



# Executive Committee Meeting

May 9, 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
  - Public Comment
- Regular Agenda

# Chair Report

Item 3



# CEO Report

Item 4



# Updates

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## Recruitment Updates

- COO – Shawn Marshall started on May 2!
- CFO – Interviewing top candidates
- Power Resources Manager
- Renewable Energy Analyst
- Electric Vehicle Associate Programs Manager

## Hybrid Meeting Space

- Equipping board area at PCE offices for future hybrid meetings for EC and A&FC
- Exploring venues for future hybrid board meetings

# CC Power Firm Clean Update

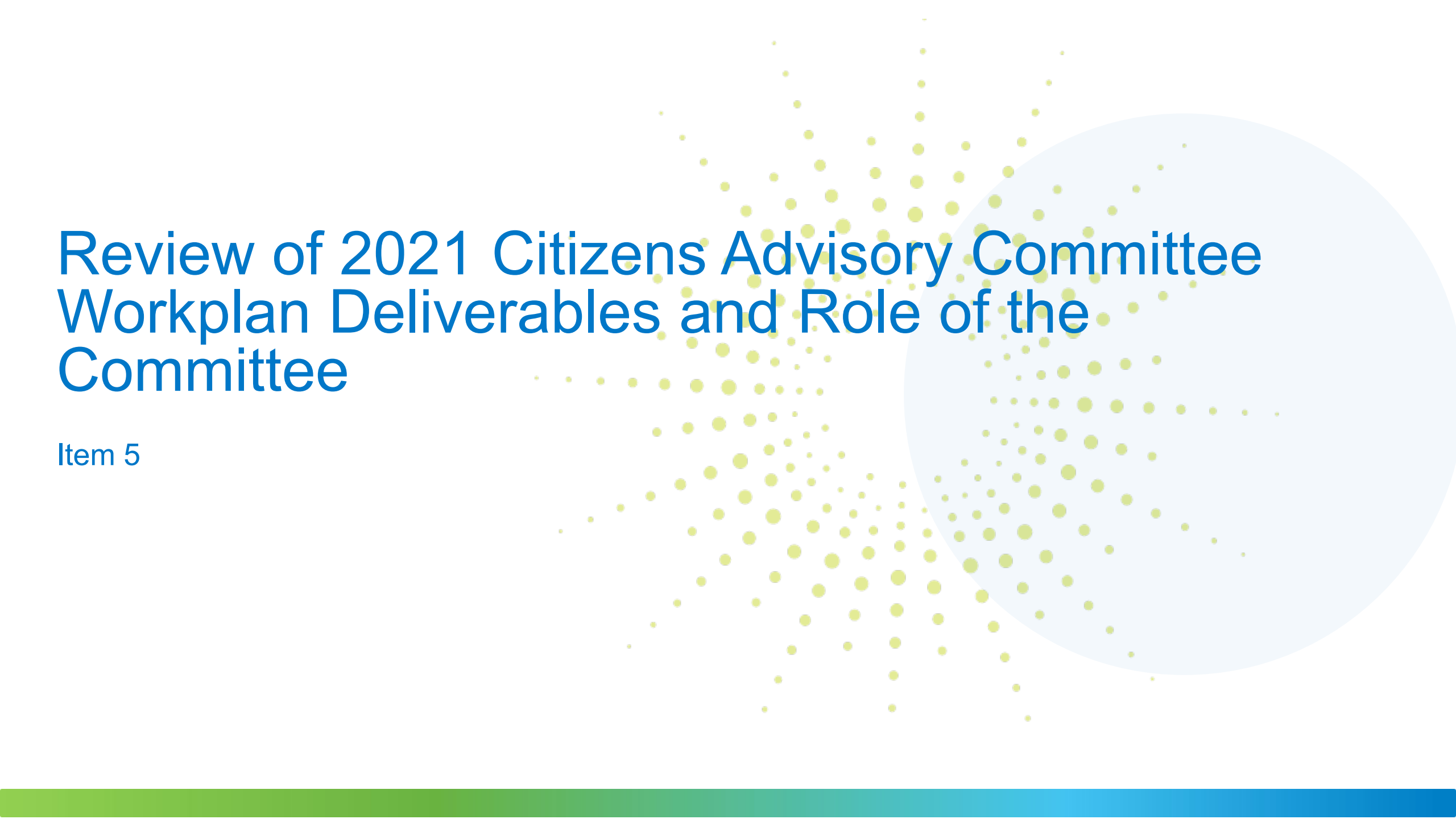
- Issued RFO on Oct 25, 2021, for up to 200 MW of Firm Clean Resources, to achieve compliance with the CPUC D.21-06-035 requiring new firm clean resources (zero-emitting) such as geothermal to address mid-term reliability
  - <https://cacomunitypower.org/solicitations/>
- Offers were due on Dec 13, 2021
- In February, CC Power shortlisted two geothermal developers
- Negotiations are underway and one project PPA is near finalized

