



Executive Committee Meeting

April 11, 2022

Agenda

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

Chair Report

Item 3



CEO Report

Item 4



Updates

Recruitment

- COO – Shawn Marshall starting on May 2!
- CFO – Interviews of top candidates this week

Legislation Updates

- AB 1814 (Grayson) – access to Transportation Electrification funding for CCAs
 - Removed from Assembly committee hearing. Opposition from CCUE, CA State Assoc of Electrical Workers, and IOUs
- SB 1158 (Becker) – hourly reporting on resources serving retail load
 - PCE supports and is working with author

PCE Strategic Plan Update

Semi-annual Update to Executive Committee
April 11, 2022

Status as of December 31, 2021

Agenda

- Intro - Jan
- Power Resources – Siobhan
- Community Energy Programs - Rafael
- Marketing and Outreach - KJ
- Account Services - Leslie
- Public Policy – Jeremy and Marc
- Financial Stewardship - Andy
- Organizational Excellence - Jan
- Q&A

Our priorities

- Design a power portfolio that is sourced by 100% carbon-free energy* by 2025 that aligns supply and consumer demand on a 24x7 basis
- Contribute to San Mateo County reaching the state's goal to be 100% greenhouse gas-free **for transportation and buildings** by ~~2045~~ **2035**

* Carbon free = California RPS renewable excluding biomass



5-Year* Strategic Plan Progress

1st Half FY22 (July – December 2021)

Power Resources Team

* 2021 through 2025

Previous Strategic Objectives

Goal: Secure sufficient, low-cost, clean sources of electricity that achieve Peninsula Clean Energy's priorities while ensuring reliability and meeting regulatory mandates

- A. Low-Cost and Stable Power: Develop and implement power supply strategies to procure low-cost, reliable power
- B. Clean Power: Design a diverse power portfolio that is 100% carbon-free by 2021; and is 100% carbon-free by 2025 on a 24 x 7 basis
- C. Local Power Sources: Create a minimum of 20 MW of new power sources in San Mateo County by 2025
- D. New Power Sources: Continually explore and support innovative sources and solutions for clean energy

2022 Updates to Strategic Objectives

Goal: Secure sufficient, low-cost, clean sources of electricity that achieve Peninsula Clean Energy's priorities while ensuring reliability and meeting regulatory mandates

- A. Planning: Develop strategies to achieve a reliable power portfolio to meet 100% renewable on a 24 x 7 basis for 2025 and beyond
- B. Procurement: Procure power resources to meet regulatory mandates and internal priorities at affordable cost
- C. Operations: Manage power portfolio to ensure performance consistent with contractual requirements, regulatory compliance and internal strategies
- D. Innovation & Market Development: Provide a model of leadership for procuring energy resources for a clean energy future

Key Performance Indicators

Power Resources – Measured on CY

	2019 Baseline	2020	2021 Exp*	2025 Target
2025 100% RE 24/7	47%	47%	52%	100%
Annual Renewable Content (%)	52%	55.2%	53%	100%
Emissions Factor (lbs / MWh)	94	12	N/A	0
New Peninsula Clean Energy Capacity Statewide (% of load served by new resources)	0	16%	24%	50%

**These are expected values; actuals will be available by June 2022, due to timing of receiving RECs for all renewable energy generation*

Highlights of Progress

A. Planning

- Developed model and published white paper on 24/7 vision
- Continued to refine internal forecasting models for load and made changes to account for fluctuations in load related to Covid re-openings

B. Procurement

- Executed 4 power purchase agreements
 - Chaparral 102 MW Solar / 52 MW Storage
 - Arica 100 MW Solar / 50 MW Storage
 - Gonzaga 76 MW Wind
 - Geysers 35 MW Geothermal
- Issued RFO to procure additional resources
- Worked with CC Power on long duration storage negotiations and RFO for firm clean resources

C. Operations

- Sky River wind project started operations
- Continued development of internal processes for efficiency and to meet objectives
- Transitioned resource scheduling to load SC – will allow us to better integrate for 24/7 operations
- Met Resource Adequacy and all compliance requirements

