Agenda

- Call to Order / Roll Call
- Public Comment (for items not on the Agenda)
- Action to set the Agenda and Approve Consent Items 1-6
  - Consent - Public Comment
- Regular Agenda
- Adjournment
Welcome!

Welcome to Kristina Alagar Cordero, our new CFO, who started on Monday, July 25
Hiring Updates

• Joe Ficalora, new Electric Vehicles Associate Programs Manager starting August 22

• Jeff Wright, new Power Resources Manager starting August 31

• Moya Enright, new Senior Renewable Energy Analyst starting September 1
Open Positions

- Regulatory Compliance Analyst
- Human Resources Manager
  - (offer made and verbally accepted)
- Director of Power Resources
- Strategic Accounts Manager
Starting update presentations to all city councils on what’s happening with PCE:

- June 21 – Half Moon Bay
- July 25 – Daly City

Planned:
- August 15 – Burlingame
- September 13 – Millbrae
- October 5 – Brisbane
- October 12 - Hillsborough
Legislative Activities Update

Legislature has been on recess during July
Upcoming Meetings

- **Executive Committee:**
  - August 8 at 10:00 a.m.  (Zoom)

- **Citizens Advisory Committee:**
  - August 11 at 6:30 p.m.  (Zoom)

- **Special Audit and Finance Committee:**
  - August 15 at 8:30 a.m.  (Zoom)

- **Board of Directors:**
  - August 25 at 6:30 p.m.  (Zoom)
Diversity, Equity, Accessibility, and Inclusion (DEAI)

Key Survey and Interview Takeaways

Board of Directors Meeting
July 28, 2022
Diversity, Equity, Accessibility, & Inclusion (DEAI)

Board of Directors
July 28, 2022
1. DEAI Foundation to PCE’s Mission

2. DEAI Project Tasks
   • Organizational Needs Assessment
     • Survey Results
     • Interview Themes
   • Legislation & Regulatory Analysis
   • DEAI Policy & Workshops
   • Organizational Policy Documents
   • Action Plan

3. Next Steps

4. Q&A
Mission Statement
To reduce greenhouse gas emissions by expanding access to sustainable and affordable energy solutions.

Power Resources
Secure sufficient, low-cost, clean sources of electricity that achieve Peninsula Clean Energy’s priorities while ensuring reliability and meeting regulatory mandates.

Public Policy
Strongly advocate for public policies that support Peninsula Clean Energy’s Organizational Priorities.

Community Energy Programs
Implement robust energy programs that reduce greenhouse gas emissions, align energy supply and demand, and provide benefits to community stakeholder groups.

Marketing, Outreach, & Customer Care
Develop a strong brand reputation that drives participation in Peninsula Clean Energy’s programs while ensuring customer satisfaction.

Financial Stewardship
Employ sound fiscal strategies to promote long-term organizational sustainability.

Organizational Excellence
Ensure organizational excellence by adhering to sustainable business practices and fostering a workplace culture of innovation, diversity, transparency, and integrity.

DEAI Foundation to PCE’s Strategic Plan & Mission Statement
Foundation: Diversity, Equity, Accessibility, and Inclusion
Surveys

- GCAP conducted 2 surveys between February & March 2022
  - Number of Internal Submits: 34
  - Number of External Submits: 117
- Key observations were presented to the Citizens Advisory Committee (CAC) on May 12th
- Survey identified that PCE is ready to develop and implement DEAI measures to improve organizational excellence
Interviews

- GCAP completed 13 virtual interviews between April – May 2022
  - Number of Internal Interviews: 5
  - Number of External Interviews: 8
- Survey observations used for interviews
- These are the interview themes that resulted:
  - DEAI Readiness
  - Talent Management/Human Resources
  - Leadership
  - Communication & Outreach
  - Vendor Management (Procurement)
Legislation & Regulatory Analysis

- GCAP completed the review and analysis of the following legislation and regulations:
  - **Prop 209** – “Civil Rights Initiative” in the California Constitution
    - Prohibits race and gender preferential contracting measures
  - **GO 156 & SB 255** – Supplier Diversity Program for the CPUC
  - **PCE Solicitation Documents** – Request for Proposals, Request for Offers

- Input from PCE staff (Prop 209, GO 156, Annual Report to CPUC)

- Draft report has been completed and submitted to PCE
  - Provide recommendations to update and revise solicitation documents and supplier diversity practices
DEAI Policy

- Integrates elements from CAC's draft policy & references PCE's Policy 10
- Updates to include insights from surveys, interviews, and industry best practices
- Communicates PCE’s business priorities to internal and external stakeholders
- Stakeholder workshops being planned to review and receive feedback
DEAI Policy Workshops

- In August, PCE will be hosting 3 virtual workshops for the following groups:
  - CAC
  - PCE staff
  - DEAI Subcommittee

- Output
  - Finalize policy
  - Gain alignment and support for the new DEAI policy for Board adoption in September
Organizational Policy Documents

- Initial DEAI review completed for:
  - Employee Handbook
  - Strategic Plan
  - Ethical Vendor Policy (#9)
  - Inclusive & Sustainable Workforce Policy (#10)

- Next Steps:
  - Recommend DEAI enhancements
  - Update relevant policies and key documents
DEAI Action Plan

