

Peninsula Clean Energy Board of Directors Meeting

December 15, 2022

Agenda

- Call to Order / Roll Call
- Public Comment (for items not on the Agenda)
- Action to set the Agenda and Approve Consent Items 1-4
 - Consent - Public Comment
- Regular Agenda
- Adjournment

Chair Report (Discussion)

CEO Report (Discussion)

Staffing Updates

Welcome to New Hires:

- Brooke Morales, Senior Marketing Communications Specialist, started Nov. 21
- Justin Pine, Strategic Accounts Manager, started Nov. 28



Staffing Updates: Open Positions

Currently posted on PCE website:

- Director of Power Resources
- IT Systems & Support Administrator

Soon to be posted on PCE website:

- Senior Power Contracts Manager
- Director of Marketing and Community Relations
- Administrative Assistant



Regulatory Updates

- New PG&E Generation and PCIA Rates to be published by end of month
 - More from Leslie in Item 9
- NEM 3.0 Decision passed by CPUC today
 - More info from Jeremy in Item 11



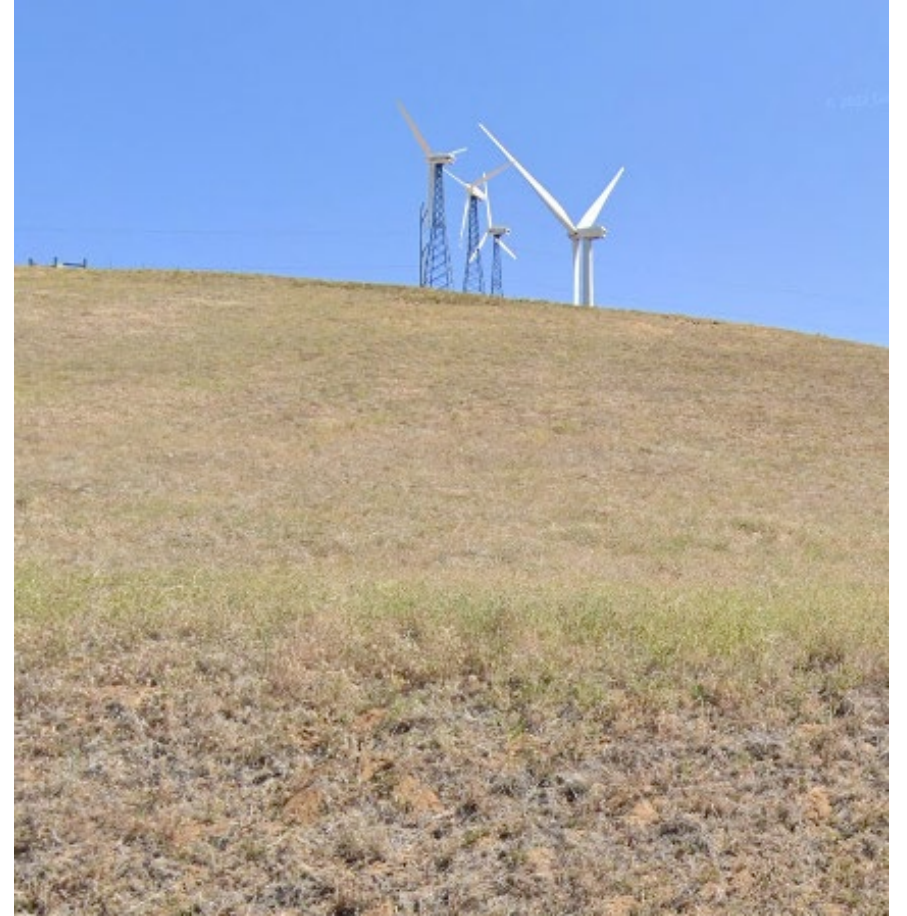
News from Sacramento

- Election Update
 - Assembly Speaker(s) for 2023 finalized
- Special session on Oil Company Profits



Power Purchase Agreement

- Procurement Report (Item 17)
 - We are signing a 3-year agreement for wind energy from the CalWind Wind Resource 1 project, which is starting on January 1, 2023.
 - Project is existing 8.7 MW wind project located in the Tehachapi area.



