



# Peninsula Clean Energy Board of Directors Meeting

August 25, 2022

# Agenda

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- Call to Order / Roll Call
- Public Comment (for items not on the Agenda)
- Action to set the Agenda and Approve Consent Items 1-8
  - Consent - Public Comment
- Regular Agenda
- Adjournment

# Chair Report (Discussion)

August 25, 2022

# CEO Report (Discussion)

August 25, 2022

# Welcome!

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Welcome -

- Cora Dino, our new Director of Human Resources, who started on Monday, August 15
- Joe Ficalora, our new Electric Vehicles Associate Programs Manager who started Monday, August 22



# Hiring Updates

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- Jeff Wright, new Power Resources Manager starting August 31
- Moya Enright, new Senior Renewable Energy Analyst starting September 1
- Zsuzsanna Klara, new Regulatory Compliance Analyst starting September 12

# Open Positions

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- Director of Power Resources
- Strategic Accounts Manager



# Audit & Finance Committee – Opening!

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*Need one additional  
board member to serve  
on Audit & Finance  
Committee*





# Presentations to City Councils

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Starting update presentations to all city councils on what's happening with PCE

## Completed:

- June 8 – Colma
- June 21 – Half Moon Bay
- July 25 – Daly City
- August 8 – Hillsborough
- August 15 - Burlingame

## Planned:

- September 13 – Millbrae
- October 3 – Redwood City
- October 6 – Brisbane
- October 12 – Portola Valley



# September 22 Board Retreat – 5:30 to 9:30 pm

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- Consent Agenda (5 min)
- DEAI Policy Adoption (30 min)
- Strategic Plan Dashboard Update (25 min)
  - Break (5 min)
- Update and Discussion on 100% renewable on 24/7 basis by 2025 (75 min)
  - Break (5 min)
- Update and Discussion on 2035 Decarbonization Plan (75 min)

# Inflation Reduction Act

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Passed by Congress and Signed by President Biden on August 16

- Restores PTC (Production Tax Credit) to full subsidy level of \$26/MWh (wind, solar, geothermal)
- Restores ITC (Investment Tax Credit) to full subsidy level of 30% ITC, plus up to 20% additional bonus
- Expands ITC to include standalone storage
- ITC and PTC require prevailing wage and apprenticeship requirements to receive full credit
- Provides direct subsidy (“direct pay”) to non-tax paying renewable owners (CCAs, municipalities)
- EVs:
  - New vehicle tax credit of \$7,500 for all customers
  - Up to \$4,000 tax credit for used EVs
- Buildings:
  - Rebates for electrifying appliances for moderate and low-income households

# Legislative Activities Update

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- Amendment of the Clean Air Act
- Assembly's Climate Legislation Proposal
- Governor's 6 Proposals:
  - AB 2133 – Increases 2030 GHG emission reduction goal to 55% from 40%
  - SB 1137 - Establishes a 3,200-foot setback requirement between new oil wells and places where people live or work
  - SB 1020 – Interim clean energy targets, 90% by 2035 and 95% by 2040
  - AB 1395 – Codifies state's 2045 carbon neutrality goal
  - SB 905 – Directs the Air Resources Board to establish a program on carbon capture and storage (CCS)
  - Diablo Canyon – Lend \$1.4 billion to PG&E to keep Diablo Canyon operating through 2030 with an option to extend through 2035

# Upcoming Meetings

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- Citizens Advisory Committee:
  - September 8 at 6:30 p.m. (Zoom)
- Executive Committee:
  - September 12 at 10:00 a.m. (Zoom)
- Board of Directors (Retreat):
  - September 22 at **5:30 p.m.** (Zoom)
- Audit and Finance Committee:
  - October 12 at 8:30 a.m. (Zoom)



