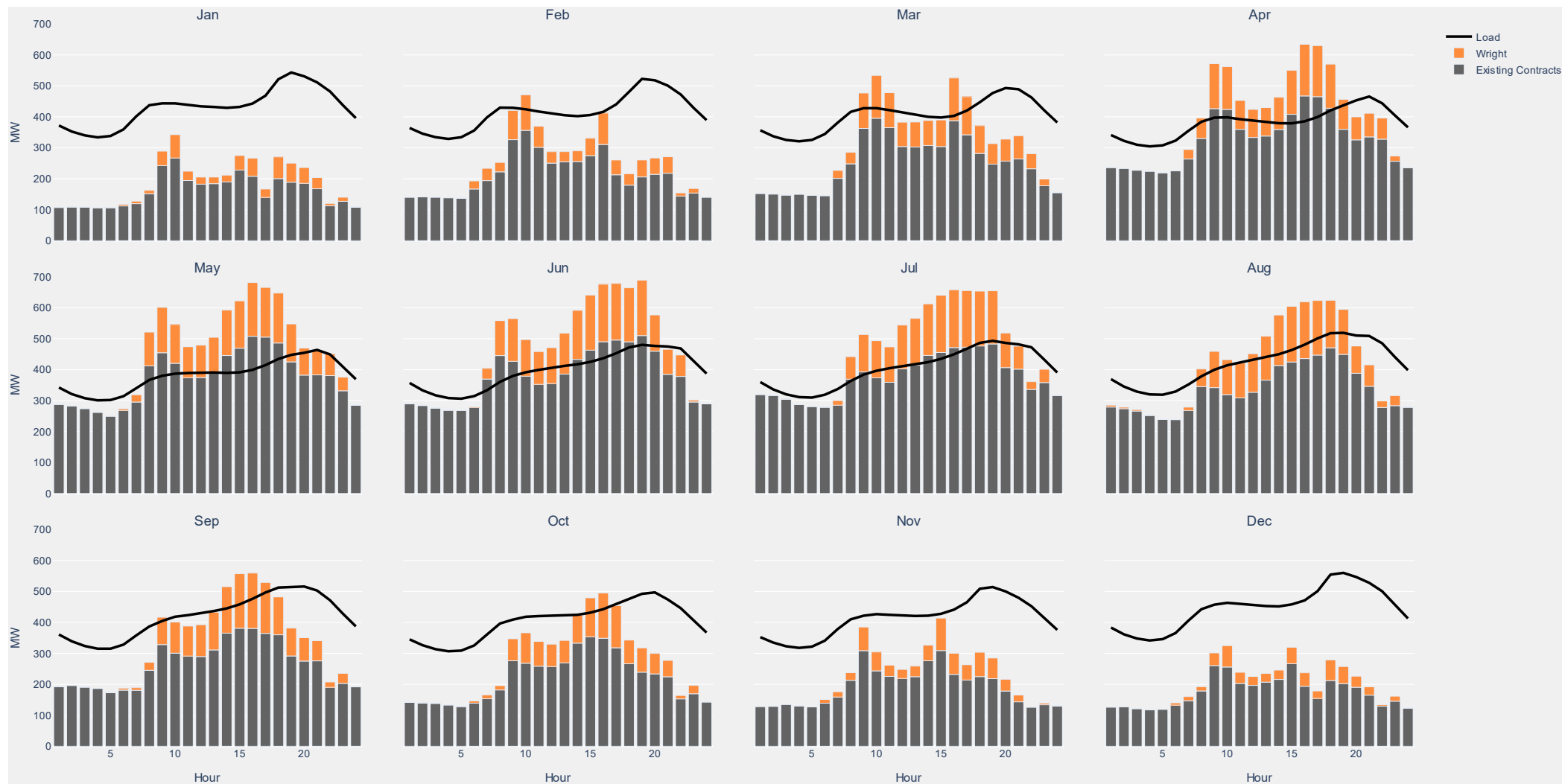
Procurement Category	2023	2024	2025	2026	Total
Zero-emissions generation, generation paired with storage, or demand response resources ¹	-	-	47	-	47
Firm zero-emitting resources ²	-	-	-	19	19
Long-duration storage resources ²	-	-	-	19	19
Remaining New Capacity Required	-	-	-	-	132
Total Annual Capacity Requirements	38	113	28	38	217