- CC Power will execute projects under a similar structure as long-duration storage. 

# Peninsula Clean Energy Approval Process for CC Power Firm Clean Energy Geothermal Projects

Date	Event	
5/9	May Executive Committee	<del>Provide background</del> Relay approval schedule
Mid-late May (tbd)	Procurement Subcommittee	Deeper dive on projects and contract
5/26	May Board Meeting	<del>Provide Board with background on project</del> Relay approval schedule
<del>Prior to June 15<sup>th</sup> (tbd)</del>	<del>Special PCE Board Meeting in early June, ahead of CC Power Board Meeting (or Board may decide to move to the scheduled June Board Meeting)</del>	<del>Vote on CC Power participation Vote on Peninsula Clean Energy participation</del>
<del>June 15<sup>th</sup></del> <b>May 31<sup>st</sup></b> CC Power Board Meeting to vote on CC Power’s participation in geothermal projects		
6/23	June Board Meeting	Report back on status of CC Power vote Vote on Peninsula Clean Energy participation





# Review of 2021 Citizens Advisory Committee Workplan Deliverables and Role of the Committee

Item 5





# Review of Proposed 2022 Citizens Advisory Committee Workplan and Deliverables

Item 6

# FY 2022-2023 Budget Review

(July 1, 2022 – June 30, 2023)

Initial Draft

Item 7



# Schedule – Budget Review and Approval

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- May 9, 2022 – Review Initial Draft Budget with Audit & Finance Committee
- May 9, 2022 – Review Initial Draft Budget with Executive Committee
- May 26, 2022 – Review Current Draft Budget with Board of Directors
- June 13, 2022 – Review Revised Draft Budget with Audit & Finance Committee
- June 23, 2022 – Approve Final Budget by Board of Directors

# Draft Budget FY2022-2023 – Key Assumptions

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## PG&E Generation Rates – significant rise in rates

- April 1, 2022 – increase 33%
- January 1, 2023 – decrease 10%
- Net change of up 20% as of 1/1/23 compared to 3/31/22
- San Mateo County and Los Banos rates are the same

## PCIA Rates – significant decrease in rates

- April 1, 2022 – decrease 59%
- January 1, 2023 – increase 65%
- Net change of down 32% as of 1/1/23 compared to 3/31/22
- Los Banos PCIA rate is higher than SMC starting April 1, 2022. Lower starting on 1/1/23. Then, comparable after 1/1/24

Rates to PCE – up more than 100% through Jan 1, 2023 (although customers only pay an additional 33% in total)

Load – FY23 forecasted to be 3.2% higher than FY22 forecast – FY22 includes only 3 months of Los Banos load

## Cost of Energy –

- Budgeted to increase 18% over FY22 forecast to \$263 million (includes \$15 million conservatism adder)
- Increase of 11% without conservatism adder