# CAC Report (Discussion)

August 25, 2022

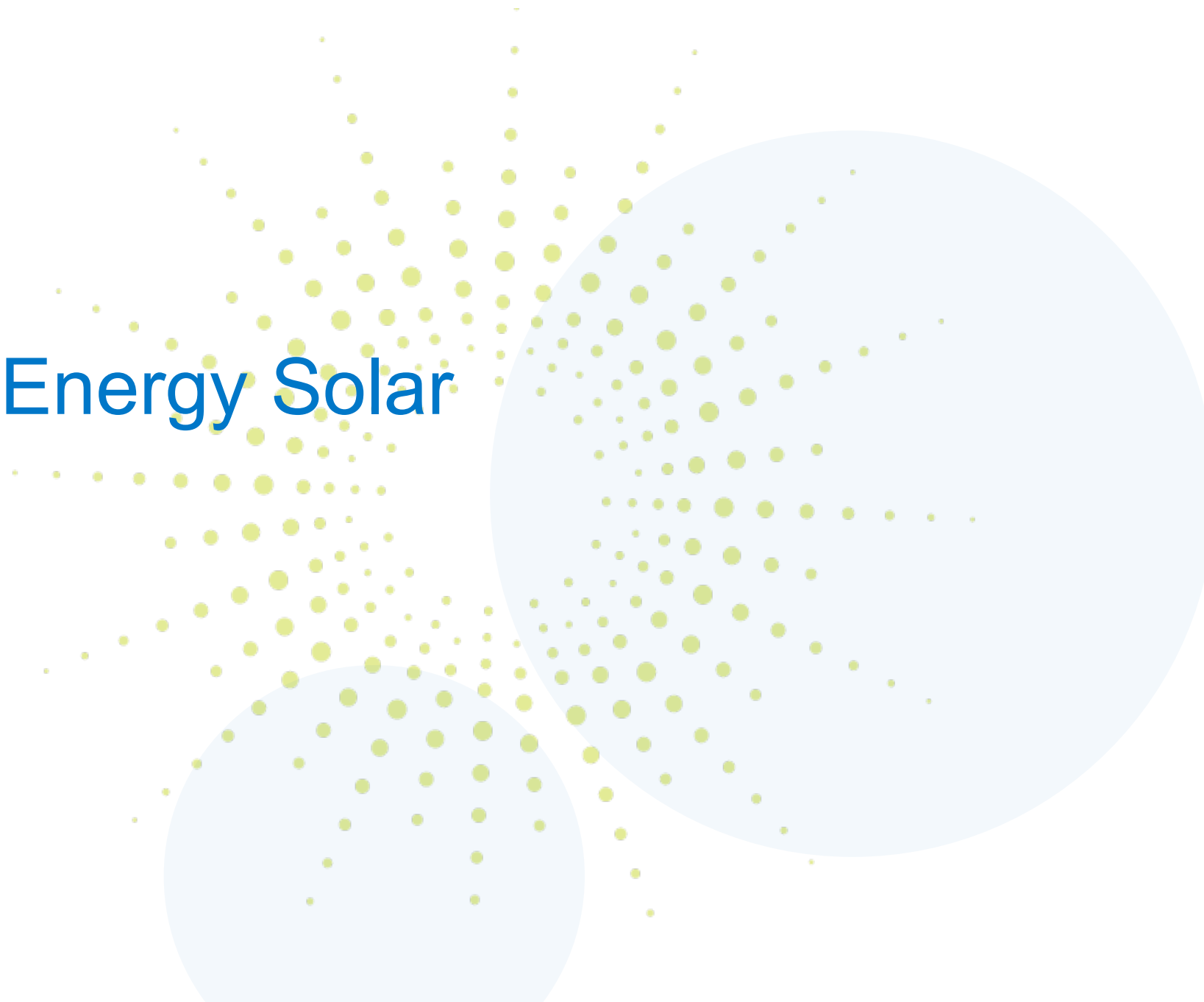
# Report from the Audit and Finance Committee on Investment Management Strategies (Discussion)

August 25, 2022



# DAC-GT Dos Palos Clean Energy Solar Project

Peter Levitt, Program Manager  
August 25, 2022





# Recommendation

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- Approve Resolution Delegating Authority to Chief Executive Officer to Execute Power Purchase and Sale Agreement for Renewable Supply with Renewable America, LLC for the 3 MW Dos Palos Clean Power solar project and any necessary ancillary documents with a Power Delivery Term of 20 years starting at the Commercial Operation Date on or about August 1, 2023, in an amount not to exceed \$12.7 million.