D. Innovation and Market Development

- Coordinate with emerging technology providers for fit with 24/7 objectives

Challenges

- Power prices are increasing, mitigated by Peninsula Clean Energy hedging strategy
- Limited supply, increasing demand for clean energy resources
- Starting to hear rumors of supply chain impacts affecting solar, batteries
- Increasing regulatory requirements and uncertainty

Priorities for CY22

- Finalize 24/7 model and publish white paper part 2
- Execute PPAs to meet 24/7 goals and mid-term reliability requirements
- Coordinating with cities on economic development to inform load forecasting
- 2022 CPUC Integrated Resource Plan
- Evaluating addition of Los Banos load to portfolio

5-Year* Strategic Plan Progress 1st Half FY22 (July – December 2021)

Programs Team

* 2021 through 2025

Strategic Objectives

Organizational Priority: *Contribute to our region reaching the state's goal to be 100% greenhouse gas-free **for transportation and buildings** by ~~2045~~ **2035***

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

- A. Signature *Decarbonization* Programs:** Develop market momentum for electric transportation and initiate the transition to clean energy buildings
- B. *Distributed Energy Resources:*** *Support strategic decarbonization and local power*
- C. Community Benefits:** Deliver tangible benefits throughout our diverse communities
- D. Innovation and Scale:** Leverage leadership, innovation and regulatory action for scaled impact

Key Performance Indicators

Community Energy – Calendar Year

	2019 Baseline	2020	2021	2025 Target (sum of annual)
Overall County GHGs – MT	4,100,000			
Transportation: GHG Reductions – MT (cumulative)	770	2,400 (3,100)	1,900 (5,000)	120,000
Buildings: GHG Reductions – MT (cumulative)	1,700	3,900 (5,600)	2,150 (7,750)	12,100
EV Charging ports installed	0	13	6 (19) See chart on following slides	6,200
Electric appliances installed	0	0	186	2,800
Funds for Low Income/ Underserved	11%	47%	19%	20%
Local Resources – MW (cumulative)	0	1.47	2.79 (4.26)	20

Current Market: Worker Shortages & Climbing Costs

Worker shortages

- 90% of construction firms report delays
- 60% report delays due to shortages

Contractors can be very choosy

- CA resi construction starts highest in 2 years, 17% inc. in YOY MUD starts
- Federal infrastructure spending

Increased Materials Costs

- Limited Supply and Pent-up Demand
- All material costs climbing
- Utility-scale solar, 18% YOY increase