- Develop a “roadmap” to implement DEAI initiatives within PCE’s organization
- Aligns all DEAI assessment deliverables (e.g., survey, interviews, etc.) into cohesive plan
- Goals & recommendations will include the following:
  - Actions
  - Description/Outcomes
  - Timeline
  - Metrics
Conduct Workshops & Finalize DEAI Policy
August - September

Complete DEAI Action Plan
August - October

Update Relevant PCE Policies and Documents
September - October

Present DEAI Assessment to Board
October - December
Q&A
THANK YOU
Appendix

• Interview Themes
• Survey Details to Key Observations
1. DEAI Readiness
   • PCE is ready to support and implement DEAI organizational change
   • Employees open and receptive to DEAI; top management less so
   • Good support from BOD and CAC

2. Talent Management/Human Resources
   • Recruitment:
     o Need a dedicated TM/HR function
     o Staff needs to reflect diversity of markets served
     o Recruit from minority institutions and low-income communities
   • Employee Retention:
     o Need to improve retaining diverse employees
   • Education:
     o DEAI specific training needed
   • Esprit de Corps:
     o Need company social gatherings
     o More opportunities for employees to communicate concerns/issues
3. Leadership
- Greater diversity needed on CAC and in PCE top management
- PCE Top Management receptive to DEAI initiatives but need more training/coaching on DEAI
- Need better transparency with PCE sharing information with BOD and CAC. Get CAC involved earlier with issues

4. Communication & Outreach
- Need more staff engagement and visibility with CBOs and local communities – go out and listen to the local communities and interview them
- Ensure community input before program design and implementation
- Need to improve awareness and communication of PCE programs especially with low income and non-English speaking groups
- Explore additional communication channels like TV and radio
- PCE materials need to be translated into different languages

5. Vendor Management (Procurement)
- Review union preference policy and wording to ensure best practices and compatibility with DEAI procurement goals
- Better feedback needed
- More procurement opportunities for women & minorities
At 41.9%, a large number of responses came from Program Participants. The next largest groups were Board Members and survey takers who had no relationship with PCE—each representing 17.9% of survey takers.
43% served communities with limited English-speaking households.

2. Do you serve communities or constituents that are Limited-English-speaking households where no one 14 years old or older speaks English or does not speak English very well?

- Yes: 43%
- No: 57%
Although Spanish was the most commonly spoken language outside of English (making up 34.2% of non-English languages), Cantonese Chinese and Mandarin Chinese each made up 18.8% of non-English languages spoken, resulting in 37.6% combined.

<table>
<thead>
<tr>
<th>Language</th>
<th>Percentage</th>
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<tr>
<td>Spanish</td>
<td>34.2%</td>
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<td>Cantonese Chinese</td>
<td>18.8%</td>
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<tr>
<td>Mandarin Chinese</td>
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<tr>
<td>Hindi</td>
<td>6.8%</td>
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<tr>
<td>Japanese</td>
<td>6.8%</td>
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<td>Korean</td>
<td>4.3%</td>
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<td>Native American/Indigenous</td>
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<tr>
<td>Russian</td>
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<tr>
<td>Tagalog/Filipino</td>
<td>11.1%</td>
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<tr>
<td>Vietnamese</td>
<td>6.8%</td>
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<tr>
<td>Other</td>
<td>5.1%</td>
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</tbody>
</table>
33% feel Peninsula Clean Energy can make its electricity generation services more accessible to all persons. (Question 5)
12.8% disagree or strongly disagree that Peninsula Clean Energy programs such as the:
• HOME UPGRADE PROGRAM
• USED EV REBATE PROGRAM
• E-BIKES FOR EVERYONE
• HEAT PUMP WATER HEATER REBATES
• SOLAR & BATTERY REBATES are accessible to all its customers. (Question 6) Of this 12.8%, 40% were Board Members, and 73% served communities with Limited-English-speaking households.
When asked “How well has Peninsula Clean Energy considered whether potential resources and programs provide benefits to disadvantaged communities?” 10.3% selected Not Very Well and Not Very Well at All. (Question 20)
When asked “How well does Peninsula Clean Energy ensure that the design of its programs and services is community driven and meets the needs identified by its communities?” 11.1% selected Not Very Well and Not Very Well at All. (Question 21)
External – Accessibility of Services Key Observation (Favorable)

62.4% of external stakeholders surveyed feel Electricity generation services are accessible to all. (Question 4)

4. Peninsula Clean Energy electricity generation services are accessible to all its customers.
63.3% of external stakeholders surveyed feel PCE takes steps to make services inviting and safe. (Question 10)
When asked “To what extent do Peninsula Clean Energy staff and representatives reflect the diversity of the communities it serves?” 12% selected Not Very Well and Not Very Well at All. (Question 24)
When asked “To what extent does Peninsula Clean Energy provide clear and transparent information, assessments, and reporting on the topics of greatest interest to the communities it serves?” 10.2% selected Not Very Well and Not Very Well at All. (Question 25)
61.7% agree or strongly agree that Peninsula Clean Energy Leadership (Board, and staff who are at Director-level and above) understands that diversity is critical to our future success. (Question 1)
Internal – Management Key Observation *(Favorable)*