# Disadvantaged Community Solar (DAC-GT, CS-GT)

## Program Overview

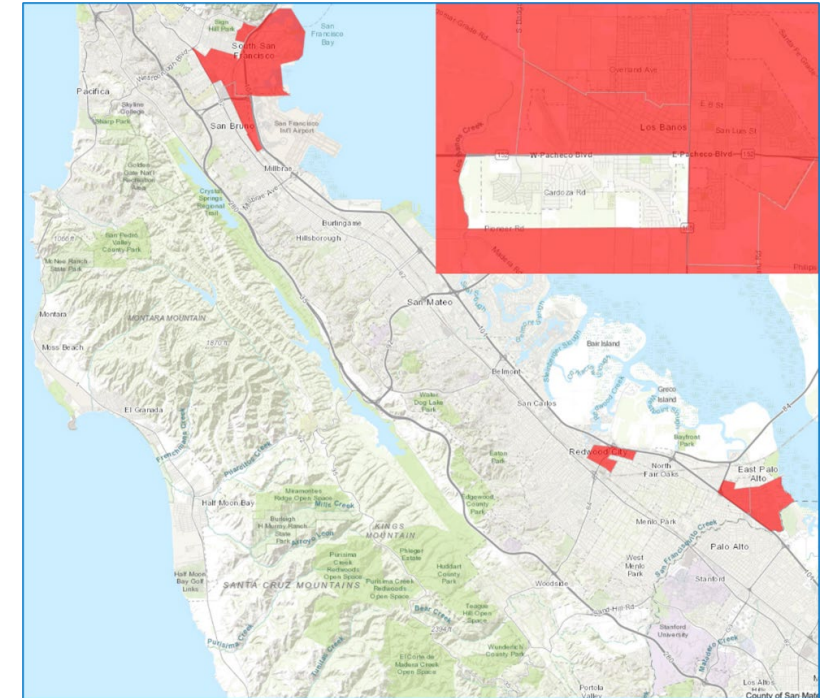
- Renewable energy in and for disadvantaged communities
- Discount of 20% on participant bills
- “Above market” costs reimbursed through the CPUC

## Status

- San Mateo County and Los Banos enrolled
- Served by interim resource from MCE (Goose Lake Solar)
- Solicitation for new resource completed

## Next Step

- Board approval of new resource PPA



# CPUC Programs PCE is Administering

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Program	Resource Requirement	Date PCE Began Offering	# of Customers Currently Served
Disadvantaged Community Green Tariff (“DAC-GT”)	<ul style="list-style-type: none"><li>Renewable generation can be sited at any DAC in PG&amp;E territory</li></ul>	SMC: January 2022 Los Banos: April 2022	SMC: 638 / 680 possible LB: 364 / 364 possible
Community Solar Green Tariff (“CSGT”)	<ul style="list-style-type: none"><li>Renewable generation must be sited within 5 miles of participating customers</li><li>Must include a “community sponsor” to support outreach</li></ul>		

# DAC-GT and DAC-CSGT Allocations

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- Total PCE allocation = 2.57 MW
- 1.24 MW for San Mateo County
- 1.33 MW (estimated) for Los Banos. This is a transfer from PG&E, with final allocation still to be confirmed by CPUC.
- Total project size: 3 MW
  - PCE's procurement costs of 0.43 MW above its allocation are not reimbursed

# Timeline / Evaluation

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- Released RFO for projects, November 2021
- Received 7 offers from 4 bidders for DAC-GT projects (none for CSGT). All were compelling projects with good teams.
- Recommended Dos Palos Clean Power Project, key points:
  - Executed SGIA with PG&E with minimal distribution upgrades, highest confidence it will reach COD
  - Earliest online date of all offers

# Dos Palos Clean Power

Developer	Renewable America LLC
Owner (post COD)	Excelsior Energy Capital
Location	Merced County
Solar Capacity	3 MW
Capacity Factor	32.8%
Storage Size	N/A
MWh / ~% of Load	~9,142 / 0.2%
COD	August 1, 2023
Key Milestones	SGIA: Executed
Labor	PLA or similar agreement
DACs	Located in DAC



# Contract Structure

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- Solar PPA at fixed \$/MWh price for the 20-year term
- No escalation
- Contract term: 20 years beginning at COD, 12/31/2023
- Peninsula Clean Energy is entitled to the following product attributes from the facility:
  - Energy only
- Scheduling Coordinator: Peninsula Clean Energy

**Labor:** Commitment to use of PLA or similar agreement

**Environmental:** May 2022 report by Panorama Environmental, Inc. advises no special status wildlife species and no special status plant species

# Recommendation

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- Approve Resolution Delegating Authority to Chief Executive Officer to Execute Power Purchase and Sale Agreement for Renewable Supply with Renewable America, LLC for the 3 MW Dos Palos Clean Power solar project and any necessary ancillary documents with a Power Delivery Term of 20 years starting at the Commercial Operation Date on or about December 1, 2023, in an amount not to exceed \$12.7 million.