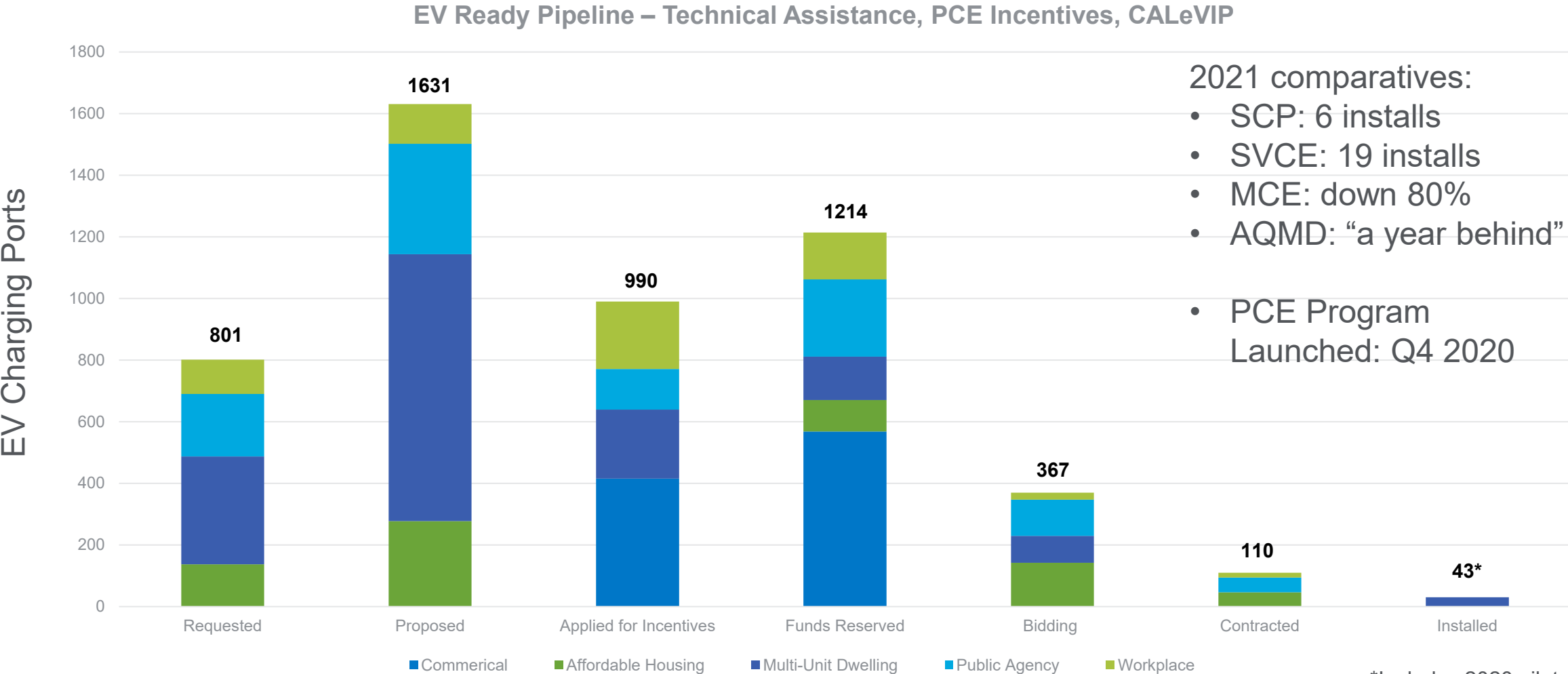


CALIFORNIA

Construction Firms Struggle With Worker Shortages, Supply Chain Challenges



EV Ready Program Pipeline (as of March 2022)



*Includes 2020 pilot

Program Highlights

Metric	Outcome
Reach Codes	15 in San Mateo Co , 12 in SVCE adopted <ul style="list-style-type: none">Half of the 54 adopted state-wide, catalyzed EBCE and San Luis Obispo
EV Charging	>2,200 ports applied for incentives, Tech assist: 200 customer projects
Electric Vehicles	Incentives: 534 EVs (incl. 124 low-inc used), 276 e-bikes
Existing Buildings	189 heat pump water heaters , 40% of Bay Area total
Distributed Resources	2 MW solar in-progress for local government facilities
Innovation Pilots	EV Managed Charging, Space and water heating “combo” system, FLEXmarket “virtual power plant”, PCE Power Purchase Agreement, Tariff On-Bill
Leadership & Policy	<ul style="list-style-type: none">PCE is “go-to” resource on EVs for CPUC, AQMD and CCAsInfluence: 2022 CA EV Code

Challenges

- **Pandemic:** Supply chain and inflation challenges increased costs and slowed participation in programs including especially EVs and charging installations
- **High electric rates:** Weaken economic benefit of electrification
- **Electrification:** Low community and stakeholder awareness
- **CPUC:** Unfavorable outcome on transportation funding administration

Priorities for CY22

Top Priorities

1. EV Ready: charging station installations
2. Reach Codes: 2022 adoption + existing building codes
3. 2035 Decarbonization Feasibility & Plan
4. Buildings: Finance support
5. Local Government Solar: Procurement and installations
6. Virtual Power Plant: FLEXmarket program

5-Year* Strategic Plan Progress 1st Half FY22 (July – December 2021)

Marketing Team and Community Relations

* 2021 through 2025

Strategic Objectives

- A. Brand Reputation: Elevate Peninsula Clean Energy's brand reputation as a trusted leader in the community and the industry
- B. Engagement: Educate and engage stakeholders in order to gather input, inspire action, and drive program participation
- C. Customer Care: Ensure high customer retention and satisfaction

