PENINSULA CLEAN ENERGY

Peninsula Clean Energy Board of Directors Meeting

June 23, 2022

Agenda

- Call to Order / Roll Call
- Public Comment (for items not on the Agenda)
- Action to set the Agenda and Approve Consent Items 1-3
  - Consent - Public Comment
- Regular Agenda
- Adjournment

PENINSULA CLEAN ENERGY

Chair Report (Discussion)

June 23, 2022

PENINSULA CLEAN ENERGY

CEO Report (Discussion)

June 23, 2022

Staffing Updates (1)

- Kristina Alagar Cordero, new CFO
- Starting July 25

Staffing Updates (2)

- Posted Positions:
  - Regulatory Compliance Analyst
  - EV Associate Programs Manager
  - Power Resources Manager
  - Renewable Energy Analyst
  - Human Resources Manager
  - Director of Power Resources

CC Power Update

- May 31 Special Meeting of CC Power Board
  - Approved CC Power to execute agreements for Firm Clean Resources between CC Power and:
    - Fish Lake Geothermal
    - Ormat Geothermal Portfolio projects
- Next step
  - Peninsula Clean Energy Board consider approving PCE participation in these two projects at July 28 board meeting

RFP Issued for Local Government PV Systems

- Portfolio of 15 public facilities in San Mateo County and Los Banos
- Peninsula Clean Energy will offer PPA directly to each city for the output of the solar (and storage)
- Peninsula Clean Energy will contract directly with solar contractors for the construction of these facilities
  - Aggregating these projects is expected to result in lower costs for cities
  - Looking at two models to provide the savings from the tax benefits (ITC, accelerated depreciation) to pass on to the cities

Presentations on PCE's 24/7 Goal

- June 16 – SVLG "ESG to Carbon Free" at Oracle

- June 22 – American Solar Energy Society "Solar 2022" conference, plus publication of PCE paper in conference proceedings

Legislative Activities Update

Bills Headed to the Assembly (1):

- **SB 887** (Becker) would help California prepare for the necessary and increasing amounts of transmission of clean energy by requiring the CEC and CPUC to provide long term forecasts to the CAISO. SB 887 passed the state Senate and is now before the Assembly.
- **SB 1020** (Laird, Caballero, Durazo, Atkins) is the Senate leadership's Clean Energy, Jobs and Affordability Act. Among its many provisions is funding for home infrastructure upgrades. The bill was passed in the Senate and is now being heard in the Assembly.

Legislative Activities Update

More Bills Headed to the Assembly (2):

- **SB 1112** (Becker) encourages the creation of tariff on-bill financing investment programs to make low-cost capital for climate-beneficial building upgrades. The bill passed in the Senate and is now before the state Assembly.
- **SB 1203** (Becker) would establish a planning goal for all state agencies to achieve zero net GHG by 2035 and electricity purchase by the state. The bill passed in the Senate and is now before the Assembly.
- **SB 1393** (Archuleta) would have limited local jurisdictions abilities to enact reach codes. The bill was heavily amended so that it is no longer opposed by the League of California Cities and CalCCA. It has cleared the Senate and is now before the Assembly.

Legislative Activities Update

Bills Headed to the Senate:

- **AB 1944** (Lee and C. Garcia), which would permit an elected official to teleconference into a meeting from a non-disclosed location, was passed by the full Assembly and is now headed to the Senate for consideration.

Legislative Activities Update

Headed to Assembly Committee on Natural Resources:

- **SB 1158** (Becker) would mandate the hourly reporting of the GHG intensity of load serving entities. SB 1158 passed in the Senate and was heard in the Assembly Committee on Utilities and Commerce on June 22. Peninsula Clean Energy provided testimony in support of the bill before that committee.
- Peninsula Clean Energy will provide testimony on Monday, June 27 at the Assembly Committee on Natural Resources.

Upcoming Meetings

- Executive Committee:
  - July 11 at 10:00 a.m. (Zoom)
- Citizens Advisory Committee:
  - July 14 at 6:30 p.m. (Zoom)
- Board of Directors:
  - July 28 at 6:30 p.m. (Zoom)

PENINSULA CLEAN ENERGY

CAC Report (Discussion)

June 23, 2022

PENINSULA CLEAN ENERGY

Approval of Fiscal Year 2022-2023 Budget (Action)

June 23, 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/Proposed Final Budget w/Audit & Finance Committee
  - *Include minor adjustments to forecast for year-end June 30, 2022*
- June 23, 2022 – Approve Final Budget by Board of Directors

Proposed 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)							
San Mateo County	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							
San Mateo County							
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%
Los Banos		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%