1. Zero-emissions resources required to replace Diablo Canyon must be procured by 2025 but may occur in any of the years 2023-2025; therefore, the columns do not add to the total.
2. LSEs may request an extension by February 1, 2023, up to 2028 for the LLT resources

Generation Profile (Wright Solar)



Dispatch within PCE Portfolio



Recommendation

- *Approve Resolution Delegating Authority to the Chief Executive Officer to Execute a Second Amended and Restated Power Purchase and Sale Agreement for Renewable Supply with Wright Solar Park, LLC, and any necessary ancillary documents with a Power Delivery Term of 25 years, which commenced at the Commercial Operation Date which occurred on January 3, 2020 in an amount not to exceed \$900 million.*
- Project has positive net value to Peninsula Clean Energy
- Project will help to meet MTR Procurement requirements
- Project will help to meet 24/7 renewable goal

FY 2022-2023

(July 1, 2022 – June 30, 2023)

Budget Review *Initial Draft*

Board Meeting

May 26, 2022

Schedule – Budget Review and Approval

- May 9, 2022 – Review Initial Draft Budget with Audit & Finance Committee
- May 9, 2022 – Review Initial Draft Budget with Executive Committee
- May 26, 2022 – Review Current Draft Budget with Board of Directors
- June 13, 2022 – Review Revised Draft Budget with Audit & Finance Committee
- June 23, 2022 – Approve Final Budget by Board of Directors

Draft Budget FY2022-2023 – Key Assumptions

PG&E Generation Rates – significant rise in rates

- April 1, 2022 – increase 33%
- January 1, 2023 – decrease 10%
- Net change of up 20% as of 1/1/23 compared to 3/31/22
- San Mateo County and Los Banos rates are the same

PCIA Rates – significant decrease in rates

- April 1, 2022 – decrease 59%
- January 1, 2023 – increase 65%
- Net change of down 32% as of 1/1/23 compared to 3/31/22
- Los Banos PCIA rate is higher than SMC starting April 1, 2022. Lower starting on 1/1/23. Then, comparable after 1/1/24

Rates to PCE – up more than 100% through Jan 1, 2023 (although customers only pay an additional 33% in total)

Load – FY23 forecasted to be 3.2% higher than FY22 forecast – FY22 includes only 3 months of Los Banos load

Cost of Energy –

- Budgeted to increase 18% over FY22 forecast to \$263 million (includes \$15 million conservatism adder)
- Increase of 11% without conservatism adder

PG&E and PCIA Rate Change Summary

	1/1/2021	4/1/2021	4/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026
		Actual	Actual	Forecast	Forecast	Forecast	Forecast
PG&E Generation Rate	0.112	0.109	0.144	0.130	0.126	0.124	0.126
Generation Rate Change (Percent)			33%	-10%	-3%	-1%	1%
Cumulative % Change from 1/1/22			33%	20%	16%	15%	16%
PCIA (System Average)							
<u>San Mateo County</u>	0.032	0.047	0.019	0.032	0.033	0.031	0.028
PCIA Change (Percent)			-59%	65%	3%	-6%	-8%
Cumulative % Change from 1/1/22			-59%	-32%	-30%	-34%	-39%
PCE Rate to Ratepayers							
<u>San Mateo County</u>							
PCE Rate (net of PCIA and 5% Discount)	0.075	0.056	0.118	0.092	0.087	0.087	0.092
Net PCE Rate Change (Percent)			109%	-22%	-5%	0%	5%
Cumulative % Change from 1/1/22			109%	63%	55%	55%	62%
<u>Los Banos</u>		0.028	0.025	0.028	0.032	0.030	0.028
PCIA Change (Percent)			-11%	13%	16%	-6%	-9%
Cumulative % Change from 1/1/22			-11%	0%	16%	9%	-1%