# Item 14 - Authorize Amendment to Power Purchase Agreement w/ Chaparral Solar + Storage Project

Chelsea Keys

Interim Director, Power Resources

August 25, 2022

# Recommendation

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Approve Resolution Delegating Authority to Chief Executive Officer to Execute a Third Amendment to the Power Purchase and Sale Agreement (PPA) and any necessary Ancillary Documents for the Solar + Storage Project with Chaparral Solar, LLC

# Policy 15 – Energy Supply Procurement Authority

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- Any amendments to agreements previously approved by the Board, require consultation with General Counsel and the Board Chair for approval
- In the interest of transparency, because this PPA has a term > 5 years, we are bringing this amendment to the Board tonight for approval
- On July 21, 2022, staff met with the Procurement Subcommittee to relay the details of this amendment and the challenges developers in the industry are facing for projects in development

# Background of Project

<b>Project</b>	Chaparral Solar
<b>Developer</b>	Leeward Renewable Energy, LLC
<b>Technology</b>	102 MW solar + 52 MW storage (4hr)
<b>Location</b>	Kern County, CA
<b>Term</b>	15 years
<b>Delivery Start</b>	December 31, 2023
<b>Board Approval Date</b>	September 25, 2021



*Courtesy of Leeward Renewable Energy  
(Chaparral Project construction)*

# Challenges & Disruptions in the Energy Market

- Inflation – High commodity prices (steel, copper, aluminium, fuel etc)
- Lithium supply scarcity – EV market driving up demand
- Interest rates rising
- Supply Chain disruptions
  - COVID still has some impacts
  - Developers experiencing hurdles as their suppliers back out of their contracts because the production of materials are delayed and costs are so much higher
- Solar tariff uncertainty



*Courtesy of Leeward Renewable Energy  
(Chaparral Project construction)*



# Solar Tariffs

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- Solar developers fear the U.S. Commerce Dept. investigation into anti-dumping and countervailing duties could lead to tariffs rising to 250% on solar materials imported from SE Asia countries ~80% of US supply.
  - Biden issued an executive order to place a 2-yr suspension of any new solar tariffs but the uncertainty of what will happen with the investigation lingers w/ developers

# Impacts to Market

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- Many developers are having to revisit their executed PPAs with the buyers for renewable projects that are in development
- PG&E issued an Advice Letter-6658 requesting approval of two contract amendments to PPAs from CPUC
  - One PPA amendment requires a change to one project's online date from 2022 to 2023 and a reduction to the capacity size. The other amendment required a price increase.
- These amendments are examples of the types of changes developers are seeking with buyers to ensure projects remain economical and on track in their development stage

# CPUC Mid-Term Reliability Decision

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- D21-06-035, the CPUC procurement order adopted June 24, 2021, requiring 11,500 MW of new generation between the years 2023 – 2026 to ensure grid reliability
- Created competition in the market – Load serving entities must procure to their set requirements for each year (2023 – 2026)
- Chaparral contribute toward Peninsula Clean Energy's MTR requirements



# Impacts on Chaparral

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- Chaparral has been impacted by a combination of challenges - primarily supply chain disruptions and inflation creating a supply scarcity and driving up commodity prices for materials to construct renewable projects
- The developer, Leeward, has come back to Peninsula Clean Energy requesting changes to particular PPA terms to reduce the possibility of termination
- While this PPA was executed roughly 1 year ago, the market has changed considerably since then and the project's economics are at risk

# Procurement Subcommittee

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- Staff met with the Board Procurement Committee on July 21, 2022, to relay some of the economic impacts on Peninsula Clean Energy's projects and the status of our amendment negotiations
- Each member of the subcommittee supported staff's efforts to negotiate amendments, alleviating the risk of PPAs terminating
  - General consensus: The long-term projects Peninsula Clean Energy has contracted for are key to meeting its Mid-Term Reliability procurement obligations and further demonstrate that our organization is committed to bringing online new renewable resources to the grid, despite the current challenges.