Solar+Storage on Public Buildings

- First cohort of 15 projects in 13 jurisdictions
 - Finalizing review of Customer PPA with each jurisdiction
- Looking for projects for next cohort
 - Other city facilities
 - Other public facilities – school districts, water treatment and waste treatment facilities, transit agencies
 - Please contact us if with contact information of interested parties



PCE Ad Hoc Subcommittees

- Any interest in serving on:
 - Ad hoc Legislative Subcommittee
 - Ad hoc Marketing Subcommittee



Upcoming Meetings

- Executive Committee:
 - January 9, at 10:00 a.m. (Zoom)
- Citizens Advisory Committee:
 - January 12 at 6:30 p.m. (Zoom)
- Board of Directors:
 - January 26 at 6:30 p.m. (Zoom)
- Audit and Finance Committee:
 - February 13, 2023, at 8:30 a.m. (Zoom)



CAC Report (Discussion)

Recognition for 2022 Departing Board Members (Discussion)



From left to right: Marty Medina, Mike Guingona, Greg Scoles, Rick Bonilla, Rick DeGolia, Catherine Carlton, Dave Pine, Donna Colson, Larry May, Lori Liu, John Keener, Ann Schneider, Daniel Yost, Deborah Penrose, Craig Hughes, Pradeep Gupta, Ian Bain, Joseph Silva, Larry Moody



Approval of new Peninsula Clean Energy Rates, to be Effective February 1, 2023 with a Minimum Net 5% Discount in Generation Charges for ECOplus Compared to PG&E Generation Rates, Effective January 1, 2023 (Action)

Leslie Brown, Director of Account Services

December 15, 2022

Guiding Principles for 2023 Ratemaking

- Continue to maintain two rate schedules for PCE customers
 - One rate for Vintage 2016-2021 customers, and
 - One rate for Vintage 2022 customers
- Customers with negative PCIA keep the benefit
- Ensure a minimum net 5% discount off generation rate
 - San Mateo County customers will have a 5% discount if 2016 PCIA is positive
 - Slightly more than 5% discount if 2016 PCIA is negative
 - Los Banos Vintage 2021 customers will have a slightly greater than 5% discount
 - Los Banos Vintage 2022 customers will have a 5% discount

PCE Standard Ratemaking Process

$$((\text{PG\&E Bundled Gen rate}) * 0.95) - \text{PCIA} - \text{FFS} \\ = \text{PCE Gen rate}$$

$\text{PCE Gen Rate} + \text{PCIA} + \text{FFS} = \text{net 5\% discount from PG\&E Gen Rate}$

PCIA = Power Charge Indifference Adjustment
FFS = Franchise Fee Surcharge

Maintaining 5% Value Proposition to New Customers

- **2016 Vintage used for San Mateo County rates**
 - Majority of SMC enrolled during the 2016 Vintage year
 - 2016 PCIA and FFS are used to calculate PCE rates for SMC
- **2021 Vintage used for Los Banos Rates**
 - Majority of Los Banos enrolled during the 2021 Vintage year
 - Some NEM customers were assigned 2022 Vintage due to rolling NEM enrollment (~1000 PCE customers)
 - Los Banos PCE rates calculated using 2021 PCIA and FFS to ensure Los Banos customers received a net 5% discount from PG&E generation rates
- **Going forward PCE anticipates maintaining two sets of rates**

2023 Rate Filings Project Negative PCIA for Some Vintages

- October update for 2023 ERRA proceeding forecasted negative PCIA rates for Vintages 2016 and 2021 and positive rates for Vintage 2022:

2016	2021	2022
(0.00256)	(0.00796)	0.01077

- Annual Electric True-up (AET) filing from November 15th shifted projections so that only Vintage 2021 is negative:

2016	2021	2022
0.00098	(0.00455)	0.01383

- Rates will change again when final advice letter is filed at the end of December 2022
- Vintage 2016 PCIA may end up being negative in final tariff update

What if PCIA is Negative?