# PG&E and PCIA Rate Change Summary

	1/1/2021	4/1/2021	4/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026
		Actual	Actual	Forecast	Forecast	Forecast	Forecast
<b>PG&amp;E Generation Rate</b>	0.112	0.109	0.144	0.130	0.126	0.124	0.126
<b>Generation Rate Change (Percent)</b>			<b>33%</b>	<b>-10%</b>	<b>-3%</b>	<b>-1%</b>	<b>1%</b>
Cumulative % Change from 1/1/22			33%	20%	16%	15%	16%
<b>PCIA (System Average)</b>							
<u>San Mateo County</u>	0.032	0.047	0.019	0.032	0.033	0.031	0.028
<b>PCIA Change (Percent)</b>			<b>-59%</b>	<b>65%</b>	<b>3%</b>	<b>-6%</b>	<b>-8%</b>
Cumulative % Change from 1/1/22			-59%	-32%	-30%	-34%	-39%
<b>PCE Rate to Ratepayers</b>							
<u>San Mateo County</u>							
PCE Rate (net of PCIA and 5% Discount)	0.075	0.056	0.118	0.092	0.087	0.087	0.092
<b>Net PCE Rate Change (Percent)</b>			<b>109%</b>	<b>-22%</b>	<b>-5%</b>	<b>0%</b>	<b>5%</b>
Cumulative % Change from 1/1/22			109%	63%	55%	55%	62%
<u>Los Banos</u>		0.028	0.025	0.028	0.032	0.030	0.028
<b>PCIA Change (Percent)</b>			<b>-11%</b>	<b>13%</b>	<b>16%</b>	<b>-6%</b>	<b>-9%</b>
Cumulative % Change from 1/1/22			-11%	0%	16%	9%	-1%

# Draft Budget FY23 – Summary



## Current Fiscal Year FY22

Budget and Forecast Items	Current Fiscal Year FY22			2023		
	2022 Approved Budget	2022 Forecast	Variance - Fav/ (Unf) \$ Variance	Initial Budget	Variance Initial Budget vs. Prior Year Forecast	
				\$ Change - Inc/(Dec)	% Change	
<b>OPERATING REVENUES</b>						
Electricity Sales, net	219,619,107	236,757,514	17,138,407	364,961,141	128,203,627	54%
Green electricity premium	2,621,034	2,764,175	143,141	2,822,550	58,375	2%
	<b>222,240,141</b>	<b>239,521,689</b>	<b>17,281,547</b>	<b>367,783,691</b>	<b>128,262,002</b>	<b>54%</b>
<b>OPERATING EXPENSES</b>						
Cost of energy	216,705,953	222,412,656	(5,706,703)	262,900,760	40,488,104	18%
Staff compensation	6,464,275	6,132,735	331,540	8,249,693	2,116,958	35%
Data Manager	3,420,000	3,397,930	22,070	3,600,000	202,070	6%
Service Fees - PG&E	1,260,000	1,243,780	16,220	1,350,000	106,220	9%
Consultants & Professional Services	1,351,204	1,060,014	291,190	1,431,813	371,799	35%
Legal	1,615,500	1,328,611	286,889	1,474,000	145,389	11%
Communications and Noticing	2,068,197	1,710,255	357,942	2,686,208	975,953	57%
General and Administrative	2,259,391	2,106,435	1,152,272	2,359,806	253,371	12%
Community Energy Programs	6,555,671	4,887,752	1,667,919	8,640,000	3,752,248	77%
Depreciation	111,675	86,741	24,934	96,000	9,259	11%
<b>Total Operating Expenses</b>	<b>241,811,865</b>	<b>244,366,909</b>	<b>(1,555,728)</b>	<b>292,788,280</b>	<b>48,421,371</b>	<b>20%</b>
<b>Operating Income (Loss)</b>	<b>(19,571,724)</b>	<b>(4,845,220)</b>	<b>15,725,820</b>	<b>74,995,411</b>	<b>79,840,631</b>	
<b>NON-OPERATING REVENUES (EXP.)</b>						
<b>Total Nonoperating Income/(Expense)</b>	900,000	(1,983,245)	(2,883,245)	600,000	2,583,245	
<b>CHANGE IN NET POSITION</b>	<b>(18,671,724)</b>	<b>(6,828,465)</b>	<b>12,842,575</b>	<b>75,595,411</b>	<b>82,423,876</b>	
Net Position at the beginning of period	184,271,220	180,798,537	(3,472,684)	173,970,072		
<b>Net Position at the end of period</b>	<b>165,599,497</b>	<b>173,970,072</b>	<b>9,369,891</b>	<b>249,565,483</b>		
<b>Total Cash &amp; Cash Equivalents</b>	168,332,845	162,964,482	(5,368,362)	238,559,894		
<b>Unrestricted Cash Days on Hand</b>	<b>250</b>	<b>243</b>		<b>297</b>		