Proposed Budget FY2022-2023 – and FY2021-2022 Forecast

Budget and Forecast	Current Fiscal Year (FY2022) 2022 Approved Budget	2022 Forecast	Variance - Fav/(Unf) $ Variance	Proposed Budget (FY2023) 2023 Proposed Budget	Variance - Proposed Budget vs. Prior Year Forecast $ Change - Inc/(Dec)	% Change
OPERATING REVENUES						
Electricity Sales, net	219,619,107	238,605,965	18,986,858	364,961,141	126,355,176	53%
Green electricity premium	2,621,034	2,795,259	174,224	2,822,550	27,291	1%
	222,240,141	**241,401,224**	**19,161,082**	**367,783,691**	**126,382,467**	**52%**
OPERATING EXPENSES						
Cost of energy	216,705,953	222,759,361	(6,053,408)	264,208,440	41,449,079	19%
Staff compensation	6,464,275	6,220,953	243,322	8,583,221	2,362,268	38%
Data Manager	3,420,000	3,401,178	18,822	3,600,000	198,822	6%
Service Fees - PG&E	1,260,000	1,244,528	15,472	1,350,000	105,472	8%
Consultants & Professional Services	1,351,204	1,100,949	250,255	1,431,813	330,864	30%
Legal	1,615,500	1,243,016	372,484	1,474,000	230,984	19%
Communications and Noticing	2,068,197	1,497,702	570,495	2,686,208	1,188,506	79%
General and Administrative	2,259,391	2,065,386	194,005	2,359,806	294,420	14%
Community Energy Programs	6,555,671	2,721,655	3,834,016	8,640,000	5,918,345	217%
Depreciation	111,675	84,269	27,406	96,000	11,731	14%
Total Operating Expenses	**241,811,865**	**242,338,996**	**(527,130)**	**294,429,488**	**52,090,492**	21%
Operating Income (Loss)	**(19,571,724)**	**(937,772)**	**18,633,952**	**73,354,203**	**74,291,975**	
NON-OPERATING REVENUES (EXP.)						
Total Nonoperating Income/(Expense)	900,000	(5,649,493)	(6,549,493)	600,000	6,249,493	
CHANGE IN NET POSITION	**(18,671,724)**	**(6,587,265)**	**12,084,459**	**73,954,203**	**80,541,468**	
Net Position at the beginning of period	**184,271,220**	**180,798,537**	**(3,472,684)**	**174,211,272**	**(6,587,265)**	
Net Position at the end of period	**165,599,497**	**174,211,272**	**8,611,775**	**248,165,475**	**73,954,203**	
Unrestricted Cash Days on Hand	**250**	**239**		**289**		

Proposed Budget FY2022-2023 – Budget Summary & 5-year Plan

Proposed Budget (FY2023) | **Fiscal Year Projections**

Budget and Forecast	2023	Variance - Proposed Budget vs. Prior Year Forecast		2024	2025	2026	2027
	Proposed Budget	$ Change - Inc/(Dec)	% Change	Forecast	Forecast	Forecast	Forecast
OPERATING REVENUES							
Electricity Sales, net	364,961,141	126,355,176	53%	315,583,351	310,221,811	321,390,127	334,096,231
Green electricity premium	2,822,550	27,291	1%	2,973,323	3,132,849	3,301,644	3,480,252
	367,783,691	**126,382,467**	**52%**	**318,556,673**	**313,354,660**	**324,691,771**	**337,576,483**
OPERATING EXPENSES							
Cost of energy	264,208,440	41,449,079	19%	269,006,994	260,068,548	259,890,754	263,405,340
Staff compensation	8,583,221	2,362,268	38%	9,096,415	9,640,400	10,217,023	10,828,245
Data Manager	3,600,000	198,822	6%	3,708,000	3,819,240	3,933,817	4,051,832
Service Fees - PG&E	1,350,000	105,472	8%	1,390,500	1,432,215	1,475,181	1,519,437
Consultants & Professional Services	1,431,813	330,864	30%	1,454,973	1,453,785	1,450,217	1,449,390
Legal	1,474,000	230,984	19%	1,505,320	1,538,876	1,574,838	1,613,390
Communications and Noticing	2,686,208	1,188,506	79%	2,916,529	3,129,555	3,218,162	3,309,427
General and Administrative	2,359,806	294,420	14%	2,420,600	2,485,030	2,553,341	2,625,797
Community Energy Programs	8,640,000	5,918,345	217%	13,750,000	15,550,000	18,850,000	23,000,000
Depreciation	96,000	11,731	14%	96,000	96,000	96,000	96,000
Total Operating Expenses	**294,429,488**	**52,090,492**	21%	**305,345,331**	**299,213,649**	**303,259,334**	**311,898,857**
Operating Income (Loss)	**73,354,203**	**74,291,975**		**13,211,342**	**14,141,011**	**21,432,437**	**25,677,626**
NON-OPERATING REVENUES (EXP.)							
Total Nonoperating Income/(Expense)	600,000	6,249,493		618,000	636,540	655,636	675,305
CHANGE IN NET POSITION	**73,954,203**	**80,541,468**		**13,829,342**	**14,777,551**	**22,088,073**	**26,352,931**
Net Position at the beginning of period	**174,211,272**	**(6,587,265)**		**248,165,475**	**261,994,817**	**276,772,368**	**298,860,441**
Net Position at the end of period	**248,165,475**	**73,954,203**		**261,994,817**	**276,772,368**	**298,860,441**	**325,213,373**
Unrestricted Cash Days on Hand	**289**			**295**	**319**	**341**	**363**

PENINSULA CLEAN ENERGY

Approval of New Peninsula Clean Energy Rates to be Effective July 1, 2022 (Action)

June 23, 2022

June 1, 2022 PG&E Rate Change

- PG&E implemented rate adjustments across customers classes on June 1, 2022
- These adjustments were part of a ‘revenue neutral’ system-wide adjustment in accordance with PG&E’s 2020 GRC Phase II proceeding on rate design.
- While the adjustments are revenue neutral across PG&E’s service territory, they are not entirely revenue neutral for Peninsula Clean Energy because we serve only a small segment of PG&E’s customer base

Current PCE Rate Making Methodology

(PG&E Generation Rate * 0.95) – PCIA –FFS

= PCE ECOplus Rate

2016 Vintage PCIA

PCIA ($/kWh)			
Customer Class	**3.1.22**	**6.1.22**	**% Change**
Residential	$ 0.02002	$0.02018	0.80%
Small Commercial	$ 0.01928	$0.01920	-0.41%
Medium Commercial	$ 0.02072	$0.02035	-1.79%
Large Commercial	$ 0.01938	$0.01923	-0.77%
Streetlights	$ 0.01594	$0.01649	3.45%
Standby	$ 0.01441	$0.01447	0.42%
Agriculture	$ 0.01790	$0.01804	0.78%
E-20 T	$ 0.01678	$0.01682	0.24%
E-20 P	$ 0.01750	$0.01744	-0.34%
E-20 S	$ 0.01793	$0.01779	-0.78%
BEV1	$ 0.01691	$0.01632	-3.49%
BEV2	$ 0.01929	$0.01902	-1.40%