Key Performance Indicators

Marketing & Community Relations – Metrics at FY End

	2020 Baseline	FY21	First Half FY22	2025 Target
Participation Rate ¹	97%	97%	97%	97%
PCE Aided Awareness	34%	31% ²	Survey in FQ4	60%
PCE Favorability ³	63%	61% ²	Survey in FQ4	80%
Residential & SMB Engagement	Med/Low	Med/Low	Med/Low	High

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

Highlights of Progress

- Brand Reputation:
 - Big increase in mentions in Tier 1 media first half
 - Promoting 24/7 white paper
 - Quality of unsolicited media requests
- Program Participation:
 - All-Electric Awards
 - HPWH promotion → exceeded targets
 - E-bikes for Everyone → quick sellout
 - Used EV applications surge
 - Power on Peninsula
- Los Banos Enrollment:
 - Solid community outreach
 - Low opt outs so far
- Engagement:
 - Virtual events
 - Induction cooking webinar
 - 40% increase in website visitors vs. year ago
 - Email success: high open rates; growth of opt-in newsletter
 - 12 outreach grants for CY22 with more emphasis on low-income, diverse groups
 - Schools engagement (youth, faculty, community college)
 - Robust engagement with RICAPS
 - CAC working groups
- New Electric Lifestyle Messaging:
 - Message testing

Challenges

- Los Banos customization
 - Community partners
 - Messaging
 - Programs
- Building decarbonization messaging
- Continuing to reach diverse communities

Priorities for CY22

- Educate customers about power sources and energy literacy
- Messaging strategy to support aggressive decarb goals
- Enroll 85%+ Los Banos customers
- Evolve Building Electrification Awareness Campaign
- Marketing launch / promotion of new energy programs
- Continue to promote EV adoption

5-Year* Strategic Plan Progress

1st Half of FY 2022 (July – December 2021)

Account Services

*2021 through 2025

Strategic Objectives

- A. Customer Care: Ensure High Customer Retention and Satisfaction
- B. Operational Excellence: Build and Maintain Strong Partner Relations
- C. Customer Data: Improve Access to Energy Data and Analytics

Key Performance Indicators

	2021 FY Year End			
	2020 Baseline	FY21	First Half FY22	2025 Target
Participation Rate	97%	97%	97%	97%
Customer Data Access & Analytics	Low	Low/Med	Low/Med	High
External Partner Relations	Med/High	High	High	High
Key Account Engagement	Low	Med/Low	Med/Low	High
Residential & SMB Engagement	Med/Low	Med/Low	Med/Low	High

Highlights of Progress

- Strategic Accounts
 - Successful Data Connect launch
 - 1 New Long-Term Agreement executed in 2021
- Expanded Account Services Team
 - Incorporated Shayna Barnes into Account Services
 - Brought in Strategic Accounts to better align customer relations
 - Added Analyst Masha Doubrovskaya
- External Partner Relations
 - Collaborated with Calpine and PG&E to launch CCA DAC-GT billing functions
 - Worked with CalCCA and PG&E to extend pro-rata payments from PG&E post COVID
 - CCA lead in CAPP negotiations
 - Joint CCA PFM filed to improve JRM process
- Customer Care:
 - Successful TOU-C transition for SMC in September 2021
 - Los Banos enrollment planning, preparation and successful initial enrollment launch

Challenges

- Strategic Accounts Engagement
 - Businesses are still very much in flux with pandemic-restricted operations and have been less inclined to schedule one-on-one check-in meetings the past several months
 - Uncertainty around 'return to work' timelines and building occupancy has stalled conversations around workplace charging infrastructure
- General Customer Engagement
 - NEM 3.0 uncertainty adding to difficulty in engaging with customers on NEM policies going forward and PCE's value proposition for NEM
 - SMB customers are historically difficult to connect with, but even more so during COVID times
- PG&E/Calpine Engagement
 - Implementing complex new programs under tight timelines (AMP, CAPP, DAC-GT, etc.) has added significant workload to our 'normal' operations