# Draft Budget Detail - Revenues

Budget and Forecast	
Items	
<b>OPERATING REVENUES</b>	
Electricity Sales, net	
Commercial - Demand	
Streetlight and Agr- Demand	
Commercial - Gen	
Residential - Gen	
Street lighting and Agr - Gen	
CAPP Proceeds	
Bad Debt Expense	
Green electricity premium	

## Current Fiscal Year FY22

2022	
Forecast	
	236,757,514
	19,060,125
	258,039
	112,412,969
	103,186,947
	2,213,075
	1,667,791
	(2,041,432)
	2,764,175
	<b>239,521,689</b>



## Initial Fiscal Year Budget FY23

2023	Variance Initial Budget vs. Prior Year Forecast		
	Initial Budget	\$ Change - Inc/(Dec)	% Change
	364,961,141	128,203,627	54%
	19,622,891	562,766	3%
	155,461	(102,577)	-40%
	176,626,802	64,213,833	57%
	166,666,713	63,479,766	62%
	3,723,249	1,510,174	68%
	-	(1,667,791)	-100%
	(1,833,976)	207,457	-10%
	2,822,550	58,375	2%
	<b>367,783,691</b>	<b>128,262,002</b>	<b>54%</b>

# Draft Budget FY2022-2027 – Budget Summary & 5-year Plan

Budget and Forecast	Current Fiscal Year FY22		2023 Initial Budget	Fiscal Year Projections				
	2022 Approved Budget	2022 Forecast		2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	
<b>OPERATING REVENUES</b>								
Electricity Sales, net	219,619,107	236,757,514	364,961,141	315,583,351	310,221,811	321,390,127	334,096,231	
Green electricity premium	2,621,034	2,764,175	2,822,550	2,973,323	3,132,849	3,301,644	3,480,252	
	<b>222,240,141</b>	<b>239,521,689</b>	<b>367,783,691</b>	<b>318,556,673</b>	<b>313,354,660</b>	<b>324,691,771</b>	<b>337,576,483</b>	
<b>OPERATING EXPENSES</b>								
Cost of energy	216,705,953	222,412,656	262,900,760	266,150,723	259,404,029	261,318,950	265,549,966	
Staff compensation	6,464,275	6,132,735	8,249,693	8,742,875	9,265,647	9,819,786	10,407,173	
Data Manager	3,420,000	3,397,930	3,600,000	3,708,000	3,819,240	3,933,817	4,051,832	
Service Fees - PG&E	1,260,000	1,243,780	1,350,000	1,390,500	1,432,215	1,475,181	1,519,437	
Consultants & Professional Services	1,351,204	1,060,014	1,431,813	1,454,973	1,453,785	1,450,217	1,449,390	
Legal	1,615,500	1,328,611	1,474,000	1,505,320	1,538,876	1,574,838	1,613,390	
Communications and Noticing	2,068,197	1,710,255	2,686,208	2,916,529	3,129,555	3,218,162	3,309,427	
General and Administrative	2,259,391	2,106,435	2,359,806	2,420,600	2,485,030	2,553,341	2,625,797	
Community Energy Programs	6,555,671	4,887,752	8,640,000	13,750,000	15,550,000	18,850,000	23,000,000	
Depreciation	111,675	86,741	96,000	96,000	96,000	96,000	96,000	
<b>Total Operating Expenses</b>	<b>241,811,865</b>	<b>244,366,909</b>	<b>292,788,280</b>	<b>302,135,520</b>	<b>298,174,377</b>	<b>304,290,293</b>	<b>313,622,411</b>	
<b>Operating Income (Loss)</b>	<b>(19,571,724)</b>	<b>(4,845,220)</b>	<b>74,995,411</b>	<b>16,421,154</b>	<b>15,180,283</b>	<b>20,401,478</b>	<b>23,954,072</b>	
<b>NON-OPERATING REVENUES (EXP.)</b>								
<b>Total Nonoperating Income/(Expense)</b>	900,000	(1,983,245)	600,000	618,000	636,540	655,636	675,305	
<b>CHANGE IN NET POSITION</b>	<b>(18,671,724)</b>	<b>(6,828,465)</b>	<b>75,595,411</b>	<b>17,039,154</b>	<b>15,816,823</b>	<b>21,057,115</b>	<b>24,629,377</b>	
Net Position at the beginning of period	184,271,220	180,798,537	173,970,072	249,565,483	266,604,637	282,421,460	303,478,574	
<b>Net Position at the end of period</b>	<b>165,599,497</b>	<b>173,970,072</b>	<b>249,565,483</b>	<b>266,604,637</b>	<b>282,421,460</b>	<b>303,478,574</b>	<b>328,107,951</b>	
Total Cash & Cash Equivalents	168,332,845	162,964,482	238,559,894	255,599,047	271,415,870	292,472,985	317,102,362	
<b>Unrestricted Cash Days on Hand</b>	<b>250</b>	<b>243</b>	<b>297</b>	<b>309</b>	<b>332</b>	<b>351</b>	<b>369</b>	