76.4% agree or strongly agree that Peninsula Clean Energy Leadership provides opportunities for them to grow and advance in their career and at Peninsula Clean Energy regardless of their background. (Question 7)
Internal – Management Key Observation (Area of Opportunity)

Key Observation 3

14.7% disagree or strongly disagree that Peninsula Clean Energy celebrates and encourages diverse perspectives. (Question 6)
73.5% agree or strongly agree that people from all backgrounds and with a range of identities have equitable opportunities to advance their careers at Peninsula Clean Energy. (Question 8)
73.5% agree or strongly agree that they feel Peninsula Clean Energy takes steps to make the workplace inviting, safe, and welcoming. (Question 16)
76.5% agree or strongly agree that they feel comfortable discussing their social and cultural background in the workplace. (Question 20)
26.4% disagree or strongly disagree that Peninsula Clean Energy does a good job sourcing and hiring candidates from underrepresented communities. (Question 4)
70.6% agree or strongly agree that Peninsula Clean Energy customer service is accessible to all its customers. (Question 13)
Internal – Customer Accessibility Key Observation *(Favorable)*

88.2% agree or strongly agree that Peninsula Clean Energy electricity generation services are accessible to all its customers. (Question 9)
26.5% disagree or strongly disagree that Peninsula Clean Energy employees are trained to serve a diverse customer base. (Question 2)
32.4% think Peninsula Clean Energy can make its electricity generation services more accessible to all persons. (Question 10)
29.4% disagree or strongly disagree that Peninsula Clean Energy programs such as the:

- HOME UPGRADE PROGRAM,
- USED EV REBATE PROGRAM
- E-BIKES FOR EVERYONE
- HEAT PUMP WATER HEATER REBATES
- SOLAR & BATTERY REBATES

are accessible to all its customers. (Question 11)
• Less than half (41.1%) agree or strongly agree that Peninsula Clean Energy supports and promotes diversity in its procurement policies and practices.
• 11.7% disagree or strongly disagree that Peninsula Clean Energy supports and promotes diversity in its procurement policies and practices. (Question 3)
Internal – Psychological Safety Key Observation (Favorable)

Key Observation 14

67.6% agree or strongly agree that on their team they are able to have discussions on difficult/uncomfortable topics. (Question 25)

25. On my team we are able to have discussions on difficult/uncomfortable topics.
Internal – Psychological Safety Key Observation
(Area of Opportunity)

20% have experienced unwelcomed comments or conduct at Peninsula Clean Energy that they felt were offensive, embarrassing, or hurtful. (Question 22)
11.8% disagree or strongly disagree that they feel comfortable talking about issues of racism on their team. (Question 26)

Key Observation 16

26. I feel comfortable talking about issues of racism on my team.
Survey and Interview Key Takeaways

Survey and interview timeframe: February – May, 2022
Number of surveys received (internal and external): 151
Number of in-depth interviews: 13

Human Resources, Staffing, Recruitment

1. Opportunity to improve the diversity of PCE staff, particularly at the leadership level, to better reflect the diversity of the communities PCE serves; includes efforts to source candidates from underrepresented communities.

2. Identified need for a dedicated talent management and human resources function

3. Employees, Board members, and Committee members could benefit from DEAI-focused training
Programs, Services, Communication, and Outreach

1. Accessibility of PCE programs could be improved to provide easier and better access to all customer segments

2. Opportunity to improve awareness and communication re: PCE's energy programs, especially among low-income and non-English speaking groups

3. PCE materials should be translated into different languages to improve accessibility

4. Consider exploring additional communications channels (e.g. TV and radio) to better reach target populations
Survey and Interview Key Takeaways (cont.)

Management

1. Internal stakeholders (staff and former staff) believe that PCE's leadership provides opportunities for them to grow and advance in their career with PCE regardless of their background

2. PCE could improve on celebrating and encouraging diverse perspectives and understanding among staff

3. PCE top management is receptive to DEAI initiatives, but needs more training and coaching on the topic
Survey and Interview Key Takeaways (cont.)

Procurement, Vendor Management

1. Consider ways to promote diversity and the involvement of women and minority-owned businesses in PCE’s supply chain

Psychological Safety and Company Culture

1. Employees largely agree that on their teams they can have discussions regarding difficult and uncomfortable topics

2. A few employees have experienced unwelcome comments or conduct at PCE that was offensive, embarrassing, or hurtful

3. DEAI-specific training could be utilized to improve company culture around diversity
11. Approval of CC Power Renewable Resources from Ormat Nevada Inc. and Open Mountain Energy

Chelsea Keys
Senior Manager, Power Resources
Recommendation

Resolution Delegating Authority to the Chief Executive Officer to Execute Necessary Agreements with California Community Power and Participating Community Choice Aggregators for Renewable Resources from Ormat Nevada Inc. and Open Mountain Energy, LLC
Agenda

1. Background
2. FCR Need – Mid-term Reliability Procurement Mandate
3. RFO Results Summary
4. Contract Structure
5. Geothermal Projects
6. Recommendation
RFO Background and Timeline

