

**Regular Meeting of the Audit and Finance Committee of the
Peninsula Clean Energy Authority (PCEA)**

AGENDA

Monday, June 13, 2022

8:30 a.m.

Zoom Link: <https://pencleanenergy.zoom.us/j/82172572134>

Meeting ID: 821-7257-2134 **Passcode:** 2075 **Phone:** +1(253)215-8782

NOTE: Please see attached document for additional detailed teleconference instructions.

In accordance with AB 361, the Committee will adopt findings that meeting in person would present imminent risks to the health or safety of attendees of in-person meetings. Consistent with those findings, this Committee Meeting will be held remotely. PCEA shall make every effort to ensure that its video conferenced meetings are accessible to people with disabilities as required by Governor Newsom's March 17, 2020 Executive Order N-29-20. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials should contact Nelly Wogberg, Board Clerk, at least 2 working days before the meeting at nwogberg@peninsulacleanenergy.com. Notification in advance of the meeting will enable PCEA to make best efforts to reasonably accommodate accessibility to this meeting and the materials related to it.

*If you wish to speak to the Audit and Finance Committee, please use the "Raise Your Hand" function in the Zoom platform or press *6 if you phoned into the meeting. If you have anything that you wish to be distributed to the Audit and Finance Committee and included in the official record, please send to nwogberg@peninsulacleanenergy.com.*

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

This item is reserved for persons wishing to address the Committee on any PCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. Members of the public who wish to address the Committee are customarily limited to two minutes per speaker. The Committee Chair may increase or decrease the time allotted to each speaker.

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS

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 May 09, 2022 Audit & Finance Committee Meeting

REGULAR AGENDA

3. Chair Report (Discussion)

4. Staff Report (Discussion)
5. Recommend Approval of Fiscal Year 2022-2023 Budget (Action)
6. Overview of Stochastic Modeling to Evaluate and Measures Risk to Cost of Energy (Discussion) (Continued from May 09, 2022 Meeting)
7. Overview of Government Solar Business Models (Discussion)
8. Committee Members' Reports (Discussion)

ADJOURNMENT

Public records that relate to any item on the open session agenda are available for public inspection. The records are available at the Peninsula Clean Energy offices or on PCEA's Website at: <https://www.peninsulacleanenergy.com>.

Instructions for Joining a Zoom Meeting via Computer or Phone

Best Practices:

- Please mute your microphone when you are not speaking to minimize audio feedback
- If possible, utilize headphones or ear buds to minimize audio feedback
- If participating via videoconference, audio quality is often better if you use the dial-in option (Option 2 below) rather than your computer audio

Options for Joining

- A. Videoconference with Computer Audio – see Option 1 below
- B. Videoconference with Phone Call Audio– see Option 2 below
- C. Calling in via Telephone/Landline – see Option 3 below

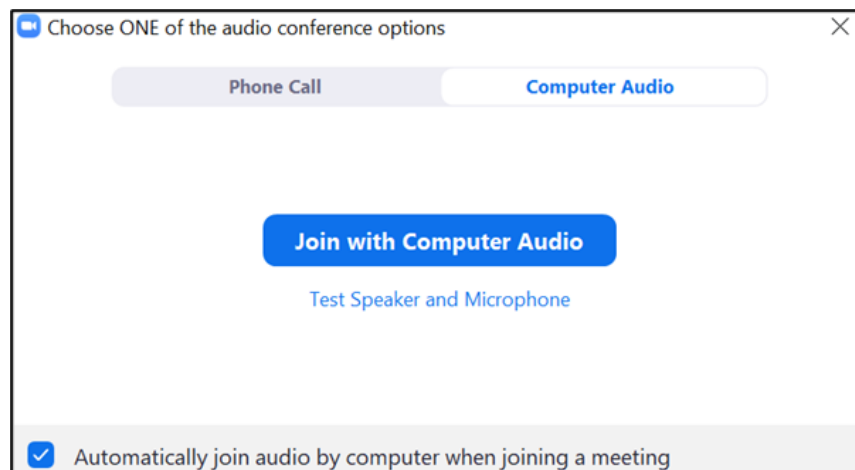
Videoconference Options:

Prior to the meeting, we recommend that you install the Zoom Meetings application on your computer by clicking here <https://zoom.us/download>.

If you want full capabilities for videoconferencing (audio, video, screensharing) you must download the Zoom application.

Option 1 Videoconference with Computer Audio:

1. From your computer, click on the following link that is also included in the Meeting Calendar Invitation : <https://pencleanenergy.zoom.us/j/82172572134>
2. The Zoom application will open on its own or you will be instructed to open Zoom.
3. After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Computer Audio option at the top of the pop-up screen.



4. Click the blue, "Join with Computer Audio" button.
5. In order to enable video, click on "Start Video" in the bottom left-hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

Option 2 Videoconference with Phone Call Audio:

1. From your computer, click on the following link that is also included in the Meeting Calendar Invitation: <https://pencleanenergy.zoom.us/j/82172572134>
2. The Zoom Application will open on its own or you will be instructed to Open Zoom.
3. After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Phone Call option at the top of the pop-up screen.



