

**Regular Meeting of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Minutes**

Thursday, September 22, 2022
5:30 p.m.
Zoom Video Conference and Teleconference

CALL TO ORDER

Meeting was called to order at 5:32 p.m. in virtual teleconference.

ROLL CALL

Participating Remotely:

Dave Pine, San Mateo County
Warren Slocum, San Mateo County, arrived at 6:32 p.m.
Rick DeGolia, Atherton, *Chair*
Julia Mates, Belmont, arrived at 6:30 p.m.
Coleen Mackin, Brisbane
Donna Colson, Burlingame, *Vice Chair*
Roderick Daus-Magbual, Daly City
Carlos Romero, East Palo Alto, arrived at 6:23 p.m.
Sam Hindi, Foster City
Harvey Rarback, Half Moon Bay
Laurence May, Hillsborough
Betsy Nash, Menlo Park
Anders Fung, Millbrae
Tygarjas Bigstycck, Pacifica
Jeff Aalfs, Portola Valley
Elmer Martinez Saballos, Redwood City
Marty Medina, San Bruno
Laura Parmer-Lohan, San Carlos
Rick Bonilla, San Mateo, arrived at 5:38 p.m.
James Coleman, South San Francisco

Pradeep Gupta, Director Emeritus
John Keener, Director Emeritus

Absent:

Raquel Gonzalez, Colma
Tom Faria, Los Banos
Jennifer Wall, Woodside

A quorum was established.

PUBLIC COMMENT

None

ACTION TO SET THE AGENDA AND APPROVE REMAINING CONSENT AGENDA ITEMS

MOTION: Director Aalfs moved, seconded by Chair DeGolia to set the Agenda, and approve Agenda Item Numbers 1-2.

1. Adopt Findings Pursuant to AB 361 to Continue Fully Teleconferenced Committee Meetings Due to Health Risks Posed by In-Person Meetings
2. Approval of the Minutes for the August 25, 2022 Board of Directors Meeting

MOTION PASSED: 15-0 (Absent: San Mateo County, Belmont, Colma, East Palo Alto, Los Banos, Redwood City, San Mateo, Woodside)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Slocum				X
Atherton	Director DeGolia	X			
Belmont	Director Mates				X
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Colma	Director Gonzalez				X
Daly City	Director Daus-Magbual	X			
East Palo Alto	Director Romero				X
Foster City	Director Hindi	X			
Half Moon Bay	Director Rarback	X			
Hillsborough	Director May	X			
Los Banos	Director Faria				X
Menlo Park	Director Nash	X			
Millbrae	Director Fung	X			
Pacifica	Director Bigstycck	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Hale				X
San Bruno	Director Medina	X			
San Carlos	Director Parmer-Lohan	X			
San Mateo	Director Bonilla				X
South San Francisco	Director Coleman	X			
Woodside	Director Wall				X
	Totals	15			8

REGULAR AGENDA

3. Chair Report

Chair DeGolia reported that Board Member Marty Medina was appointed to the Audit and Finance Committee and noted the Audit and Finance Committee, and the Executive Committee will meet on Wednesday, October 12, 2022 instead of the regular Monday meeting.

4. CEO Report

Jan Pepper, Chief Executive Officer, gave a report including a staffing update, a timeline for tonight's meeting, and information on upcoming meetings, including the Wednesday meetings for the Audit and Finance Committee and Executive Committee.

5. Citizens Advisory Committee Report

Cheryl Schaff, Citizens Advisory Committee (CAC) Chair, gave a report recapping the September 8, 2022 Citizens Advisory Committee Meeting including updates on CAC working group directives and progress made.

6. Approve an Amended and Restated Power Purchase Agreement (PPA) with Arica Solar + Storage (Action)

Chelsea Keys, Interim Director of Power Resources, gave a presentation including background on the project, information on challenges and disruptions in the energy market, impacts to buyers in the market, the California Public Utilities Commission (CPUC) mid-term reliability decision, impacts on Arica and Peninsula Clean Energy, and information on the procurement subcommittee meetings for this topic.

Director Bonilla asked if this project would continue to be built under a Project Labor Agreement. Chelsea responded that it would.

Director Emeritus Gupta asked if Arica Solar was the only contractor who returned to Peninsula Clean Energy to address an existing PPA due to supply chain issues. Chelsea Keys explained that last month Chaparral Solar was brought to the Board for a similar amendment approval.

Public Comment: David Mauro

MOTION: Director Bonilla moved, seconded by Director Pine to Approve Resolution Delegating Authority to the Chief Executive Officer to Execute an Amended and Restated Power Purchase and Sale Agreement (A&R PPA) with Arica Solar, LLC, and any necessary ancillary documents.