Draft Budget FY23 – Summary



Current Fiscal Year FY22

Budget and Forecast	2022	2022	Variance - Fav/ (Unf)
Items	Approved Budget	Forecast	\$ Variance
OPERATING REVENUES			
Electricity Sales, net	219,619,107	236,757,514	17,138,407
Green electricity premium	2,621,034	2,764,175	143,141
	222,240,141	239,521,689	17,281,547
OPERATING EXPENSES			
Cost of energy	216,705,953	222,412,656	(5,706,703)
Staff compensation	6,464,275	6,132,735	331,540
Data Manager	3,420,000	3,397,930	22,070
Service Fees - PG&E	1,260,000	1,243,780	16,220
Consultants & Professional Services	1,351,204	1,060,014	291,190
Legal	1,615,500	1,328,611	286,889
Communications and Noticing	2,068,197	1,710,255	357,942
General and Administrative	2,259,391	2,106,435	1,152,272
Community Energy Programs	6,555,671	4,887,752	1,667,919
Depreciation	111,675	86,741	24,934
Total Operating Expenses	241,811,865	244,366,909	(1,555,728)
Operating Income (Loss)	(19,571,724)	(4,845,220)	15,725,820
NON-OPERATING REVENUES (EXP.)			
Total Nonoperating Income/(Expense)	900,000	(1,983,245)	(2,883,245)
CHANGE IN NET POSITION	(18,671,724)	(6,828,465)	12,842,575
Net Position at the beginning of period	184,271,220	180,798,537	(3,472,684)
Net Position at the end of period	165,599,497	173,970,072	9,369,891

2023	Variance Initial Budget vs. Prior Year Forecast	
Initial Budget	\$ Change - Inc/(Dec)	% Change
364,961,141	128,203,627	54%
2,822,550	58,375	2%
367,783,691	128,262,002	54%
262,900,760	40,488,104	18%
8,249,693	2,116,958	35%
3,600,000	202,070	6%
1,350,000	106,220	9%
1,431,813	371,799	35%
1,474,000	145,389	11%
2,686,208	975,953	57%
2,359,806	253,371	12%
8,640,000	3,752,248	77%
96,000	9,259	11%
292,788,280	48,421,371	20%
74,995,411	79,840,631	
600,000	2,583,245	
75,595,411	82,423,876	
173,970,072		
249,565,483		

Total Cash & Cash Equivalents	168,332,845	162,964,482	(5,368,362)
Unrestricted Cash Days on Hand	250	243	

238,559,894		
297		

Draft Budget Detail - Revenues

Current Fiscal Year FY22

Budget and Forecast	
Items	2022 Forecast
OPERATING REVENUES	
Electricity Sales, net	236,757,514
Commercial - Demand	19,060,125
Streetlight and Agr- Demand	258,039
Commercial - Gen	112,412,969
Residential - Gen	103,186,947
Street lighting and Agr - Gen	2,213,075
CAPP Proceeds	1,667,791
Bad Debt Expense	(2,041,432)
Green electricity premium	2,764,175
	239,521,689



Initial Fiscal Year Budget FY23

2023	Variance Initial Budget vs. Prior Year Forecast	
Initial Budget	\$ Change - Inc/(Dec)	% Change
364,961,141	128,203,627	54%
19,622,891	562,766	3%
155,461	(102,577)	-40%
176,626,802	64,213,833	57%
166,666,713	63,479,766	62%
3,723,249	1,510,174	68%
-	(1,667,791)	-100%
(1,833,976)	207,457	-10%
2,822,550	58,375	2%
367,783,691	128,262,002	54%