- If PCIA is negative, staff proposes to modify PCE's rate calculation process to allow customers to keep the PCIA credit on PG&E's side of the bill

$$((\text{PG\&E Bundled Gen Rate}) * 0.95) - (-\text{PCIA}) - \text{FFS}$$



$$((\text{PG\&E Bundled Gen Rate}) * 0.95) + \text{PCIA} - \text{FFS}$$



$$((\text{PG\&E Bundled Gen Rate}) * 0.95) - \text{FFS} = \text{PCE Rate}$$

Net Effect > 5% discount

Ratemaking With Both +/- PCIA Vintages

- 2023 rates will not be known until final advice letter is filed on December 30th 2022
- However, we know that we will have both positive and negative PCIA rates for our customers in Los Banos (Vintage 2021 and 2022)
- San Mateo County (Vintage 2016) will be very close to a \$0 PCIA, but it could be either +/-
- Staff is asking for Board approval to use either the standard or modified ratemaking process depending on final rates and +/- PCIA

Projected PCIA Rates From November AET

Customer Class	2016 Vintage	2021 Vintage	2022 Vintage
Residential	0.00098	(0.00455)	0.01383
Sm Commercial	0.00094	(0.00435)	0.01322
Md Commercial	0.00099	(0.00459)	0.01394
Lg Commercial	0.00093	(0.00430)	0.01309

- Staff recommends that Vintage 2022 customers have their own rate and Vintage 2016-2021 customers be grouped together due to significant 2021/2022 PCIA differentials

E1 Example Based on November AET Rates

		2016 Vintage (Standard Rate Making)	2021 Vintage (using 2016 vintage PCE rate)	2022 Vintage (Standard Rate Making)		
Based on November AET						
PG&E Generation Rate (E1)		0.15683		0.15683	PCIA	
multiplied by	95%	0.14899		0.14899	2016 vintage	0.00098
minus PCIA (if positive)		-0.00098		-0.01383	2021 vintage	-0.00455
minus FFS		-0.00117		-0.00103	2022 vintage	0.01383
PCE Rate		0.14684	0.14684	0.13403		
					FFS (2016)	0.00117
PCIA charged by PG&E		0.00098	-0.00455	0.01383	FFS (2021)	0.00113
FFS charged by PG&E		0.00117	0.00113	0.00103	FFS (2022)	0.00103
Effective Customer Rate		0.14899	0.14342	0.14899		
Discount from PG&E		5.00%	8.55%	5.00%		

Staff Recommendation

Approve a resolution authorizing the CEO to direct staff to calculate and implement new PCE ECOplus rates for customers effective February 1, 2023 to maintain a minimum net 5% discount in generation charges compared to PG&E rates effective January 1, 2023.



Authorize Long Term Resource Adequacy Agreement with Pacific Gas and Electric Company

Jeff Wright, Power Resources Manager

December 15, 2022

Recommendation

Approve Resolution Delegating Authority to Chief Executive Officer to Execute a Master Power Purchase and Sale Agreement Resource Adequacy Confirmation Letter with Pacific Gas and Electric Company and any necessary ancillary documents with a Resource Adequacy Delivery Term of 15 years starting on January 1, 2024, in an amount not to exceed \$10 million. (Action)

Background on Resource Adequacy

- Under the California Public Utilities Commission's (CPUC) Resource Adequacy (RA) Program, Peninsula Clean Energy is obligated as a Load Serving Entity to procure capacity so that capacity is available to the California Independent System Operator (CAISO) when needed.
- Peninsula Clean Energy utilizes its portfolio of power resources as well as bilateral capacity purchases to meet these RA obligations.
- Compliance obligations are set relative to Peninsula Clean Energy's coincident peak load forecasts.

Background on the Agreement

- Under CPUC 's D.22-05-015, Peninsula Clean Energy has the option to purchase system RA capacity from Pacific Gas and Electric Company (PG&E) as a result of load migration of Los Banos into Peninsula Clean Energy's load territory.
- This capacity is a result of long-term system RA capacity procurement made by PG&E under CPUC's D.19-11-016.
- Execution required by December 31, 2022.

Contract Structure

- Product: System RA compliant with the CPUC and CAISO regulations
- Volume: Up to 5MWs
 - Fixed percentage of a “pool” of PG&E contracted resources
- The total amount of capacity within the “pool” may decrease over time due to:
 - Planned Outages of resources
 - Delays in resource online dates
 - Capacity reductions as deemed by the CPUC/CAISO
 - Resources that expire from the “pool”
- Contract term: 15 years beginning January 1, 2024
- Price: Final System RA Market Price Benchmark for each respective year within contract term
 - CPUC’s calculated weighted average market price each year based on collected RA transactions

Agreement Risks/ Benefits

- Risks

- The volume may decrease over contract term
- The annual price will change based on the applicable CPUC weighted average market price (revised yearly)
 - Both parties share this risk
- May result in excess RA depending on Peninsula Clean Energy's future portfolio of resources