MOTION PASSED: 16-0 (Absent: San Mateo County, Belmont, Colma, East Palo Alto, Los Banos, Redwood City, Woodside)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Slocum				X
Atherton	Director DeGolia	X			
Belmont	Director Mates				X
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Colma	Director Gonzalez				X
Daly City	Director Daus-Magbual	X			

East Palo Alto	Director Romero				X
Foster City	Director Hindi	X			
Half Moon Bay	Director Rarback	X			
Hillsborough	Director May	X			
Los Banos	Director Faria				X
Menlo Park	Director Nash	X			
Millbrae	Director Fung	X			
Pacifica	Director Bigstycck	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Hale				X
San Bruno	Director Medina	X			
San Carlos	Director Parmer-Lohan	X			
San Mateo	Director Bonilla	X			
South San Francisco	Director Coleman	X			
Woodside	Director Wall				X
	Totals	16			7

7. Diversity, Equity, Accessibility, and Inclusion (DEAI) Policy Update (Discussion)

Shayna Barnes, Operations Specialist, gave a presentation that included an update that the DEAI Policy approval will be moved to October, but emphasized keeping diversity, equity, accessibility, and inclusion in mind throughout the evening's discussions.

Director Daus-Magbual shared that he is proud to be a part of this process.

Vice Chair Colson added that she sent an introductory email to the San Mateo County Reach Coalition to begin collaboration with Peninsula Clean Energy. Shayna shared that earlier in the DEAI process there had been collaboration with the Reach Coalition, but that it would be great to reconnect further along in the process.

8. Strategic Plan Dashboard Update

Jan Pepper, Chief Executive Officer, introduced the strategic plan dashboard update including material updates since the September 2021 Board Meeting, context on the market and industry, and an update on Peninsula Clean Energy's two organizational priorities.

Chelsea Keys, Interim Director of Power Resources, shared an update for Power Resources.

Rafael Reyes, Director of Energy Programs, shared an update for Community Energy Programs.

KJ Janowski, Director of Marketing and Community Relations shared an update for Marketing and Community Relations.

Leslie Brown, Director of Account Services, shared an update for Account Services.

Jeremy Waen, Directory of Regulatory Policy, and Marc Hershman, Director of Government Affairs, shared an update for Public Policy.

Kristina Cordero, Chief Financial Officer, shared an update on Financial Stewardship.

Jan Pepper concluded the presentation and shared an update on Organization Excellence.

Director Emeritus Gupta asked about a study for cost-based rate setting for Peninsula Clean Energy.

Jan explained that this item is part of the 2023 priorities. Kristina Cordero explained that the cost-of-service study is identified in the more detailed Board Memo for this item. Jan also thanked Shawn Marshall for her work putting together this presentation.

Public Comment: Bruce Karney, Drew

Kristina explained the decrease in days cash on hand as a decrease due to weathering an increase in expenditures in 2022.

Chair DeGolia made note of the success in Los Banos with only a 3% opt-out rate. KJ Janowski explained that the 97% participation rate is for the whole territory, including San Mateo County, and that the participation rate in Los Banos is currently at 95% though enrollment in Los Banos is not yet complete.

The Board of Directors took a break from 6:48 p.m. and returned at 6:53 p.m.

9. Update and Discussion on 100% Renewable on 24/7 Basis by 2025

Jan Pepper, Chief Executive Officer, introduced the team who will be sharing the report on the 100% Renewables on a 24/7 Basis by 2025 item as well as a presentation outline, information on terminology used in the presentation, background information on this organizational priority, progress to date, and a recommendation to target 99% time-coincident renewable energy on a planning forecast basis.

Sara Maatta, Senior Renewable Energy and Compliance Analyst presented background on this goal including Peninsula Clean Energy's supply on an annual basis, the 24/7 emissions footprint, annual accounting versus 24/7 accounting, and phasing for the time-coincident renewable goal.

Greg Miller, PhD candidate at UC Davis and Peninsula Clean Energy Intern, presented the modeling approach including the 24/7 objective, types of modeling, resources considered for the 24/7 goal, renewable goal scenarios and market sensitivity scenarios. Greg also presented the results for portfolios for 24/7 renewable energy including the current portfolio, the new capacity required to add to Peninsula Clean Energy's portfolio and information on excess generation.

Director Rarback asked where the 46% excess generation would go. Greg explained that the excess generation would be used by the grid, but it would not count towards meeting the 24/7 goal and wouldn't necessarily be used by Peninsula Clean Energy's consumers, though with increased electrification our consumers could grow into that portfolio in the future. Jan added that the excess energy generated would be sold into the market.

