Agenda

• Call to Order / Roll Call

• Public Comment (for items not on the Agenda)

• Action to set the Agenda and Approve Consent Items 1-8
  o Consent - Public Comment

• Regular Agenda

• Adjournment
Chair Report (Discussion)
August 25, 2022
Welcome!

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

• 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

- Director of Power Resources
- Strategic Accounts Manager
Audit & Finance Committee – Opening!

Need one additional board member to serve on Audit & Finance Committee
Presentations to City Councils

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

• Consent Agenda (5 min)

• DEAI Policy Adoption (30 min)

• Strategic Plan Dashboard Update (25 min)
  o Break (5 min)

• Update and Discussion on 100% renewable on 24/7 basis by 2025 (75 min)
  o Break (5 min)

• Update and Discussion on 2035 Decarbonization Plan (75 min)
Inflation Reduction Act

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

• Amendment of the Clean Air Act

• Assembly’s Climate Legislation Proposal

• Governor’s 6 Proposals:
  o AB 2133 – Increases 2030 GHG emission reduction goal to 55% from 40%
  o SB 1137 - Establishes a 3,200-foot setback requirement between new oil wells and places where people live or work
  o SB 1020 – Interim clean energy targets, 90% by 2035 and 95% by 2040
  o AB 1395 – Codifies state’s 2045 carbon neutrality goal
  o SB 905 – Directs the Air Resources Board to establish a program on carbon capture and storage (CCS)
  o 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

• Citizens Advisory Committee:
  o September 8 at 6:30 p.m. (Zoom)

• Executive Committee:
  o September 12 at 10:00 a.m. (Zoom)

• Board of Directors (Retreat):
  o September 22 at 5:30 p.m. (Zoom)

• Audit and Finance Committee:
  o 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

• 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

<table>
<thead>
<tr>
<th>Program</th>
<th>Resource Requirement</th>
<th>Date PCE Began Offering</th>
<th># of Customers Currently Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disadvantaged Community Green Tariff (“DAC-GT”)</td>
<td>• Renewable generation can be sited at any DAC in PG&amp;E territory</td>
<td>SMC: January 2022 Los Banos: April 2022</td>
<td>SMC: 638 / 680 possible LB: 364 / 364 possible</td>
</tr>
<tr>
<td>Community Solar Green Tariff (“CSGT”)</td>
<td>• Renewable generation must be sited within 5 miles of participating customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Must include a “community sponsor” to support outreach</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DAC-GT and DAC-CSGT Allocations

- 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

• 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:
  o Executed SGIA with PG&E with minimal distribution upgrades, highest confidence it will reach COD
  o Earliest online date of all offers
# Dos Palos Clean Power

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

- 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

• 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

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

• 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

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

*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
Solar Tariffs

• 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.
  o 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

• 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

• 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

• 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

• 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
  
  o 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

• 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

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

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

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

*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

• Leeward Renewable Energy, LLC
  o 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
  o Leeward is also the developer for the Chaparral 102 MW solar and 52 MW battery storage project
• 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

• 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
  o 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

**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

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

• 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

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

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

**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
Adjournment