- **Jun 2021**: CPUC issues Mid-term Reliability Procurement Order D.21-06-035
- **Oct 2021**: California Community Power (CC Power) issued a joint Request for Offer (RFO) for Firm Clean Resources (FCR)
- **Dec 2021**: RFO Offers due
- **Jan 2022**: Peninsula Clean Energy Board approved agreements for Tumbleweed to meet Long Duration Storage (LDS) requirement set forth in D.21-06-035
  - CC Power Board approved Tumbleweed
- **Feb 2022**: CC Power shortlisted two geothermal developers from FCR RFO
RFO Background and Timeline

- May 26, 2022
  - At the May board meeting, PCE Board approved a resolution delegating authority to CEO to vote on CC Power board items

- May 31, 2022
  - CC Power approves Power Purchase Agreements with Ormat Nevada Inc. and Open Mountain Energy

- Jun–Sept 2022
  - Other CCAs Board Approvals
FCR Need – Mid-term Reliability Procurement Mandate
Mid-Term Reliability Decision (2023 – 2026)

• D.21-06-035 adopted by CPUC on June 24, 2021, to address mid-term reliability needs
• LSEs required to collectively procure 11,500 MW of new resources
• Allocated to LSEs by load share
• Resources must be zero-emission or RPS eligible (no fossil resources)
• 4,500 MW of obligation subject to specific category requirements (next slide)
## Procurement Obligation in NQC\(^1\) MW for Peninsula Clean Energy by Category and Year

<table>
<thead>
<tr>
<th>Procurement Category</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero-emissions generation, generation paired with storage, or demand response resources(^2)</td>
<td>-</td>
<td>-</td>
<td>47</td>
<td>-</td>
<td>47</td>
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<tr>
<td>Firm zero-emitting resources(^3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19</td>
<td>19</td>
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<td>Long-duration storage resources(^3,(^4)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Remaining New Capacity Required</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total Annual Net Qualifying Capacity (NQC) Requirements</strong></td>
<td>38</td>
<td>113</td>
<td>28</td>
<td>38</td>
<td>217</td>
</tr>
</tbody>
</table>

1. Obligation is in NQC MW (not nameplate) and subject to ELCC factor
2. 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.
3. Firm zero-emitting resources – generating resources w/ at least 80% capacity factor with no use restrictions or weather dependencies
   - Qualifying resources include geothermal, biomass, and biogas
Effective Load Carrying Capacity Factors

- Requirements are based on Net Qualifying Capacity
- CPUC released an ELCC study in September 2021 to provide guidance on converting facility nameplate to Net Qualifying Capacity (“NQC”)
- Geothermal resources have project specific characteristics that make them susceptible to temperature based de-rates during the summer net peak conditions
  - CPUC suggested using 5-10 pm forecasted output in September (peak reliability need hours)
- We used the 8760 generation portfolios for the geothermal resources to calculate peak availability during 5-10 pm in September and estimate 82 – 87% NQC
- Each MW of nameplate capacity = .82-.87 MW NQC

<table>
<thead>
<tr>
<th>Peninsula Clean Energy NQC Allocation</th>
<th>Nameplate Equivalent (rounded to nearest whole MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 MW</td>
<td>23 MW</td>
</tr>
</tbody>
</table>
RFO Results Summary
RFO Results and Shortlist

• CC Power received offers from 6 developers and 16 projects. Only 4 of the projects were located in California.
  o Most geothermal capacity in California has been developed
  o For resources to meet FCR, they must be “new” resources

• CC Power ran an analytics model and conducted interviews
  o Evaluation was based on:
    o Conforming to FCR MTR requirements
    o Lowest price / higher on the economic evaluation scale
    o Satisfying workforce and environment requirements
    o Appropriate delivery term (20 years)

• CC Power shortlisted projects from two developers: 1 project from Open Mountain Energy LLC (OME) and a portfolio of projects from Ormat Nevada, Inc. (Ormat)
Contract Structure
Overall Structure

Geothermal Project

Power Purchase Agreement
Developer
CC Power

Project Participation Share Agreement
CC Power
8 CCAs

Buyer Liability Pass Through Agreements
(Each participating CCA executes with Developer’s Seller entity and CC Power)

CCA Customers
Agreements with CC Power – Credit / Collateral

• Buyer’s Liability Pass Through Agreement (BLPTA)
  • Executed by CCA, Developer and CC Power
  • Each CCA guarantees payment performance of CC Power under PPA
  • No LCs or cash collateral required

• Project Participation Agreement
  • 25% step-up cap – Each CCA commits to take up to 25% additional capacity if another CCA defaults
  • 3 months payment obligation posting per CCA to CC Power
Geothermal Projects
Open Mountain Energy
Fish Lake Project

• Seller – Fish Lake Geothermal, LLC
• Developer – Open Mountain Energy, LLC
• Technology – Incremental Geothermal
• Project size – 13 MW
• Product – Energy, PCC1, RA, Ancillary Services
• Location – Esmeralda County, Nevada
• COD – June 1, 2024
• Price – Fixed $/MWh, no escalation
• Term – 20 years
• Scheduling Coordinator - Seller
Ormat Portfolio of Projects

- Seller – Ormat
- Developer – Ormat
- Technology – Incremental Geothermal
- Project – portfolio of facilities in NV and CA with a min of 625 MW, RA, Ancillary Services
- Location – Various locations in Nevada and California
- Expected COD – Varies with project, as early as 2024
- Price – Fixed $/MWh, no escalation
- Term – 20 years
- Scheduling Coordinator – Seller
Ormat Portfolio of Projects