Priorities for CY22

Top Priorities

- Maximize Los Banos participation (goal 85%+)
- Increase access and engagement with Data Connect for strategic accounts
- Explore creative GHG reduction opportunities for commercial customers with Programs team
- Establish formal process for regular Calpine CSR updates on Marketing and Programs team activities
- Develop internal staff 'Data Dictionary' for customer data
- Customer dashboard development with Data Warehouse
- Process Improvements for maintaining multiple rate schedules

Areas of Interest

- Outreach, Engagement and Education for NEM Customers
- Explore re-enrollment campaign potential
- New construction load expansion-connecting with economic development depts and City planning agencies
- Explore 'Cost of Service' study for alternative rates

5-Year* Strategic Plan Progress 1st Half FY22 (July – December 2021)

Public Policy Team

*2021 through 2025

Strategic Objectives

Department Goal: Strongly advocate for public policies that advance Peninsula Clean Energy's Organizational Priorities

- A. Regulatory: Educate and engage policymakers to develop policies that support Peninsula Clean Energy's organizational priorities
- B. Legislative: Engage state legislators to pass legislation that advances Peninsula Clean Energy's organizational priorities and to oppose legislation that threatens those priorities.
- C. Growth of Community Energy and CCAs: Take a leadership position in supporting the growth of community energy and CCAs (Community Choice Aggregators) of community energy

Key Performance Indicators

Public Policy – Fiscal Year				
	2020 Baseline	2021	2022	2025 Target
PCIA Containment	Low	Low	Low/Medium	High
Legislative Impact	Medium	Medium	Medium	High
Regulatory Impact	High	High	High	High
Coalition Building	Low	Medium	Medium	High
Fostering CCA Growth	Medium	Medium	Medium	High

Highlights of Progress

PCIA Containment

- PCIA OIR Phase 2 Decision adopted significant revisions to ERRA case schedules and adopts a universal “Master Data Request” improving transparency for intervention
- Decision adopted in 2022 ERRA forecast case which greatly improves PCE’s rate outlook

Legislative Impact

- Maintain and advance good working relationships with Senator Becker and Assemblymembers Mullin and Berman and representatives of Los Banos and the broader central valley

Coalition Building

- Continued outreach with Environmental Justice and Ratepayer Advocates to build trust and understanding

Regulatory Impact

- Continued thought leadership through individual, joint, and CalCCA casework, including cases relating to:
 - Achievement of the State’s climate goals while ensuring reliability and affordability (RPS/IRP/RA)
 - Support of PCE’s programmatic objectives (Electrification, DAC-GT/CS, SGIP)
 - Adjustment of PG&E’s PCIA and generation rates (ERRA, PCIA OIR, General Rate Case Phase 1 & 2)

Fostering CCA Growth

- Support smooth inclusion of Los Banos
- Advance efforts in the Central Valley as they explore CCA formation
- Maintain an “open door” with CCA peers to advise and guide as appropriate

Challenges

- Impacts of COVID have reduced opportunities to demonstrate thought leadership, and cultivate key relationships
- PCIA rates remain difficult to forecast and a very significant portion of our customers generation-side rates
- Global conditions continue to impact our agency's efforts which are beyond our sphere of influence

Priorities for CY22

PCIA Containment

- Continue efforts to mitigate PCIA rate impacts, increase transparency and increase ability to forecast changes
- Explore all opportunities to accelerate unwinding of PCIA

Legislative Impact

- Deepen relationships with local elected representatives
- Demonstrate leadership through proactive engagement in policy that aligns with our agency's goals
- Promote initiatives that advance our agency's priorities

Coalition Building

- Broaden our relationships with other key stakeholders
- Explore productive opportunities for partnerships

Regulatory Impact

- Continued excellence in casework and thought leadership
- Proactively engage in policy venues to create opportunities for agency-wide success
- Cultivate further our relationship with CPUC to be more collaborative and coordinated
- Explore more opportunities with other State and Federal agencies to amplify our agency's success

Fostering CCA Growth

- Continue supporting a smooth inclusion of Los Banos
- Continue supporting other CCAs where appropriate
- Continue increasing the awareness of CCA statewide