Draft Budget FY2022-2027 – Budget Summary & 5-year Plan

Budget and Forecast	Current Fiscal Year FY22		2023	Fiscal Year Projections			
	2022	2022		2024	2025	2026	2027
Items	Approved Budget	Forecast	Initial Budget	Forecast	Forecast	Forecast	Forecast
OPERATING REVENUES							
Electricity Sales, net	219,619,107	236,757,514	364,961,141	315,583,351	310,221,811	321,390,127	334,096,231
Green electricity premium	2,621,034	2,764,175	2,822,550	2,973,323	3,132,849	3,301,644	3,480,252
	222,240,141	239,521,689	367,783,691	318,556,673	313,354,660	324,691,771	337,576,483
OPERATING EXPENSES							
Cost of energy	216,705,953	222,412,656	262,900,760	266,150,723	259,404,029	261,318,950	265,549,966
Staff compensation	6,464,275	6,132,735	8,249,693	8,742,875	9,265,647	9,819,786	10,407,173
Data Manager	3,420,000	3,397,930	3,600,000	3,708,000	3,819,240	3,933,817	4,051,832
Service Fees - PG&E	1,260,000	1,243,780	1,350,000	1,390,500	1,432,215	1,475,181	1,519,437
Consultants & Professional Services	1,351,204	1,060,014	1,431,813	1,454,973	1,453,785	1,450,217	1,449,390
Legal	1,615,500	1,328,611	1,474,000	1,505,320	1,538,876	1,574,838	1,613,390
Communications and Noticing	2,068,197	1,710,255	2,686,208	2,916,529	3,129,555	3,218,162	3,309,427
General and Administrative	2,259,391	2,106,435	2,359,806	2,420,600	2,485,030	2,553,341	2,625,797
Community Energy Programs	6,555,671	4,887,752	8,640,000	13,750,000	15,550,000	18,850,000	23,000,000
Depreciation	111,675	86,741	96,000	96,000	96,000	96,000	96,000
Total Operating Expenses	241,811,865	244,366,909	292,788,280	302,135,520	298,174,377	304,290,293	313,622,411
Operating Income (Loss)	(19,571,724)	(4,845,220)	74,995,411	16,421,154	15,180,283	20,401,478	23,954,072
NON-OPERATING REVENUES (EXP.)							
Total Nonoperating Income/(Expense)	900,000	(1,983,245)	600,000	618,000	636,540	655,636	675,305
CHANGE IN NET POSITION	(18,671,724)	(6,828,465)	75,595,411	17,039,154	15,816,823	21,057,115	24,629,377
Net Position at the beginning of period	184,271,220	180,798,537	173,970,072	249,565,483	266,604,637	282,421,460	303,478,574
Net Position at the end of period	165,599,497	173,970,072	249,565,483	266,604,637	282,421,460	303,478,574	328,107,951
Total Cash & Cash Equivalents	168,332,845	162,964,482	238,559,894	255,599,047	271,415,870	292,472,985	317,102,362
Unrestricted Cash Days on Hand	250	243	297	309	332	351	369

Voluntary Allocation Market Offer (VAMO)