Portfolio approach:

• Ormat to offer Facilities as they become available up to 125 MW
• CC Power may accept or reject within 3 months if CC Power members have been unable to obtain IC, or we have the option of extending the COD day for day until we are able to obtain IC, until September 30, 2027
• Facilities that are accepted become part of the portfolio
• If a Facility is rejected the min required offer amount is reduced by a commensurate volume
Import Capability Issues

• Projects not in the CAISO need import capability (IC) into California to count as Resource Adequacy, a requirement for the FCR procurement mandate
• All projects, with the exception of one, will require IC
• CC Power is not an LSE so each CCA must obtain IC on its own
• For Open Mountain, we have two to three delivery point options, one of which has ample IC
• For Ormat, we have the option, but not the obligation to reject projects, should we not be able to secure IC at the delivery point for a specific project
Workforce

• The Nevada projects are required to either a) pay NV prevailing wages to workers or b) apply to the Renewable Tax Abatement program (RETA) which requires -
  o 50% of workforce be NV residents, Pay workforce no less than 175% of statewide annual avg wages, and provide health insurance that satisfies RETA req.

• For Ormat, who may develop project(s) in Imperial Valley, CA will be required to provide either a) PLA or b) CA prevailing wages

• If a PLA is not executed, both developers have agreed to comply with an audit to demonstrate proof that prevailing wages are paid through a certified payroll system
Environmental

- Evaluated geospatial footprint of each project and found no impact to any federal, state, local, or other conservation designations or planning efforts
- Projects are not located in areas identified as not suitable for renewable development by Renewable Energy Transmission Initiative (RETI)
- Sellers must meet obtain and maintain all permits required by the appropriate governing authority/authorities
- Developers will attest to not using forced labor in their supply chain
Summary of PCE Project Allocations

- PCE share of geothermal contracts/meeting FCR needs

<table>
<thead>
<tr>
<th></th>
<th>CPUC Capacity Obligation MW</th>
<th>Nameplate Capacity Obligation MW</th>
<th>Ormat Entitlement Share</th>
<th>Ormat Allocation Minimum MW</th>
<th>Ormat Allocation Maximum MW</th>
<th>Fish Lake Entitlement Share</th>
<th>Fish Lake Allocation MW</th>
<th>Remaining Obligation w/ Ormat Min MW</th>
<th>Remaining Obligation w/ Ormat Max MW</th>
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<tr>
<td>PCE</td>
<td>19.00</td>
<td>23.00</td>
<td>17.1%</td>
<td>10.94</td>
<td>21.38</td>
<td>17.8%</td>
<td>2.31</td>
<td>9.74</td>
<td>-0.69</td>
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## Participating Member CCAs

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<tr>
<th>CCA</th>
<th>OME Nameplate</th>
<th>OME Step-up</th>
<th>Ormat Nameplate</th>
<th>Ormat Step-up</th>
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<td>21.38</td>
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<td>23.69</td>
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<td>1.16</td>
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<td><strong>TOTAL</strong></td>
<td><strong>13.00</strong></td>
<td><strong>3.25</strong></td>
<td><strong>125.00</strong></td>
<td><strong>31.25</strong></td>
<td><strong>138.00</strong></td>
<td><strong>34.50</strong></td>
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Recommendation

Resolution Delegating Authority to the Chief Executive Officer to Execute Necessary Agreements with California Community Power and Participating Community Choice Aggregators for Renewable Resources from Ormat Nevada Inc. and Open Mountain Energy, LLC

1. Ormat Nevada Inc.
   - Project Participation Share Agreement
   - Buyer’s Liability Pass Through Agreement (BLPTA)
   - Delivery term of 20 years starting on or about June 1, 2024
   - Dollar authority not to exceed $405,000,000

2. Open Mountain Energy, LLC
   - Project Participation Share Agreement
   - Buyer’s Liability Pass Through Agreement (BLPTA)
   - Delivery term of 20 years starting on or about April 1, 2024
   - Dollar authority not to exceed $41,000,000
Update on Awareness/Perception, Electrification Messaging

Market Research Findings
KJ Janowski
Director of Marketing and Community Relations
July 28, 2022
## Key Performance Indicators

### Marketing & Community Relations – Metrics at FY End

<table>
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<th>2020 Baseline</th>
<th>FY21</th>
<th>FY22</th>
<th>2025 Target</th>
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<td>Participation Rate¹</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
</tr>
<tr>
<td>PCE Aided Awareness</td>
<td>34%</td>
<td>31%²</td>
<td></td>
<td>60%</td>
</tr>
<tr>
<td>PCE Favorability³</td>
<td>63%</td>
<td>61%²</td>
<td></td>
<td>80%</td>
</tr>
<tr>
<td>Residential &amp; SMB Engagement</td>
<td>Med/Low</td>
<td>Med/Low</td>
<td>Med/Low</td>
<td>High</td>
</tr>
</tbody>
</table>

1. Shared responsibility with Account Services team
2. Given sample size in 2021, this is statistically equivalent to the 2020 baseline
3. Of those who are aware of Peninsula Clean Energy
Methodology