# Staff Feedback and Discussion of Potential Expansion

Prepared For: Executive Committee Meeting  
May 9, 2022

# Los Banos Background and Current Status

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- October 2020 – Peninsula Clean Energy Board votes to expand JPA membership and offer service to Los Banos customers
- 2021: Hired Sandra Benetti to serve as Peninsula Clean Energy’s local representative in Los Banos
- 12,405 account enrollments as of May 2022
- Local press/reception has been generally positive; recent participation in county fair and other Los Banos events and activities
- April 2022 City Council voted to participate in Local Government Solar and Storage pilot
- Opt-out rate as of May 6: < 2% (?)
- Next Up: Rolling NEM enrollments

# Initial Staff Feedback: Benefits

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**Key Question:** *Do the benefits of current/future expansion off-set the costs, administrative impacts and added complexities that come with expansion?*

## Identified Benefits:

- Cleaner energy, competitive rates, and local energy programs available to more Californians
- Increase in carbon reduction and general climate change awareness in Merced County and the Central Valley
- Complementary load could help PCE achieve its 24/7 goals
- Potentially expands Peninsula Clean Energy's climate policy influence in Sacramento and at the CPUC
- Could open access to additional programs and funding (e.g. DAC programs) not available in San Mateo Co. territory
- With scale and over time, could have a positive impact on revenues

# Initial Staff Feedback: Challenges

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## ➤ Additional Customer Complexity

- Different PCIA vintages, different rate tables and rates, different customer programs

## ➤ Higher Cost Exposure

- Higher energy costs in high-heat summer months, higher administrative costs related to marketing/communications, duplicate rate setting, program administration, etc.

## ➤ Administrative Impacts

- Different messaging/branding, collateral and webpages; possible additional power contracts; variation in program administration and availability (e.g. BayREN), duplicative rate setting, other opportunity costs

## ➤ Governance and Mission Alignment

- Expansion will impact Board membership, dynamics, focus and direction
- Principal focus may differ, potentially impacting Board consensus

## ➤ Greater External/Market Exposure

- Added complexity w/r/t load forecasting and resource adequacy allocations and requirements
- Volatile summer demand and market volatility/pricing could negatively impact 24/7 renewable power goal
- Potential for greater scrutiny from external parties

# Other Lessons Learned

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- Having a local staff representative with strong connections and history in the area is of great value
- Staff labor and other fixed costs associated with expansion and new customer enrollment is not proportional to the number of accounts added; the level of effort is similar whether the enrollment is 5,000 or 300,000 customers
- Successful expansion may require additional staffing so as not to divert resources from existing priorities or missing other key opportunities.

# Considerations Going Forward

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- Level of local government interest in the potential expansion territory
- Interest among local partners and advocates to support policy adoption
- Local capacity to support program implementation in the near and longer term
- Peninsula Clean Energy governance and other internal/external impacts
- Load, cost, timing and revenue impacts