Siobhan Doherty, Director of Power Resources

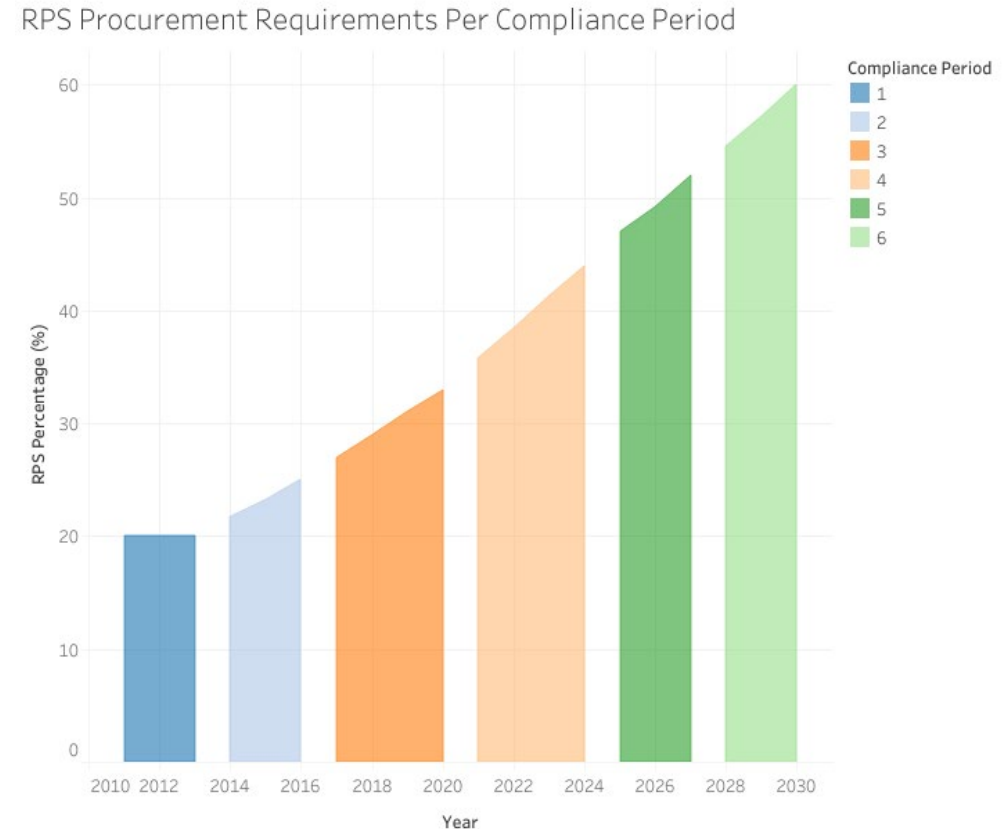
May 26, 2022

Background

- CPUC Rulemaking R.17-06-026 opened on June 26, 2017, to review, revise and consider alternatives to the Power Cost Indifference Adjustor (“PCIA”).
- D.18-10-019 opened a second phase of the proceeding with a working group process resulting in four decisions to address three specific topic areas: (1) the market price benchmarks, (2) a voluntary prepayment option, and (3) portfolio optimization and cost reduction of the IOUs PCIA portfolios.
- D.21-05-030 was issued on May 24, 2021, as part of Phase 2 of the PCIA proceeding - addresses portfolio optimization activities associated with RPS resources subject to PCIA cost recovery.
- A Voluntary Allocation and Market Offer (“VAMO”) mechanism was adopted, including authorizing a process for the IOUs to allocate a “slice” of an IOU’s entire PCIA-eligible RPS portfolio to eligible load serving entities (“LSEs”) in proportion to their vintaged, forecasted annual load share.
- Under VAMO, LSEs have the option to contract for a long-term allocation, short-term allocation, or decline all or a portion of their allocation.

Background

- Term Start: January 1, 2023
- Short-Term Allocation End: December 31, 2024
- Long-Term Allocation End: will be the latest end date of all PPAs for resources in the long-term pool with a PCIA vintage applicable to Buyer
- PG&E is required to do a VAMO once per RPS compliance period



Timing

- CPUC issued ruling on Friday May 20th, extending timelines for allocations
- Staff will provide an update and recommendation at June Board meeting

Date	Action
May 31 July 29	Return attestation to PG&E
June — July-December 31	PG&E approval from CPUC
January 1, 2023	Allocation term starts

Risks Associated with Allocation

- Pricing
- Volume
- Meeting 24/7 Renewable Goal
- Resource type
- Term
- REC Classification

Price Risk

- Pricing for VAMO contracts is variable
- Energy index price plus a REC adder based on an annual Market Price Benchmark (“MPB”)
 - Set through PCIA process each year
- Will pay monthly based on forecasted MPB
- Annual true-up the following year based on actual MPB
- Index plus contracts are generally less attractive economically than bundled contracts