2021 Vintage PCIA

PCIA ($/kWh)			
Customer Class	**3.1.22**	**6.1.22**	**% Change**
Residential	$0.02554	$0.02572	0.70%
Small Commercial	$0.02458	$0.02446	-0.49%
Medium Commercial	$0.02643	$0.02594	-1.85%
Large Commercial	$0.02471	$0.02450	-0.85%
Streetlights	$0.02033	$0.02101	3.34%
Standby	$0.01837	$0.01843	0.33%
Agriculture	$0.02283	$0.02299	0.70%
E-20 T	$0.02140	$0.02143	0.14%
E-20 P	$0.02231	$0.02223	-0.36%
E-20 S	$0.02286	$0.02267	-0.83%
BEV1	$0.02156	$0.02080	-3.53%
BEV2	$0.02442	$0.02423	-0.78%

Approve Resolution to implement new rates

Authorize New Peninsula Clean Energy rates to be effective July 1, 2022 with a net 5% discount in generation charges for ECOplus compared to PG&E generation rates

PENINSULA CLEAN ENERGY

Calpine Master Services Agreement Amendment for FlexMarket

Board of Directors

June 23, 2022

FLEXmarket Program Resolution

Delegate authority for the CEO to amend the Master Services Agreement between Peninsula Clean Energy and Calpine, resulting in payments by Peninsula Clean Energy in an amount not to exceed $4,678,563 over three years for the FLEXmarket program, and in a form approved by the General Counsel.

FLEXmarket Overview

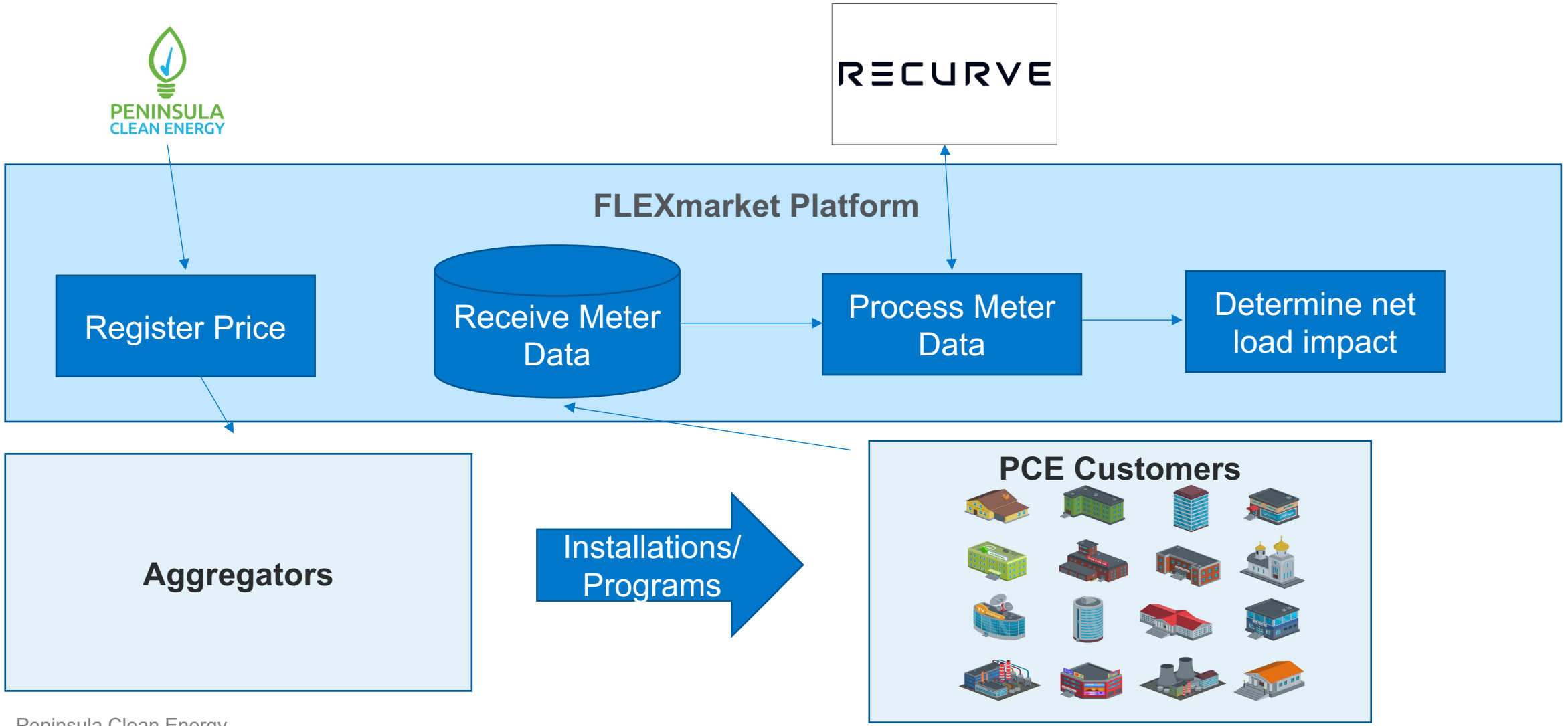
Overview

- Multi-technology load shaping program
- Pay-for-performance structure based on actual metered readings
- All program expenses reimbursed by the CPUC
- Leveraging strategic partnership between Calpine and Recurve
- Other CCAs have launched similar programs (MCE, EBCE, SCP)

Objectives

- Pilot an innovative program model
- Support summer reliability (Governor's 2021 Emergency Proclamation)
- Align load with grid needs and complement 24/7 renewables

FLEXmarket Structure



History & Schedule

Timeframe	Activity
Nov 2021	PCE Board approves PCE Program Plan PCE submits FLEXmarket Program Plan to CPUC
Feb 2022	PCE submits updated FLEXmarket Program Plan
May 2022	CPUC approves PCE's proposal (up to $4.6M/3 years, fully reimbursed) PCE continues program design work with Recurve
June 2022	Negotiated Contract with Calpine & Recurve Developed Implementation Plan
Summer 2022	Finalizing program design, recruiting aggregators, and launching