• Random sample of all households in San Mateo County and Los Banos
• Invitation (English and Spanish) sent by postal mail
  o San Mateo County Office of Sustainability letterhead
  o City of Los Banos letterhead
• Participation incentives – 2 winners of $500 and 20 winners of $100
• Online self-administered survey in English and Spanish
• Completed in May 2022
• Eligibility: adult resident not an employee or board member of energy company
• Sample size: San Mateo County 1326; Los Banos 938
Persuasion Monitor™

Example

- Aware
- Familiar
- Favorable
- Would Consider
- Now Use
Persuasion Monitor™ Trend in San Mateo County

Q1 – Q6 Persuasion Monitor
Base: Total Sample (n=2,261 / 509 / 1,326)

Arrows indicate a significant difference among data from the prior year at the 95% confidence level.
Persuasion Monitor™ San Mateo County vs. Los Banos

Q1 – Q6 Persuasion Monitor
Base: Total Sample (n=1,326 / 938)

Arrows indicate a significant difference between San Mateo and Los Banos at the 95% confidence level.
Brand Perception – San Mateo vs. Los Banos

Q9 - For each statement, please indicate if you think it is true or false about Peninsula Clean Energy.
Base: Aware of PCE (n = 535 / 121)

- Is working to improve the environment: San Mateo 57%, Los Banos 52%, 66% correct.
- Provides cleaner energy than other electricity providers: San Mateo 62%, Los Banos 52%, 62% correct.
- Offers programs that benefit the environment (help you to be "greener"): San Mateo 49%, Los Banos 39%, 59% correct.
- Is innovative: San Mateo 33%, Los Banos 29%, 39% correct.
- Is a not-for-profit public agency: San Mateo 27%, Los Banos 23%, 29% correct.

Arrows indicate a significant difference between San Mateo and Los Banos at the 95% confidence level.

*This is not significant at 95%, but is at 90%
Brand Perception – San Mateo vs. Los Banos

Charges lower rates than PG&E
- San Mateo: 24%
- Los Banos: 42%

Understands and responds to customer needs
- San Mateo: 18%
- Los Banos: 16%

Is financially strong
- San Mateo: 11%
- Los Banos: 11%

Is a company division/branch of PG&E
- San Mateo: 7%
- Los Banos: 11%

Q9 - For each statement, please indicate if you think it is true or false about Peninsula Clean Energy. Base: Aware of PCE (n = 535 / 121)

Arrows indicate a significant difference between San Mateo and Los Banos at the 95% confidence level.
Key Performance Indicators

<table>
<thead>
<tr>
<th></th>
<th>2020 Baseline</th>
<th>FY21</th>
<th>FY22</th>
<th>2025 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation Rate¹</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
</tr>
<tr>
<td>PCE Aided Awareness</td>
<td>34%</td>
<td>31%²</td>
<td>39%⁴</td>
<td>60%</td>
</tr>
<tr>
<td>PCE Favorability³</td>
<td>63%</td>
<td>61%²</td>
<td>57%⁴</td>
<td>80%</td>
</tr>
<tr>
<td>Residential &amp; SMB Eng.</td>
<td>Med/Low</td>
<td>Med/Low</td>
<td>Med/Low</td>
<td>High</td>
</tr>
</tbody>
</table>

1. Shared responsibility with Account Services team
2. Given sample size in 2021, this is statistically equivalent to the 2020 baseline
3. Of those who are aware of Peninsula Clean Energy
4. Statistically different from 2020 baseline
Resident Priorities – San Mateo vs. Los Banos

<table>
<thead>
<tr>
<th>Advantage</th>
<th>San Mateo 2022</th>
<th>Los Banos 2022</th>
<th>Ranked 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower electric rates</td>
<td>11% 13% 49%</td>
<td>16% 20% 15%</td>
<td>73%</td>
</tr>
<tr>
<td>Cleaner energy sources</td>
<td>16% 11% 8%</td>
<td>15% 17% 10%</td>
<td>51%</td>
</tr>
<tr>
<td>Offers programs that benefit the environment (or to help you be “greener”)</td>
<td>16% 11% 8%</td>
<td>15% 17% 10%</td>
<td>35%</td>
</tr>
<tr>
<td>Invests in renewable energy generation</td>
<td>15% 17% 10%</td>
<td>15% 17% 10%</td>
<td>42%</td>
</tr>
<tr>
<td>Offers solar + storage solutions to provide electricity during power shutoffs</td>
<td>16% 18% 10%</td>
<td>15% 20% 10%</td>
<td>44%</td>
</tr>
<tr>
<td>Local jobs and economic activity</td>
<td>11% 10% 24%</td>
<td>12% 14% 6%</td>
<td></td>
</tr>
<tr>
<td>Offers programs that promote electric vehicles or EVs</td>
<td>10%</td>
<td>6% 4% 11%</td>
<td></td>
</tr>
<tr>
<td>Offers programs that promote converting household appliances from natural gas to electric</td>
<td>10%</td>
<td>7% 5% 15%</td>
<td></td>
</tr>
</tbody>
</table>

Arrows indicate a significant difference between San Mateo and Los Banos at the 95% confidence level.