Director Bonilla asked for further information on the risk of excess generation. Greg explained that it could cause more potential market risk.

Chair DeGolia added that the California Public Utilities Commission (CPUC) currently requires more energy generated than customers consume. When you sell the excess generation into the market there is a risk you cannot cover your costs.

Director Pine asked why the amount of energy required for 100%-time coincidence is so different from 99%-time coincidence. Greg explained that there are certain hours of the year that there are not a lot of renewable sources available, such as winter evenings, The more cost-effective way to jump from 99% to 100% is through dramatically increasing the amount of storage.

Mehdi Shahriari, Senior Renewable Energy Analyst, continued the presentation by sharing results for the cost of 24/7 renewable energy including assumptions around the cost of energy, the cost of time-coincident procurement, market sensitivity analysis, stochastic results, the range of likely outcomes and risk premiums.

Chair DeGolia noted that this is the critical area of risk in Peninsula Clean Energy's business and very technical. When you buy energy, you buy the actual power and renewable energy credits and how you manage that is where the risk is.

Director Romero asked how the resale of energy was calculated. Mehdi explained that the resale assumes the sale of excess resource adequacy (RA) or renewable energy credits (REC) at a discounted rate. Director Romero asked for clarification on what the discounted rate is. Mehdi replied that the discount anticipates between 75-80% of the full value.

Chair DeGolia asked more clarification on the incremental difference between the cost of energy with resale and with no resale between 95% and 99% hourly. Mehdi explained that the incremental differences at a 96%, 97% and 98% hourly matching would fall between 95% and 99% on the range of likely outcomes. Mehdi explained the large difference at 100% hourly is due to a much higher amount of additional capacity in the portfolio.

Public Comment: Mark Roest, Drew, Bruce Karney

Director Emeritus Gupta suggested that demand possibilities were not taken into account in this modeling and that there might be some refinement if demand possibilities are also included. Mehdi explained that changes in load shapes for electric vehicle charging and building electrification were considered, but demand response is something that will be considered in the future.

Director Romero asked if a no-resale possibility exists because the market could be saturated and Peninsula Clean Energy couldn't sell the excess energy. Mehdi explained that in the long-term, if more communities are setting high renewable targets, there might be a smaller demand in the market for these attributes. In the near-term, there is more certainty for how much Peninsula Clean Energy can sell these attributes.

Director Aalfs noted that the grid of the future could allow for integrating with the rest of the Western U.S. and that it is remarkable that 99% time-coincident renewable energy with only a modest increase in costs is being presented.

Director Emeritus Keener stated that 99% coincident power at 2% more cost is something most all of us would do.

Mehdi continued the presentation including the results of emission and grid impacts of 24/7 renewable energy including information on the hourly carbon footprint, avoided emissions, impacts on the grid with system net peak and real time operations with time-coincident performance.

Director Romero asked if the target would be for 99% time-coincident but looking at a target between 96-98%? Mehdi explained that the planning forecast is for 99% time coincident as phase 1 of modeling. In phase two, following the year 2025, there will be a focus on real-time with access to load data from PG&E.

Sara continued the presentation discussing challenges and risks.

Chair DeGolia noted that requirements from the CPUC and regulatory uncertainty are a risk. Chair DeGolia also noted two retrospective insights on purchasing solar resources too slowly when prices were low and not purchasing enough energy with Geysers geothermal. Chair DeGolia stated that Peninsula Clean Energy should be proud of diving into the 24/7 goal.

Vice Chair Colson noted that the listed risks are incremental and already exist. Vice Chair Colson supports ways to mitigate financial risks.

Director Aalfs added with regulatory uncertainty, Peninsula Clean Energy is redefining the regulatory risks and that the state will be watching to see what happens with the time-coincident roll out.

Director Romero shared that from a risk mitigation perspective this may require the Committees to think about financial reserves to implement 24/7 and cover the uncertainties.

Director Emeritus Keener noted that wind energy is most susceptible to unfavorable contracts. The California market is saturated and may cost more.

Director Bonilla noted that there are two types of risks, the calculated risks as presented by staff which have been extensively reviewed, and other uncalculated risks.

Director Emeritus Gupta noted some opportunities as other Community Choice Aggregators and neighboring organizations make their own estimations of time-coincident energy. He noted there are possibilities of creating a market of reserves that may be more optimal than each organization looking at it themselves in isolation.

Chair DeGolia asked if there is a request to change the goal from 100% to 99%? Jan explained this Agenda Item is not listed as an action item, but that staff could return with that.