Calpine Master Services Amendment: Key Points

- Scope of Work for Calpine & Recurve to implement & administer FLEXmarket for PCE
  - Recruit aggregators and process payments
  - Collect and share project data with PCE
  - Calculate customer energy savings, grid value, and aggregator payments
  - Validate aggregators' invoices on a quarterly basis
  - Support regulatory reporting
  - Create a dashboard monitoring program results
  - Pay-for-performance payments to Recurve/Calpine

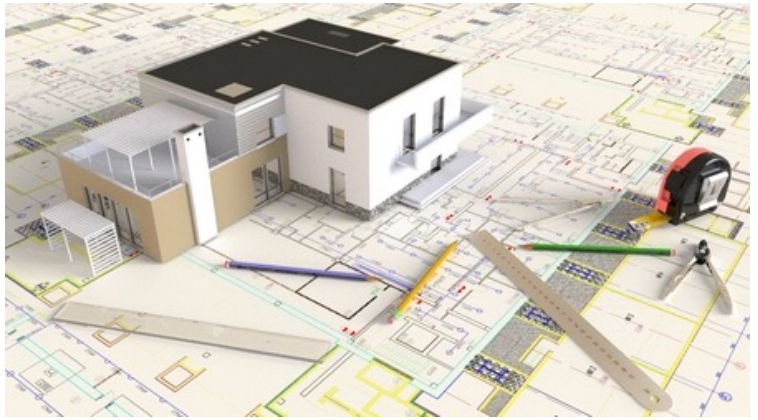
PENINSULA CLEAN ENERGY

2022 Reach Codes

Board of Directors
June 23, 2022

What are Reach Codes and Why Are They Important?

What are Reach Codes?