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 =1,326 / 938)
### Climate Change Impact

**QEA6** - Based on current trends, how much impact will climate change have on the everyday lifestyle of the next generation of San Mateo County residents?

*Base: Total Sample (n=1,326 / 938)*

<table>
<thead>
<tr>
<th>Impact Level</th>
<th>2022 San Mateo</th>
<th>2022 Los Banos</th>
</tr>
</thead>
<tbody>
<tr>
<td>An extreme impact</td>
<td>25%</td>
<td>21% ↓</td>
</tr>
<tr>
<td>A substantial impact</td>
<td>39%</td>
<td>30% ↓</td>
</tr>
<tr>
<td>A moderate impact</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>A minor impact</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>None</td>
<td>2%</td>
<td>9% ↑</td>
</tr>
</tbody>
</table>

Arrows indicate a significant difference between San Mateo and Los Banos at the 95% confidence level.
Climate Change Attitudes

<table>
<thead>
<tr>
<th>Statement Agreement</th>
<th>2022 San Mateo</th>
<th>2022 Los Banos</th>
</tr>
</thead>
<tbody>
<tr>
<td>The actions I take in my home can have a meaningful impact on climate change</td>
<td>48%</td>
<td>42%</td>
</tr>
<tr>
<td>I am willing to pay up to 10% more to purchase products that mitigate climate change</td>
<td>34%</td>
<td>21%</td>
</tr>
<tr>
<td>I am willing to replace my vehicle and/or appliances before the end of their useful life to help mitigate my impacts on climate change</td>
<td>37%</td>
<td>14%</td>
</tr>
<tr>
<td>I am not willing to pay anything more to purchase products that mitigate climate change</td>
<td>14%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Arrows indicate a significant difference between San Mateo and Los Banos at the 95% confidence level.
Electrification Messaging
Appliance selection factors (examples)

CLIMATE FRIENDLY
• Help me act to protect the environment for future generations
• Have no emissions that contribute to climate change

ALL ELECTRIC/NO METHANE
• Do not use natural gas (also known as methane gas) to operate
• Preserve or move my home toward being an all-electric home

COSTS LESS
• Cost less to run for a typical year
• Use a lower cost power source

HEALTH/SAFETY
• Are safer/ no risk of explosions or leaks
• Do not risk the release of unsafe emissions into my home
• Are healthier / protects my home’s indoor air quality

PRIDE/UNIQUE
• I would enjoy showing to my guests
• I might be among the first to own/is a bit unique

PROTECT AND ADD VALUE
• Protect the value of my home
• Add to the value of my home in the long run

POWER RELIABLE
• Can continue to operate during a power outage
Appliance selection factors – importance

- Depicts importance ratings across total sample
- Different segments have distinctive patterns of importance ratings

### Appliance Selection Factors – Total Sample

- **Climate Friendly**: 36%
- **Health/Safety**: 45%
- **All Electric/No Methane**: 21%
- **Costs Less**: 31%
- **Pride/Unique**: 9%
- **Modern Tech**: 25%
- **Protect & Add Value**: 36%
- **Power Reliable**: 37%
- **Leverages My Solar**: 35%

*Average Importance of Items within Factor (%9-10)*
Segments

For broad-based messaging, we grouped target segments (*) based on:

• Sufficient commonality of perceived benefits
• Persuadable segments
• Combined size (57% of market)
## Appliance selection factors ratings, target segments

### Appliance selection factors

<table>
<thead>
<tr>
<th>Share of Market</th>
<th>Home Value Protectors</th>
<th>Unempowered Pragmatists</th>
<th>Light Greens</th>
<th>Deep Greens</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28%</td>
<td>13%</td>
<td>16%</td>
<td>10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appliance selection factors</th>
<th>Home Value Protectors</th>
<th>Unempowered Pragmatists</th>
<th>Light Greens</th>
<th>Deep Greens</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health/Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are safer/ no risk of explosions or leaks</td>
<td>75%</td>
<td>69%</td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td>Do not risk the release of unsafe emissions into my home</td>
<td>71%</td>
<td>62%</td>
<td>70%</td>
<td>82%</td>
</tr>
<tr>
<td>Are healthier/ protects my home’s indoor air quality</td>
<td>67%</td>
<td>50%</td>
<td>67%</td>
<td>84%</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost less to run for a typical year</td>
<td>63%</td>
<td>46%</td>
<td>56%</td>
<td>36%</td>
</tr>
<tr>
<td>Protect the value of my home</td>
<td>60%</td>
<td>39%</td>
<td>48%</td>
<td>37%</td>
</tr>
<tr>
<td>Use a lower cost power source</td>
<td>59%</td>
<td>47%</td>
<td>51%</td>
<td>35%</td>
</tr>
<tr>
<td>Protect / Add Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add to the value of my home in the long run</td>
<td>56%</td>
<td>28%</td>
<td>36%</td>
<td>31%</td>
</tr>
<tr>
<td>Climate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help me act to protect the environment for future generations</td>
<td>51%</td>
<td>11%</td>
<td>53%</td>
<td>94%</td>
</tr>
<tr>
<td>Have no emissions that contribute to climate change</td>
<td>51%</td>
<td>11%</td>
<td>46%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Q8. If you were in the market for a new appliance for your home, such as those mentioned previously, how important would the following factors be to you?
### Environmental attitudes of target segments