Sara concluded the presentation with a summary, recommendation, and next steps.

Public Comment: Mark Roest, Bruce Karney

SWEARING IN OF NEW BOARD MEMBER

David Silberman, General Counsel, presided over the official swearing-in of new Board Member Elmer Martinez Saballos from the City of Redwood City.

The Board of Directors took a break from 8:34 p.m. and returned at 8:40 p.m.

10. Update and Discussion on 2035 Decarbonization Plan

Jan Pepper, Chief Executive Officer, and Rafael Reyes, Director of Energy Programs, introduced the second strategic priority: the 2035 Decarbonization Plan.

Director Aalfs remarked that he was awestruck by the amount of work went into this strategic priority including the involvement of the advisory committee comprised of the who's who of sustainability leaders from many sectors.

Rafael presented the advisory committee members and shared key comments made by the committee, recapped the project schedule and Peninsula Clean Energy's 2035 plan scope

Phillip Kobernick, Programs Manager for Transportation, presented on transportation including electric vehicle (EV) growth for new vehicle sales, current EV charging distribution, and analysis and conclusions for transportation.

Blake Herrschaft, Programs Manager for Buildings, presented on the impact of utility rates, overarching income distribution in San Mateo County, small residential income distribution in San Mateo County, a special challenge for very low-income in San Mateo County, and analysis and conclusions for buildings.

Rafael continued the presentation with feasibility conclusions for the Peninsula Clean Energy 2035 Decarbonization Plan and scaling and partnerships including generating scale, acting with others, the San Mateo County Neutrality Action Plan and replication.

Director Nash noted that BlocPower may be worth exploring for partnerships.

Director Romero suggested partnering with Metropolitan Transportation Commission (MTC) for future collaborations as well as BayREN.

Rafael continued the presentation on financial strategy including key principles, and modeling assumptions. Blake continued the presentation on the financial model on the building side including the current cost of home upgrades, and information on electrification of existing buildings in comparison to the gas replacements. Phillip continued the presentation on the financial model on the transportation side including EV charging and vehicles.

Rafael continued the presentation including risks and uncertainties and introduced program concepts. Blake continued the presentation with buildings electrification and reach codes and other local policies. Phillip continued the presentation with transportation electrification. Rafael added Peninsula Clean Energy as a conduit to capital.

Director Romero asked about buying down the rates on PACE funding for low-income families and if a rate subsidization program for PACE funders would make some of the electrification of homes slightly less costly. Rafael explained there is intent to explore this.

Director Mackin asked about solutions to the high electrification cost of residences and of other companies besides Harvest Thermal producing this type of equipment. Director Mackin asked if Peninsula Clean Energy could accelerate development of that type of equipment to bring down the costs. Rafael explained that four pilot systems are in operation with Harvest Thermal, an innovation pilot that does both water and space heating with a single unitary system. Staff is currently tracking other companies that are trying to do the same thing; currently, there are three companies that staff is aware of.

Vice Chair Colson suggested a consistent, easy to access location on data for electrification programs and how the programs can integrate with each other. Vice Chair Colson also suggested creating a “store front” where only electric options are available for the public to explore, as well as partnering with retailers to incentivize selling electric options. Rafael explained that some of those elements have been incorporated, such as establishing a one stop shop to support and navigate and that engaging retailers is something staff can look at.

Director Mackin suggested more outreach to contractors to facilitate adoption; many contractors will negate electrification because they are unfamiliar with it and steer residents towards status quo.

Director Bonilla added that trained electricians and the workforce exist, but that demand is missing. Director Bonilla added that industry adapts to demand – if cities pass reach codes it will induce demand.

Director Nash suggested working together to get reach codes passed. Sacramento Municipal Utility District (SMUD) is doing a 1-800, make one phone call and people will come help replace immediately rather than working it out during an emergency. Director Nash noted the permit process needs some help - permitting for electrification is more difficult than with gas.

Chair DeGolia noted that high electricity rates are a large challenge noting the difference between Peninsula Clean Energy’s rates and SMUD being about 3:1. With this large difference it will be difficult to get mainstream adoption.

Rafael continued the presentation with policy needs, including key regional and state policies

Director Aalfs noted that rates do not need to be as good as SMUD; they just need to be better than PG&E gas rates.

Rafael concluded the presentation with next steps.

Public Comment: Diane Bailey, Mark Roest, Bruce Karney

11. Board Members’ Reports

Director Bigstycck noted that Fog Fest will take place in Pacifica this weekend.

ADJOURNMENT

Meeting was adjourned at 9:53 p.m.