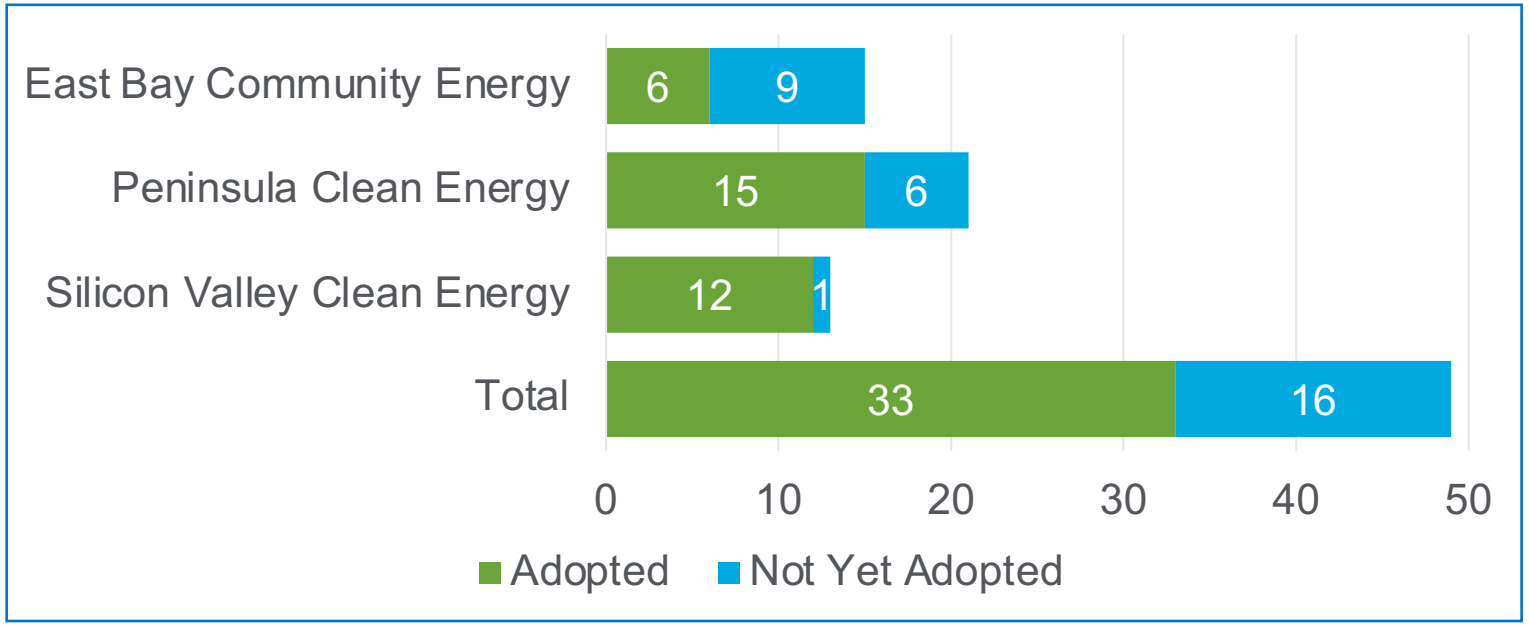


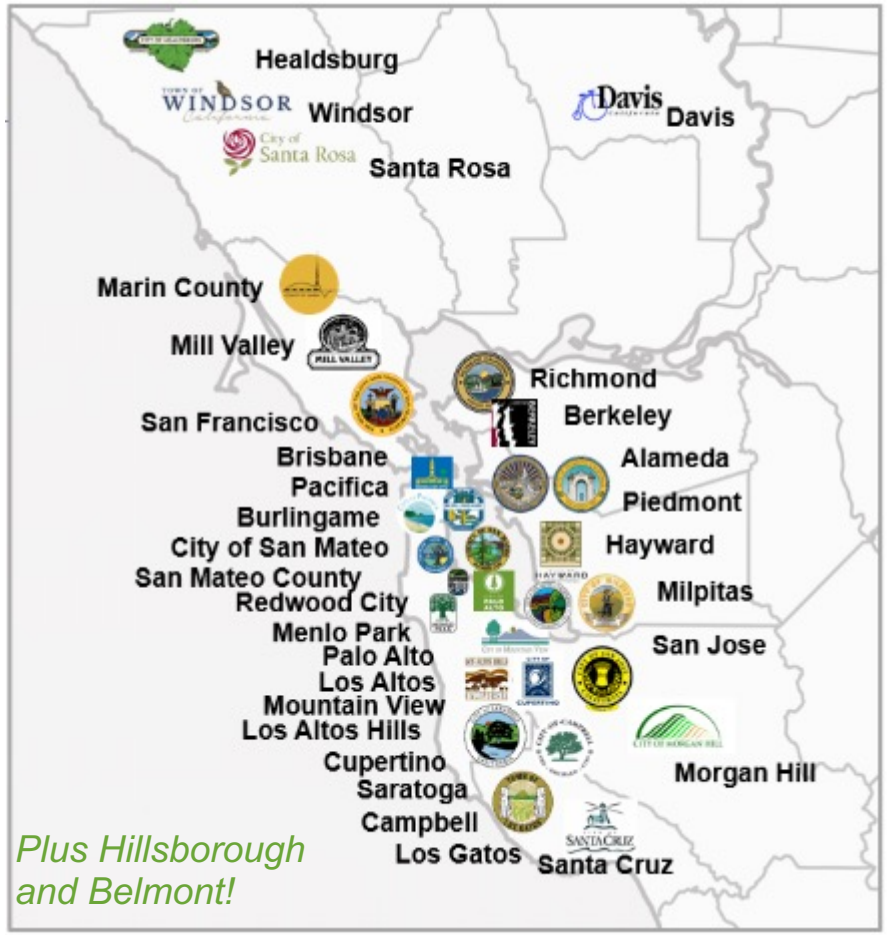
- Local enhancements to state code
- Can be adopted at any time
- Addresses:
    1. Building electrification – reduced use of methane gas
    2. Electric vehicle (EV) charging infrastructure – increased readiness
- Improves economic and energy performance of buildings

Why Pass Them?

- It is the most cost-effective way to decarbonize buildings and add EV charging
    - All-electric buildings are typically less expensive to construct that buildings with two fuels
    - EV charging is much less expensive to add during construction than after

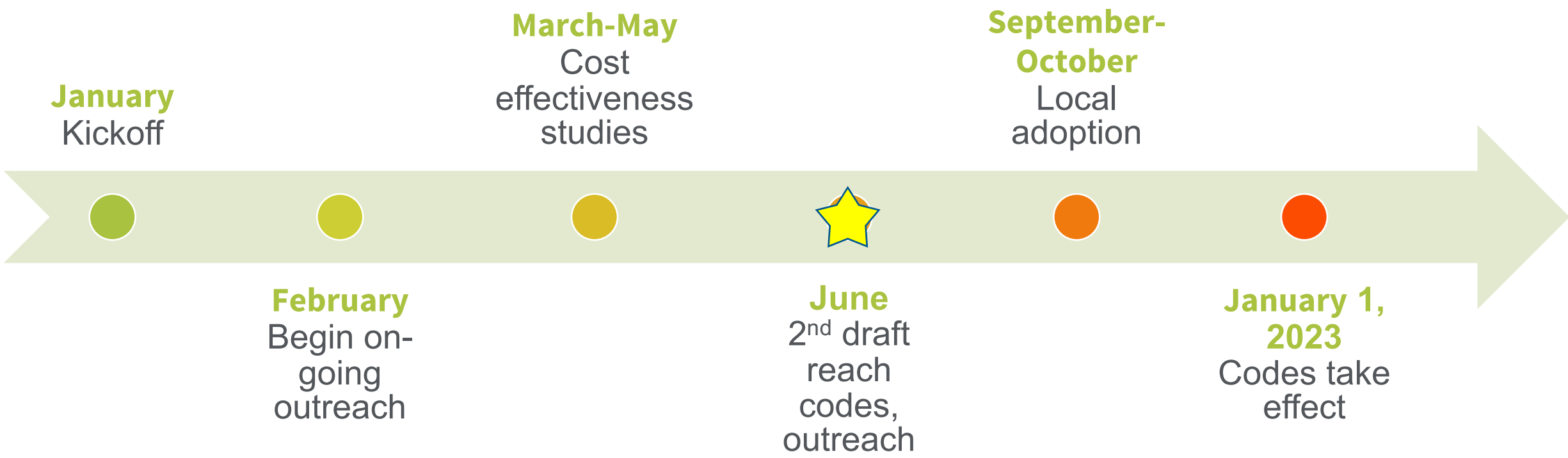
2019 Recap: Adopters





- 67% of member agencies
- 61% of electrification Reach Codes statewide
- 23 of 33 also had EV infrastructure codes

2022 Reach Code Support Timeline



Proposed 2022 Building Electrification Reach Codes

All-electric new construction required

- Also could restrict extension of any existing gas infrastructure

New construction definition

- If either of the below are replaced over 3 years for purposes other than repair or reinforcement
  - 50% of above-sill framing, or
  - 50% of foundation

Optional exceptions

- Infeasible to construct according to CA Energy Code
- “Public interest”
- Technology-specific exceptions expiring in 2025
- Electric-readiness required
  - Pre-wiring
  - Physical space

Find our codes on:

BayAreaReachCodes.Org

EV Code Terminology

Speed

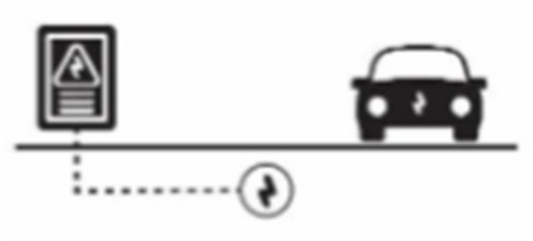
Level 1
3-4 miles per charging hour

Level 2
10-20 miles per charging hour

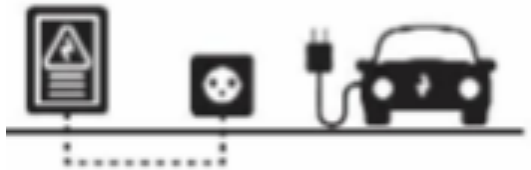
Level 3
150+ miles per charging hour

Readiness

EV **Capable**

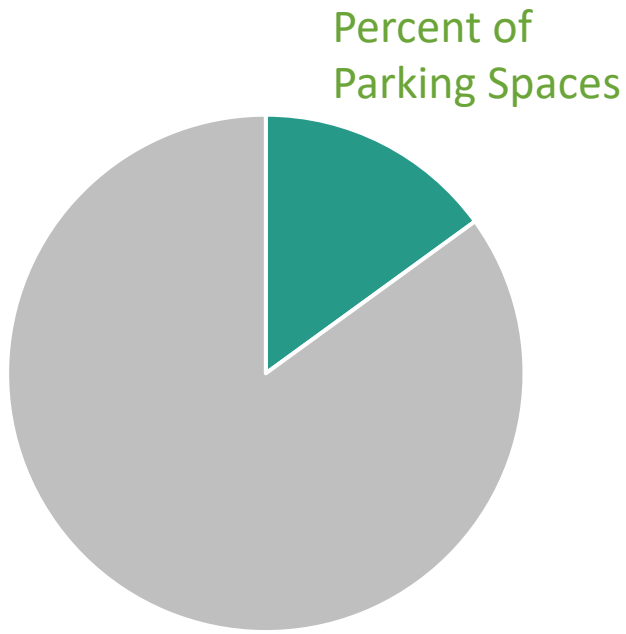


EV **Ready**



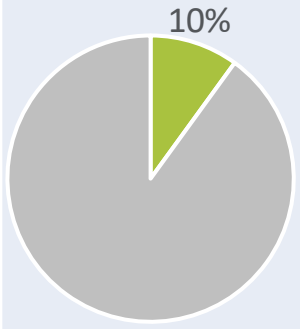
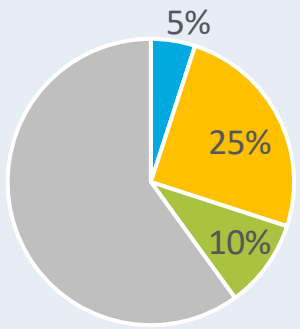
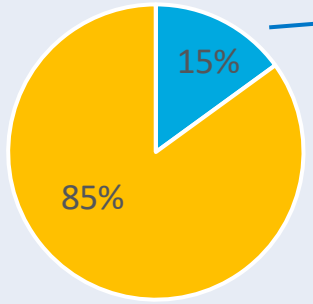
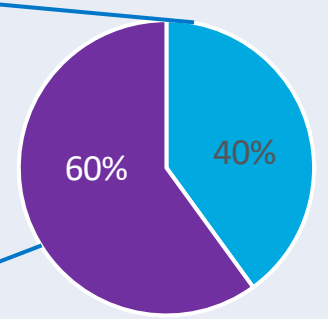
EV **Charging Station**

Number



Proposed 2022 Electric Vehicle Reach Code

Multifamily New Construction

	2019 CALGreen	2022 CALGreen	Model code
	Mandatory	Mandatory	
Multi-Family	% of Parking Spaces	% of Parking Spaces	% of *Dwelling Units with* Parking Spaces
			    
	10% Level 2 EV Capable	**5%** Level 2 EVCS **25%** Level 2 EV Ready (low-power) **10%** Level 2 EV Capable	PCE Higher-Power Model Code **15%** Level 2 EVCS **85%** L2 EV Ready (low-power)	SVCE Preferred Lower-Power Model Code: **40%** Level 2 EVCS **60%** Level 1 EV Ready

AUTOMATIC LOAD MANAGEMENT ENCOURAGED

Existing Building Reach Codes: New Opportunity

Electrifying existing buildings provides the greatest opportunities for local decarbonization.

Overview

- 99% of our buildings are existing
- It takes 15 years to cost-effectively electrify our building stock
- Some measures are zero cost
- Some electrification measures need incentives to close the cost gap
- Broad policy actions can help with planning

EV Infrastructure – Existing Buildings

Multifamily and Non-Residential	
2022 CALGreen (baseline state requirement)	**Reach Code**
At time of alteration*: 10% of added/altered spaces to be EV Capable	At time of alteration: 10% of added/altered spaces to be Level 2 EVCS
	By Jan 1, 2025: Existing EV Capable must convert to minimum Level 1

*Alterations are defined in CALGreen as a project that adds new parking facilities or when electrical or lighting are added to existing parking facilities and the project requires a permit.

Possible Timeline for Existing Model Code Concepts (Residential)

Title	Summary of Policy
No-cost measures	-2-way AC (if we add incentive,) -Dryer (if circuit exists and short vent run) -Range (if circuit exists)
No-cost policies	-End-of-flow ordinance (ex. Half Moon Bay) -Time of sale disclosure
Low-cost and highly variable cost measures	-Certain renovations -Electric make-ready -HPWH -Dryers (without existing 240V) -Ranges (without existing 240V)
High-cost measures	-Furnace to HP