**Q11 - Based on current trends, how much impact will climate change have on the everyday lifestyle of the next generation of San Mateo County residents?**

<table>
<thead>
<tr>
<th>Impact Level</th>
<th>Total (n=1,081)</th>
<th>Home Value Protectors (n=329)</th>
<th>Unempowered Pragmatists (n=133)</th>
<th>Light Greens (n=162)</th>
<th>Deep Greens (n=105)</th>
</tr>
</thead>
<tbody>
<tr>
<td>An extreme impact</td>
<td>21%</td>
<td>22%</td>
<td>10%</td>
<td>28%</td>
<td>43%</td>
</tr>
<tr>
<td>A substantial impact</td>
<td>47%</td>
<td>53%</td>
<td>34%</td>
<td>46%</td>
<td>44%</td>
</tr>
<tr>
<td>A moderate impact</td>
<td>21%</td>
<td>19%</td>
<td>32%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>A minor impact</td>
<td>8%</td>
<td>6%</td>
<td>17%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>None</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Environmental attitudes of target segments

<table>
<thead>
<tr>
<th>Agree with…</th>
<th>Home Value Protectors (n=329)</th>
<th>Unempowered Pragmatists (n=133)</th>
<th>Light Greens (n=162)</th>
<th>Deep Greens (n=105)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The actions I take in my home can have a meaningful impact on climate change</td>
<td>60%</td>
<td>24%</td>
<td>56%</td>
<td>75%</td>
</tr>
<tr>
<td>I am willing to pay up to 10% more to purchase products that mitigate climate</td>
<td>44%</td>
<td>15%</td>
<td>51%</td>
<td>84%</td>
</tr>
<tr>
<td>I am willing to replace my vehicle and/or appliances before the end of their useful life to help mitigate my impacts on climate change</td>
<td>42%</td>
<td>10%</td>
<td>32%</td>
<td>67%</td>
</tr>
<tr>
<td>I am not willing to pay anything more to purchase products that mitigate climate change</td>
<td>11%</td>
<td>41%</td>
<td>10%</td>
<td>6%</td>
</tr>
</tbody>
</table>
### Demographics of target segments

<table>
<thead>
<tr>
<th>Category</th>
<th>Home Value Protectors</th>
<th>Unempowered Pragmatists</th>
<th>Light Greens</th>
<th>Deep Greens</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rent</strong></td>
<td>30%</td>
<td>20%</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Own</strong></td>
<td>70%</td>
<td>80%</td>
<td>75%</td>
<td>85%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>(45.8)</td>
<td>(46.0)</td>
<td>(47.9)</td>
<td>(54.1)</td>
</tr>
<tr>
<td>44 or less</td>
<td>32%</td>
<td>39%</td>
<td>25%</td>
<td>21%</td>
</tr>
<tr>
<td>45-64</td>
<td>38%</td>
<td>30%</td>
<td>40%</td>
<td>34%</td>
</tr>
<tr>
<td>65+</td>
<td>27%</td>
<td>28%</td>
<td>33%</td>
<td>42%</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$75k or less</td>
<td>14%</td>
<td>12%</td>
<td>16%</td>
<td>10%</td>
</tr>
<tr>
<td>$75k to $150k</td>
<td>32%</td>
<td>22%</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>$150k+</td>
<td>37%</td>
<td>35%</td>
<td>42%</td>
<td>57%</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>42%</td>
<td>44%</td>
<td>54%</td>
<td>74%</td>
</tr>
<tr>
<td>Asian/Pac Islander</td>
<td>36%</td>
<td>26%</td>
<td>20%</td>
<td>8%</td>
</tr>
<tr>
<td>Prefer not to say</td>
<td>8%</td>
<td>18%</td>
<td>12%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Highlight indicates notable difference vs. other segments.
Message development

• Health and safety benefit must be emphasized

• Cost issue must be addressed but a claim of cost savings (existing buildings) is not as straightforward as it is with EVs. Instead:
  - Messaging can address “efficiency”
  - Case studies and appliance-specific examples

• Climate friendly messaging resonates for our target segments, except for the Unempowered Pragmatists
  - BUT even that segment may be persuaded to consider climate when making appliance decisions – a “free with purchase” attribute
Challenges for message development

• General energy literacy is likely quite low
• Low awareness of effects of methane gas
• Need to increase favorable perception and consideration of electric appliances
• Perception of gas vs. electricity cost does not favor electricity

Cost to operate gas vs. electric appliance*

- Gas appliances cost less to operate: 36%
- Electric appliances cost less to operate: 23%
- Not sure: 32%
- Both are about the same: 9%

* Based on 2020 Awareness/Perception Monitoring study (N=2261)
Next Steps

• General campaign plan (under review)
• Testing three themes
• General campaign start mid August
• Start fast, flexible and low cost
• Collaborate with partners (SMC OOS, BayREN, outreach partners, building department pilot)
• Expanded campaign
Supporting creative examples

• Clear the air. Go electric.

• A healthy climate starts at home.

• Healthy homes run electric.
Board Members’ Reports (Discussion)

July 28, 2022
Adjournment