5-Year* Strategic Plan Progress 1st Half FY22 (July – December 2021)

Financial Stewardship

* 2021 through 2025

Strategic Objectives

Goal: Employ sound fiscal strategies to promote long-term organizational sustainability

- A. Fiscal Health:** Strengthen and maintain Peninsula Clean Energy's fiscal health
- B. Financial Controls and Management:** Implement financial controls and policies that meet or exceed best practices for leading not-for-profit organizations
- C. Financial Sustainability:** Practice strategies to ensure long-term financial sustainability

Key Performance Indicators

Financial Stewardship – Annual Metrics at FY End

	Baseline FY2020	FY2021	First Half FY2022	Target FY2025
Days Cash On Hand (Unrestricted)	238	257	243	231
Credit Rating (Fitch/Moodys)	BBB+/Baa2	No change	No change	“A” Level
Change in Net Position (\$ millions)	\$48.9	-\$8.3	-\$13.7	Positive
Investment Performance (net of fees)	2.2%	-0.4%	-0.6%	2.0%
Average Cost of Energy (\$/Billed MWh)	\$61.92	\$62.90	\$63.61	\$62.73

Highlights of Progress

- Days Cash on Hand
 - Ended December 31, 2021 at 243
 - Down from 257 on June 30, 2021
 - Revenues down and CAISO deposits increased in Summer 2021 months
 - Current forecast for
 - Full-year forecast FY2022 is 219, down from December 31, 2021 based on higher expenses in 2H of FY2021
 - Based on significantly better expectations for PCIA and PG&E rates, DCOH could be in excess of 400 by FY2025
- Average Cost of Energy
 - \$63.61 per Billed MWh for 1st Half of FY2022
 - Energy prices have been higher than expected
 - But continued attention to regular hedging activities and policies have helped to hold net costs to PCE at near budgeted levels
- Change in Net Position
 - YTD of Negative (\$13.4 million) vs. Budget of Negative (\$11.7 million)
 - Mostly due to lower revenues from lower usage
 - Current forecast for
 - Full-year forecast FY2022 is Negative (\$10.6 million), \$8.1 million better than budget
 - Assumed PCIA and PG&E rate improvement effective on March 1, 2022
 - Highly dependent on PG&E and PCIA rates
- Credit Rating
 - Current
 - Moody's – Baa2
 - Fitch – BBB+
 - No change since last report

Challenges

- PCIA rate increases and forecasting uncertainty
 - Substantial increases in PCIA effective over the past year had significant negative impact on revenues and net position
 - Recent forecasts are for substantial reduction in March 2022 that will have significant positive effect on PCE revenues
- Net Position in the first half of FY2022 was worse than budget mostly resulting from significant revenue reductions

5-Year* Strategic Plan Progress 1st Half FY22 (July – December 2021)

Organizational Excellence

*2021 through 2025

Strategic Objectives

- A. **Culture and People**: Foster a workplace culture that attracts and develops exceptional talent and values all people
- B. **Innovation**: Foster a culture of innovation to yield solutions that accelerate our mission
- C. **Data and Technology**: Increase capabilities and efficient use of data and technology to **guide** support organizational decision making and program execution
- D. **External Vendor Partners**: Implement vendor policies that embrace diversity and inclusion and that optimize engagement results
- E. **Governance**: Follow best practices for governance and succession to engage and develop qualified, diverse Board members **and Citizens Advisory Committee Members**

Key Performance Indicators

Organizational Excellence – Metrics at FY End

	2020 Baseline	FY 2021	First Half FY22 Update	2025 Target
Governance	High	High	High	High
Staff Satisfaction	High	High	High	High
Innovation Impact	High	Low	Medium	High
Organizational Policies	High	High	High	High
Technology and Systems	Medium	Medium	High	High

Highlights of Progress

Culture and People

- Continued hiring during COVID/WFH
- Received recommendations from staff-led WFH committee on remote working policies
- Selected and confirmed DEAI consultant in October 2021
- Started search for COO