# Chaparral Amendment

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- Staff conducted extensive analysis on the impacts of this amendment to our power supply portfolio and has determined that the changes are acceptable
- We believe it would be difficult to contract for other resources at a competitive price and be able to achieve commercial operations under the same timeline
- The amendment does not impact Peninsula Clean Energy's Mid-term Reliability requirements, this project will meet the requirements as originally planned

# Recommendation

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Approve Resolution Delegating Authority to Chief Executive Officer to Execute a Third Amendment to the Power Purchase and Sale Agreement (PPA) and any necessary Ancillary Documents for the Solar + Storage Project with Chaparral Solar, LLC

# Questions

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*Courtesy of Leeward Renewable Energy (Chaparral Project) – Installing wire harness*

# Item 15: Power Purchase Agreement for Buena Vista Wind

Chelsea Keys

Interim Director, Power Resources

August 25, 2022



# Recommendation

- Approve Resolution Delegating Authority to Chief Executive Officer to Execute Power Purchase and Sale Agreement for Renewable Supply with Buena Vista Energy, LLC, and any necessary ancillary documents with a Power Delivery Term of 5 years beginning on January 1, 2023, in an amount not to exceed \$37 million.



# Background

- The Peninsula Clean Energy Board previously approved a PPA with Buena Vista on March 23, 2017, for a term of 5 years
- The PPA expired in April 2022 and staff has been negotiating with the developer to extend this PPA for another term for several months
- There is strong demand to contract for wind projects in California and the Buena Vista project is an attractive project for Peninsula Clean Energy's portfolio





# Project Overview

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<b>Owner</b>	Leeward Renewable Energy, LLC
<b>Counterparty</b>	Buena Vista Energy, LLC
<b>Location</b>	Contra Costa County, CA (North of Altamont pass)
<b>Term</b>	5 years
<b>Delivery Start</b>	January 1, 2023
<b>Price</b>	Fixed \$/MWh
<b>Environmental / Permitting</b>	Completed, existing project
<b>Labor</b>	N/A



*Courtesy of Leeward Renewable Energy (Buena Vista)*

# Contract Structure

- Peninsula Clean Energy is entitled to all product attributes from the facility:
  - Energy
  - Renewable energy
  - Ancillary services
  - Resource adequacy
- Project Share:
  - Energy: PCE will receive 90% of 38 MW capacity for 2023-2024, 100% 2025-2027
  - Resource Adequacy: PCE will receive 100% for the full term
- Scheduling Coordinator: PCE will become the SC beginning 2025



Courtesy of Leeward Renewable Energy (Buena Vista)



# Developer

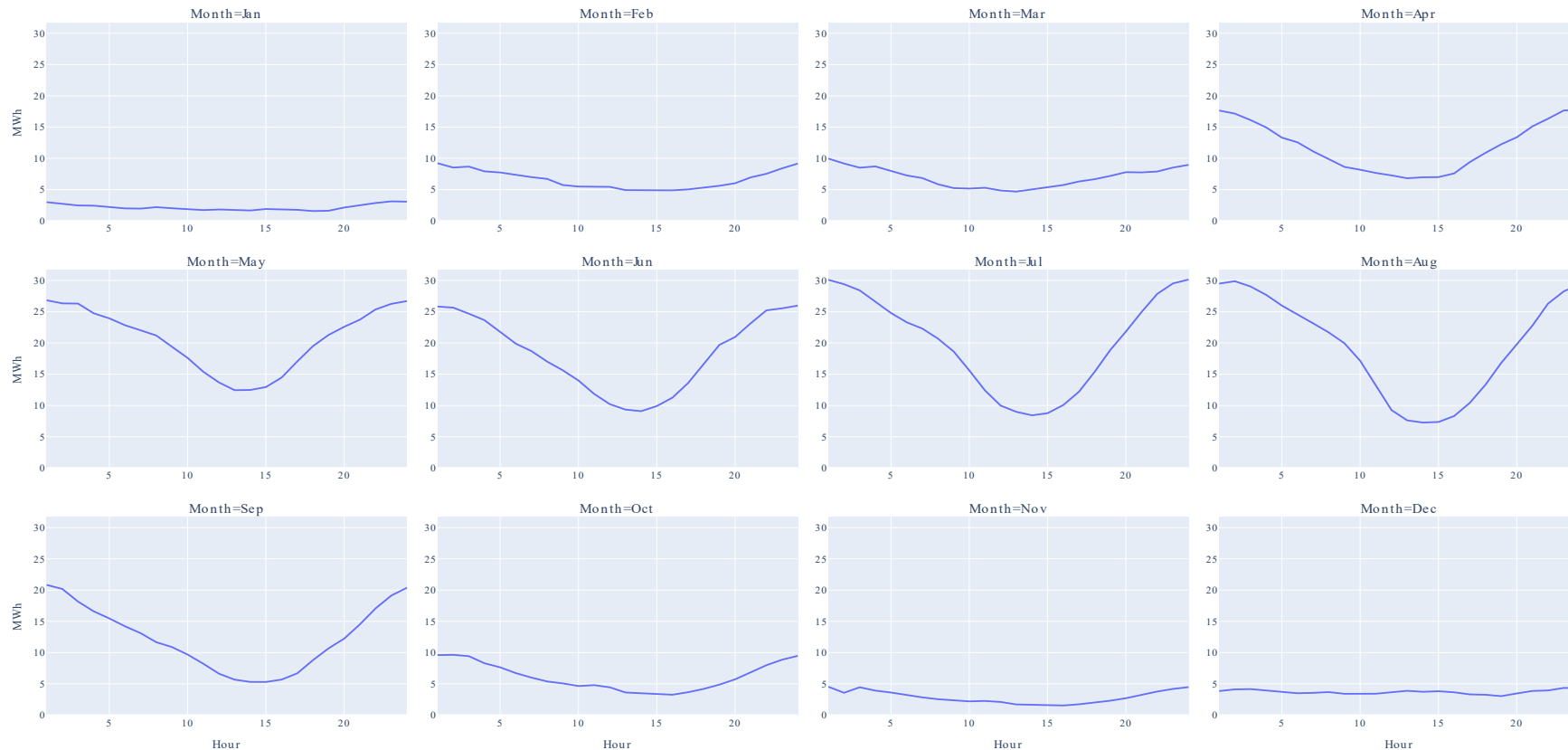
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- Leeward Renewable Energy, LLC
  - US based energy developer that owns and operates a portfolio of 24 utility-scale projects across 9 states w/ a total generating capacity > 2,500 MW
  - Leeward is also the developer for the Chaparral 102 MW solar and 52 MW battery storage project