- Benefits

- PCE's percentage of "pool" is fixed
- Provide certainty towards meeting compliance obligations
- Small volume relative to Peninsula Clean Energy's compliance obligations
- PCE can optimize excess RA through bilateral sales

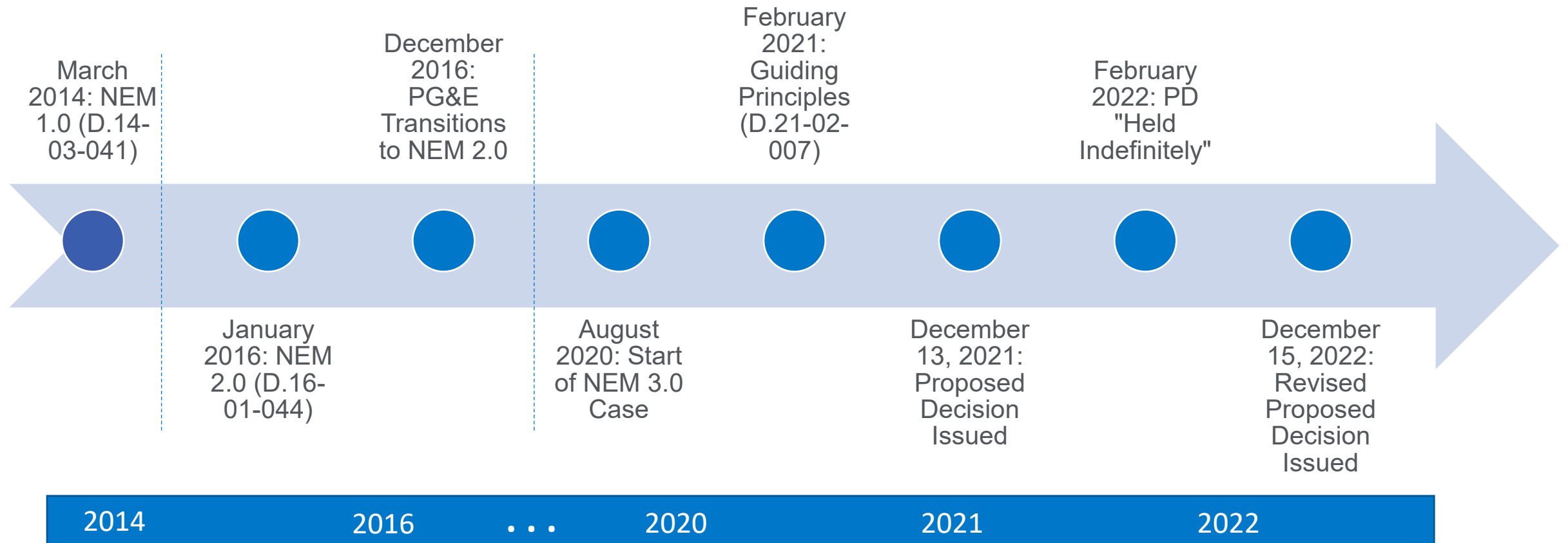
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Discussion Regarding Net Energy Metering (NEM) 3.0 Tariff Reform

Peninsula Clean Energy Board of Directors
12/15/2022

History of Net Energy Metering (NEM)



Political Tensions within NEM Reform

- Solar Early Adopters vs. Low-Income Advocates
- Distributed Generation vs. Utility Scale
- Solar Only vs. Solar + Storage
- Individual-Scale vs. Community-Scale Solar



Comparison between Initial PD and Revised PD

	Initial Proposed Decision (December 2021)	Revised Proposed Decision (November 2022)
Grid Participation Charge	\$8/kW per Month	None
Legacy NEM Transition	15 years from Installation	20 years from Installation
Export Compensation	Avoided Cost Calculator (ACC)	Avoided Cost Calculator Plus (ACC+) an Adder Declining Over 4 Years
Transition Period	Interconnections granted within 120 Days of Final Decision will be NEM 2.0	Unchanged from Prior Draft

Joint CCA Advocated Changes

- **Transition Period**

- Extend to 180 days
- Delay until after IOU bill systems are ready for NEM 3.0

- **Export Compensation**

- Extend ACC+ to commercial NEM (in addition to residential NEM)
- Adder should decline based on installed capacity, not by year

- **Maintain Revisions**

- No Grid Participation Charge
- No Accelerated transition for existing NEM customers

Board Members' Reports (Discussion)

Adjournment