# Recommended Next Steps

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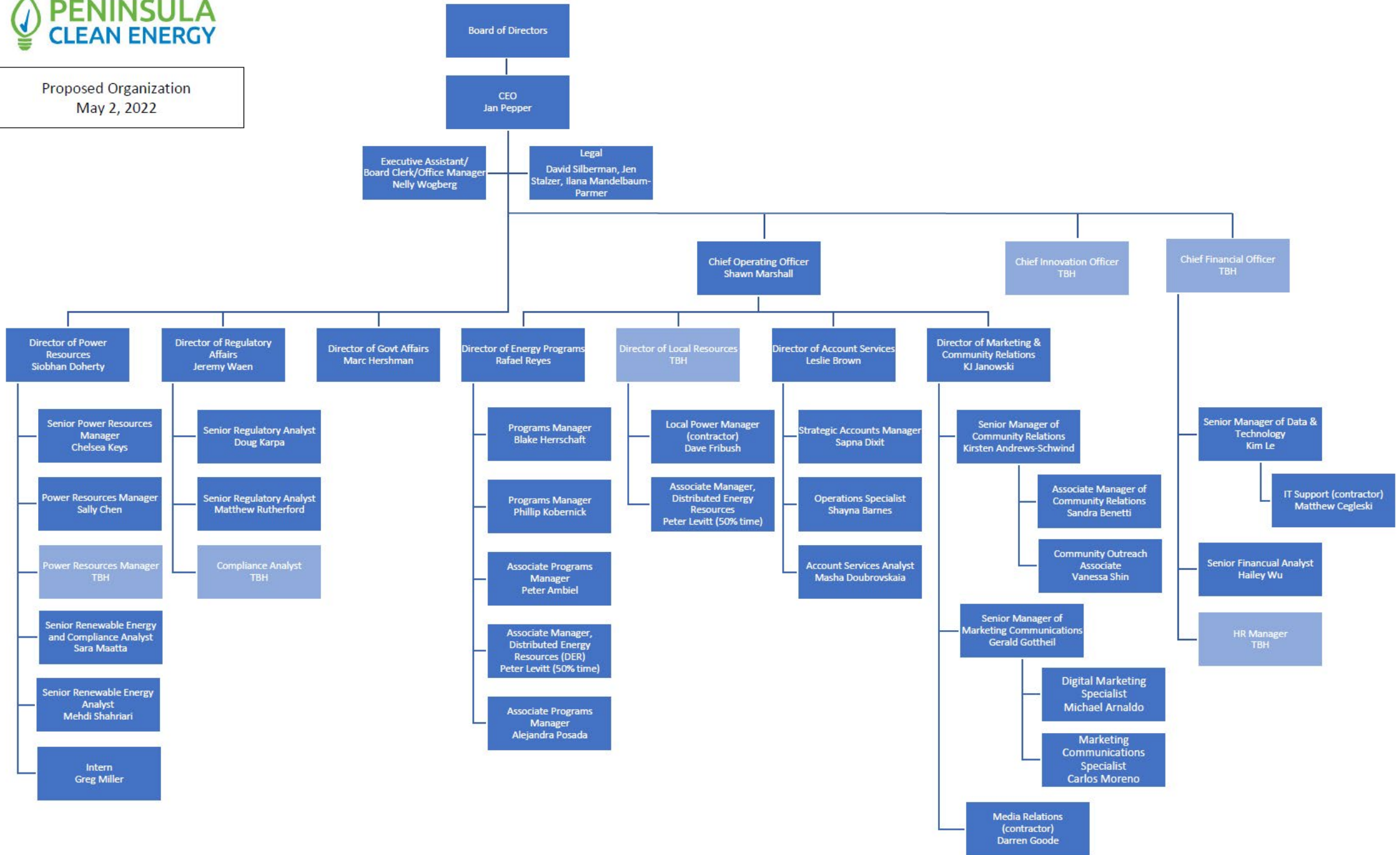
1. Research current expansion policies and practices of other CCAs
  - Seasonal enrollments, load and customer size thresholds, shared costs, etc.
2. Conduct further analysis once Los Banos settles in
  - Consider future minimum enrollment threshold(s)
  - Cost vs revenue analysis
  - Consider impact on Peninsula Clean Energy staffing and other internal resources
3. Informally gauge level of interest among local governments in potential expansion territory
4. Return to Board for discussion and direction
  - Staff would like to be an information resource should the Board decide to consider further expansion



# Review of Updated Peninsula Clean Energy Staff Organization Chart



Proposed Organization  
May 2, 2022



# Committee Members' Reports