Examples: Existing Building Measures

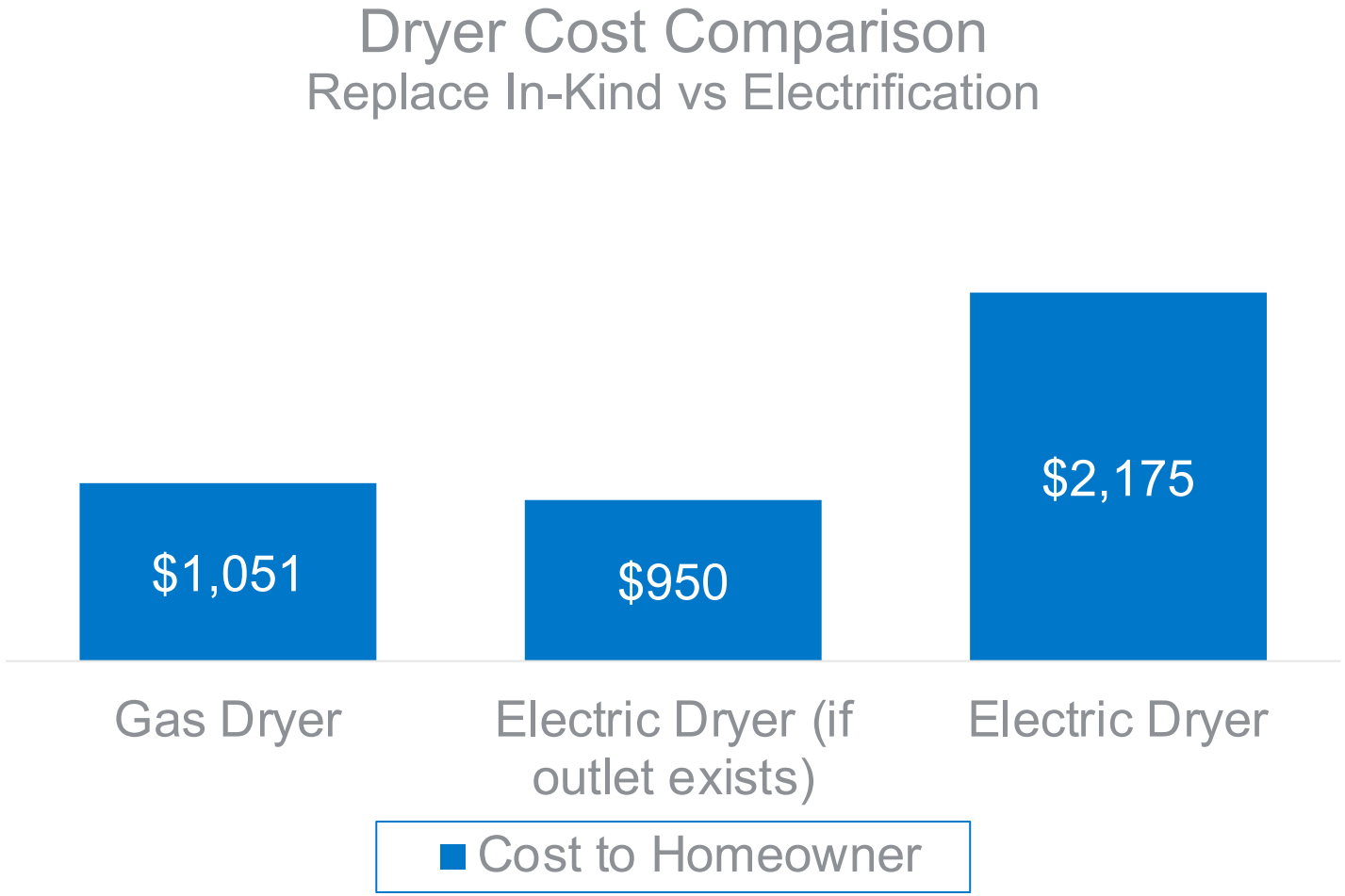
End of flow ordinances

Time of sale disclosures

Permit / equipment replacement

Panel replacement electric readiness

Example Costs – Variable



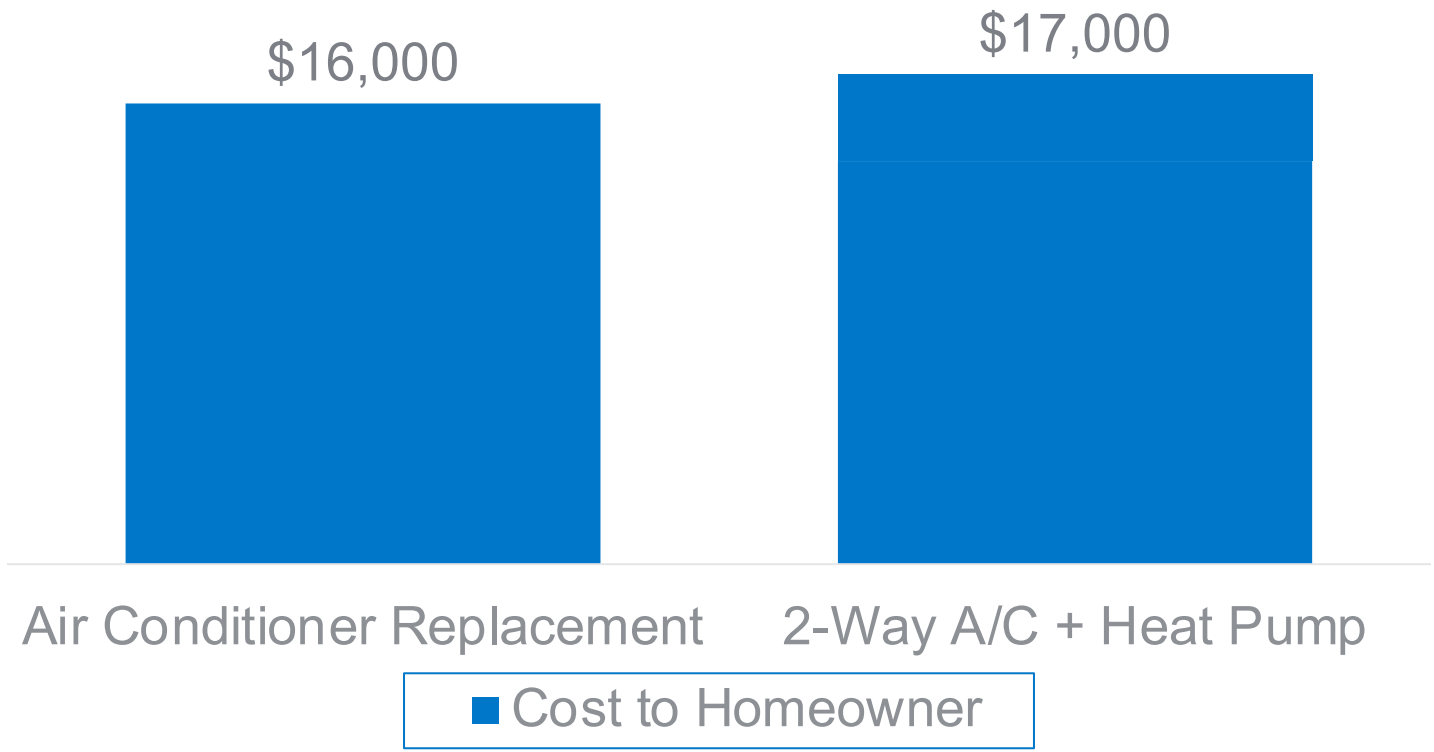
Gas

Electric

Saves up to $100, or costs up to $1,100

Example Costs – Incentives Backstop Policy

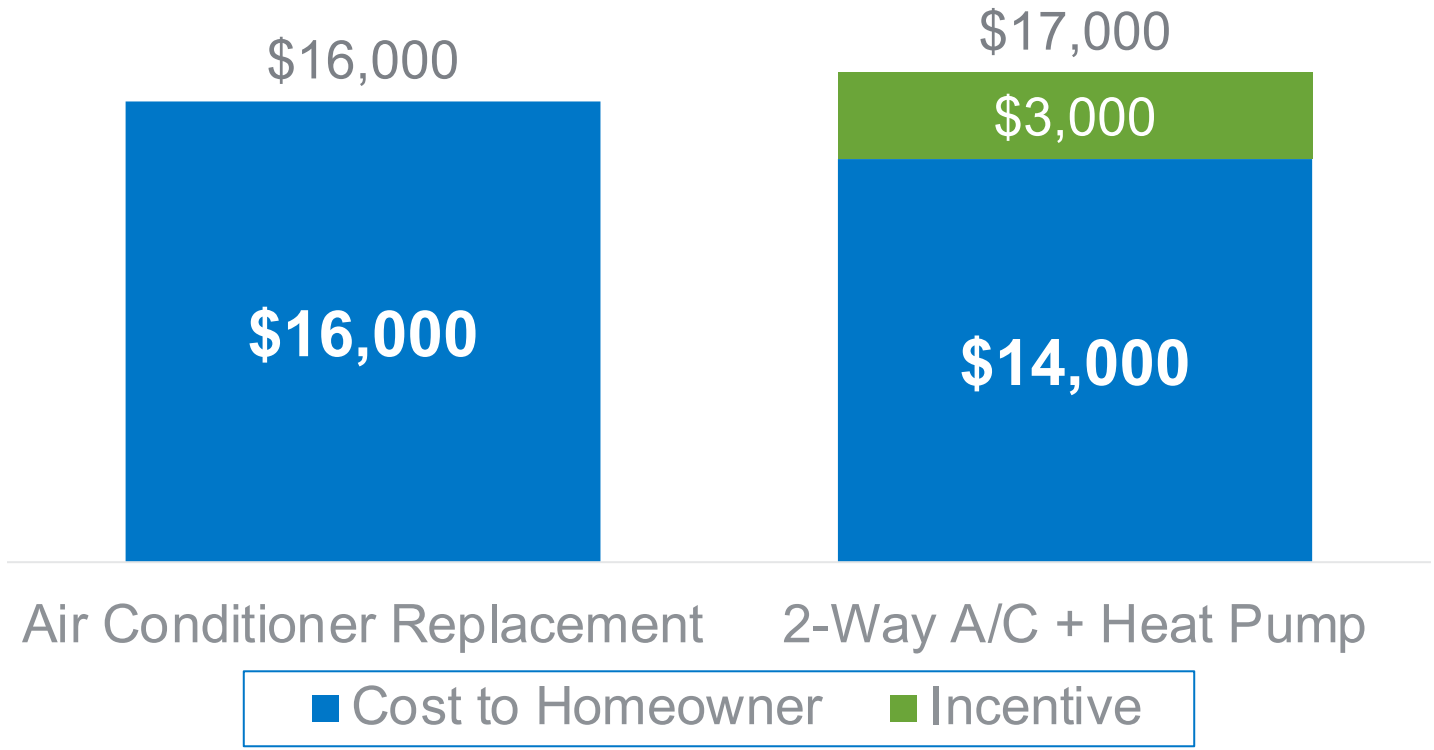
Electric AC Gas Heating



All-Electric

Example Costs – Incentives Backstop Policy

Electric AC Gas Heating



All-Electric

Electrification Saves up to $2,000

Example Costs – Operating Costs

The following table summarizes *expected* operating costs associated with different electrification measures, assuming standard, code-compliant equipment. These numbers are based on previous consultant studies and *will be updated as we compare actual on-bill savings of program participants.*

End Use	Monthly Energy Cost Impact
Water heating	$1 savings
Space heating	$10 savings
Clothes drying	$11 increase
Cooking	$6 increase
Gas meter fee	$7 savings
Total	$1 savings

Timing?

1. New Construction Reach Codes

A. When do you think your city will bring new construction reach codes to council?
B. Do you think a study session and two meetings will be required, or will there be less meetings this cycle than last cycle?
C. How controversial will new construction reach codes be this cycle?

Timing?

2. Existing Building Reach Codes

A. When do you think your city will bring existing building reach codes to council?
B. How many public meetings associated with this process would be appropriate?
C. How controversial will existing building reach codes be?
D. Are you considering passing any existing building reach codes at the same time as new construction, or staggering the efforts?

Questions & Discussion

PENINSULA CLEAN ENERGY

Board Members' Reports (Discussion)

June 23, 2022

Adjournment