Innovation

- Published "Our Path to 24/7 Renewable Energy by 2025" in December 2021
- Formed and met with external advisory group for peer review of 24/7 100% renewables approach
- Supported various innovation projects through grants and letters of support

Technology and Systems

- Implemented data warehouse with dashboards and analysis tools
- Enhanced data security policies across network systems
- Established Box folder organization and migration process

External Vendor Partners

- Reviewing Ethical Vendor Standards and Inclusive and Sustainable Workforce Policy with DEAI consultant

Governance

- Hired new Board Clerk
- Completed posting of video orientations for Board Members, Alternates, and CAC members
- Formed new board subcommittees for 24/7 Renewables target and 2035 carbon free target

Challenges

- Continued Work from Home throughout the year
- Continued remote Brown Act body meetings

Priorities for FY22

Culture and People

- Annual Staff Satisfaction Survey
- WFH Policies & Handbook Update
- Hire COO and CFO
- Hire Director of DER, HR Manager, Compliance Admin
- Survey staff and external stakeholders as part of DEAI process, implement recommendations from consultant
- Team-building and social opportunities
- Assess benefits and incentives compared to market and peers

Innovation

- Publish Part 2 of "Our Path to 24/7 Renewable Energy by 2025"
- Complete Harvest Thermal pilot installations and start measurements

Technology and Systems

- Continue enhancement of data warehouse, including development of dashboard reports and analysis tools
- Further develop data security and governance policies
- Complete Box folder organization and migration
- Continue IT solutions enhancements

External Vendor Partners

- Continue extensive DEAI work
- Update and implement Inclusive and Sustainable Workforce and Ethical Vendor Policies

Governance

- Post updated Training Modules
- Create Onboarding Guide for new Board/CAC Members
- Transition to San Mateo County FPPC reporting system - NetFile

Customer Arrearage Programs-CAPP and AMP Update

Item 6



California Arrearage Payment Program (CAPP)

- The California Arrearage Payment Program (CAPP) offers financial assistance for California energy utility customers to help reduce past due energy bill balances that increased during the COVID-19 pandemic.
- Pandemic relief period from March 4, 2020 to June 15, 2021
- \$1 Billion allocation from American Rescue Plan Act administered by the Department of Community Services and Development (CSD)
 - \$696M for IOU and CCA arrearages

CAPP Customer Priority Groups

1. Active residential customers with past due balances at risk of disconnection due to nonpayment.
2. Active residential customers with past due balances.
3. Inactive residential customers with past due balances.
4. Commercial customers with past due balances.

CAPP Application and Allocation Timeline

- In September 2021 PCE submitted claims for ~\$4M in combined arrearages for residential and small commercial customers
- October 2021 CSD determined PCE was eligible for ~\$1.8M in arrearage relief
- December 2021 PCE and PG&E submit application for CAPP funds from CSD
- March 2022 PG&E applies CAPP funds to active customer accounts (~\$1.76M, 12K accounts)
- April 2022 PCE submits for remaining disbursement of funds for inactive accounts (~\$66K, 1,863 accounts)

Arrears Management Plan (AMP)

- Debt forgiveness program intended to reduce utility disconnections
- Approved by the CPUC Resolution in December 2020
- Program began enrolling customers in February 2021
- Customers can have past due debts of up to \$8,000 forgiven
- Debts are forgiven in 1/12th increments when customers pay their current bill on-time for one year
- On-going program, reimbursed through PPP funding

AMP Eligibility

- **Who is eligible?**
- Residential customers who:
- Are enrolled in CARE or FERA
- Owe at least \$500 or more on their gas and electric bill OR (for gas-only customers) owe at least \$250 or more on their gas bill.
- Are more than 90 days past due.
- Have been a PG&E customer for at least six months.
- Have made at least one on-time payment.

AMP and PCE

- 2943 AMP eligible PCE customers
- 944 currently enrolled in AMP with \$213K past debt
- Repayments to begin in April 2022
 - Monthly payments from PG&E to PCE
 - Monthly repayments projected to start at ~\$31K and will fluctuate depending on customer participation

Questions?



Update on Los Banos Enrollment (Discussion)

Item 7

Committee Members' Reports