Volume Risk

- Significant risk and difficulty estimating the volume we should expect
 - Allocation share will vary annually based on load, will differ between SMC and LB
 - RPS Energy will vary based on actual production, may have different resources applicable to different PCIA vintages

Volume Risk (Cont'd) – Add / Remove Resources

- PG&E can remove resources from portfolio, if
 - Contract terminates or expires
 - Resource is no longer in their PCIA-eligible portfolio due to an order from a Governmental Authority or Governmental Entity
 - The Resource is owned by Seller, but ceases operation
- PG&E can add resources to portfolio
 - For Resources that have a PCIA vintage that corresponds with Buyer's Allocation Share
 - From Customer Programs – GTSR and DAC
- PG&E will provide notice of additions or removals “as soon as reasonably practicable”

Volume Risk (Cont'd) – Third Party Sales

- PG&E has the right to sell all or any portion of the RECs associated with the resources
- There does not appear to be any notice requirement associated with this
- Sales would be incorporated into the calculation of allocation amounts and would appear on our invoices, which we receive 4 months after energy generation

Meeting 24/7 Goal

- We will not know whether allocations can help to meet 24/7 goal
- The only information we will receive will be project, type of resource, quantity, month and year of generation
- We will not know daily or hourly details on when generation occurred

Resource Mix – GHG Emissions

- Limited visibility into the resource mix we would receive
- Project list includes biomass and other resources that have GHG emissions
- May increase our GHG emissions reported on PCL
- Will be more difficult to forecast GHG emissions

Unbundled RECs

- Accepting allocation could result in procurement of unbundled RECs or PCC2 RECs, both of which have negative implications for reporting GHG emissions on Power Content Label
 - Peninsula Clean Energy has policy against procurement of unbundled RECs
- Under the RPS, there are three REC classifications:
 - PCC1 – Bundled in CA – **Peninsula Clean Energy purchases only PCC1**
 - PCC2 – Located outside of CA
 - PCC3 – Unbundled RECs
- The IOUs have some resources that were procured prior to the PCC classification system. These resources were assigned a PCC0 classification and grandfathered into the program. However, if these resources are re-sold, they would lose their grandfathering status and take on the appropriate classification (PCC2 or PCC3).

Unbundled RECs

- During regulatory process, the IOUs recommended that PCC0 RECs that are allocated from the IOUs' to LSEs through the Voluntary Allocation process retain their PCC0 classification eligibility, with the same benefits and limitations that apply to the IOUs' use of PCC0 RECs
- CPUC and other agencies has yet to rule on this matter in R.18-07-003
 - On May 20, 2022, the CPUC issued a proposed decision that would allow the PCC0 RECs to retain their PCC0 classification; expect a final decision June 23, 2022
- This remains a large regulatory concern for VAMO
 - Peninsula Clean Energy has policy against procurement of PCC3 RECs
 - A reclassifications of PCC0s to PCC2 or PCC3 would have negative power content label impacts

PG&E Portfolio make-up of PCC1 v PCC0 RECs

	2023	2024	2025	2026	2027	2028	2029	2030
PCC1%	36.6%	36.3%	37.9%	39.0%	39.6%	39.7%	40.7%	40.8%
PCC0 %	63.4%	63.7%	62.1%	61.0%	60.4%	60.3%	59.3%	59.2%

Other CCAs Approach

- Some CCAs are planning to accept allocation to ensure they are in compliance with RPS long-term procurement requirements
- Peninsula Clean Energy is over-procured on RPS quantity and long-term requirements due to early execution of Wright and Mustang PPAs
- At this point, staff would recommend not accepting allocation due to the various types of risk
- Will present a formal recommendation and action item at June Board meeting

Thank you!

Questions?



Board Members' Reports (Discussion)

Adjournment