# Generation Profile

- Buena Vista's generation profile compliments Peninsula Clean Energy's energy profile – generates less during solar hours and more in the evening hours



# Project Benefits

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- Peninsula Clean Energy previously contracted for this project
- Very few projects available to start deliveries in 2023
- Adds portfolio diversity – important to have contracts with various term lengths to allow room to procure different resources for the portfolio that may come available later
  - Buena provides a shorter-term: 5-year contract
- The financial impact of adding this project is a net benefit compared to expected supply costs

# Recommendation

- Approve Resolution Delegating Authority to Chief Executive Officer to Execute Power Purchase and Sale Agreement for Renewable Supply with Buena Vista Energy, LLC, and any necessary ancillary documents with a Power Delivery Term of 5 years beginning on January 1, 2023, in an amount not to exceed \$37 million.



# Approval of Increased Budget Flexibility in Programs

Board of Directors  
August 25, 2022



# Program Overview

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**Request:** Board approval of increased flexibility for use of funds within the approved Community Energy Programs departmental budget.

## Objectives

- Improve responsiveness to customer demand
- Reduce actions at the Board
- Increase program impacts



# Current Practice

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The Board takes budget-related actions related to programs at three levels:

1. **Organization and Departmental budget:** PCE's organizational budget which includes a specific Community Energy Programs department allocation that covers expenses for our various programs.
2. **“Programmatic” budgets:** Multi-year budgets for distinct programs
3. **Contracts:** Over \$100,000 within a Fiscal Year

# Challenge

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- Program uptake projections are made with best available information
- Market conditions and other factors make projections are very imprecise
- Uptake can vary significantly and can create excess capacity in some programs while other programs are oversubscribed
- Opportunities arise to advance objectives and be responsive to customer demand if funds can be shifted in a timely manner
- The current practice requires returning to the Board for budget change authorizations slowing responsiveness and creating added administrative burden

# Proposed New Practice

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The Board takes budget-related actions at two levels:

1. **Organization and Departmental budget:** PCE's organizational budget which includes a specific Community Energy Programs department allocation that covers expenses for our various programs.
2. **Contracts:** Over \$100,000 within a Fiscal Year

Staff manages program budgets to maximize objectives and will inform the board about any re-allocations of funding between programs.

# Legacy Budget Approvals

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Request is proposed to apply retroactively:

- EV Ready – EV charging incentive program
- Existing Buildings – including Appliance Incentives and Home Upgrade
- Used EV – Electric vehicle incentives
- E-Bikes – Electric bike incentives

# Program Overview

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**Request:** Board approval of increased flexibility for use of funds within the approved Community Energy Programs departmental budget.

## Objectives

- Improve responsiveness to customer demand
- Reduce actions at the Board
- Increase program impacts

# Board Members' Reports (Discussion)

August 25, 2022

# Adjournment