The screenshot shows a Zoom audio options pop-up screen. At the top, there are two tabs: "Phone Call" (selected) and "Computer Audio - Connected". Below the tabs, there is a "Country/Region" dropdown menu set to "United States". Underneath, there is a "Dial" section with a list of phone numbers: +1 253 215 8782, +1 346 248 7799, +1 720 707 2699, +1 301 715 8592, and +1 312 626 6799. Below the dial-in numbers, there is a "Meeting ID" field with the value 821 7257 2134, a "Participant ID" field, and a "Passcode" field with the value 2075.

4. Please dial +1 (253) 215-8782.
5. You will be instructed to enter the meeting ID: **821-7257-2134 followed by #.**
6. You will be instructed to enter in your participant ID. Your participant ID is unique to you and is what connects your phone number to your Zoom account.
7. After a few seconds, your phone audio should be connected to the Zoom application on your computer.
8. In order to enable video, click on "Start Video" in the bottom left-hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

Audio Only Options:

Please note that if you call in/use the audio only option, you will not be able to see the speakers or any presentation materials in real time.

Option 3: Calling in via Telephone/Landline:

1. Dial +1 (253) 215-8782.
2. You will be instructed to enter the meeting ID: **821-7257-2134 followed by #.**
3. You will be instructed to enter your **Participant ID** followed by #. If you do not have a participant ID or do not know it, you can press # to stay on the line.
4. You will be instructed to enter the meeting passcode **2075 followed by #.**

**PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence**

DATE: June 6, 2022
COMMITTEE MEETING DATE: June 13, 2022
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Audit & Finance
Committee
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy Authority
SUBJECT: Resolution to Make Findings Allowing Continued Remote Meetings
Under Brown Act

RECOMMENDATION:

Adopt a resolution finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person would present imminent risks to the health or safety of attendees.

BACKGROUND:

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which rescinded his prior Executive Order N-29-20 and set a date of October 1, 2021 for public agencies to transition back to public meetings held in full compliance with the Brown Act. The original Executive Order provided that all provisions of the Brown Act that required the physical presence of members or other personnel as a condition of participation or as a quorum for a public meeting were waived for public health reasons. If these waivers fully sunset on October 1, 2021, legislative bodies subject to the Brown Act would have to contend with a sudden return to full compliance with in-person meeting requirements as they existed prior to March 2020, including the requirement for full physical public access to all teleconference locations from which committee members were participating.

On September 16, 2021, the Governor signed AB 361, a bill that formalizes and modifies the teleconference procedures implemented by California public agencies in response to the Governor's Executive Orders addressing Brown Act compliance during shelter-in-place periods. AB 361 allows a local agency to continue to use teleconferencing under the same basic rules as provided in the Executive Orders when certain circumstances occur or when certain findings have been made and adopted by the local agency. On January 5, 2022, Governor Newsom extended the sunset provision of AB361 and Government Code Section 11133(g) from January 31, 2022 to April 1, 2022 due to the surge in Omicron variant related COVID-19 cases and hospitalizations.

AB 361 requires that, if the state of emergency remains active for more than thirty (30) days, the agency must make findings by majority vote to continue using the bill's exemption to the Brown Act teleconferencing rules. The findings are to the effect that the need for teleconferencing persists due to the nature of the ongoing public health emergency and the social distancing recommendations of local public health officials. **Effectively, this means that agencies, including PCEA, must agendize a Brown Act meeting and make findings regarding the circumstances of the emergency on a thirty (30) day basis. If at least thirty (30) days have transpired since its last meeting, the Committees must vote whether to continue to rely upon the law's provision for teleconference procedures in lieu of in-person meetings.**

AB 361 allows for meetings to be conducted virtually *as long as* there is a gubernatorially-proclaimed public emergency in combination with (1) local health official recommendations for social distancing or (2) adopted findings that meeting in person would present risks to health. AB 361 will now sunset on January 1, 2024.

On September 25, 2021, the Peninsula Clean Energy Board of Directors approved a thirty (30) day extension of remote meetings in accordance with AB 361. Out of an abundance of caution given AB 361's narrative that describes each legislative body's responsibility to reauthorize remote meetings, staff and counsel brings this memo and corresponding resolution to the attention of the Audit & Finance Committee.

On September 29, 2021, the Peninsula Clean Energy Audit & Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361.

On October 12, 2021, the Peninsula Clean Energy Audit & Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361.

On November 8, 2021, the Peninsula Clean Energy Audit & Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361.

On November 18, 2021, the Peninsula Clean Energy Audit & Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361.

On February 14, 2022, the Peninsula Clean Energy Audit & Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361.

On May 9, 2022, the Peninsula Clean Energy Audit & Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361.

DISCUSSION:

Because of continuing concerns regarding COVID-19 transmission, especially when individuals are grouped together in close quarters, it is recommended that the Peninsula Clean Energy Audit & Finance Committee avail itself of the provisions of AB 361 allowing continuation of online meetings by adopting findings to the effect that conducting in-person meetings would present risk to the health and safety of attendees. A resolution to

that effect and directing staff to agendize the renewal of such findings in the event that thirty (30) days has passed since the Committee's last meeting, is attached hereto.

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * *

RESOLUTION FINDING THAT, AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC STATE OF EMERGENCY DECLARED BY GOVERNOR NEWSOM, MEETING IN PERSON FOR MEETINGS OF THE PENINSULA CLEAN ENERGY AUDIT & FINANCE COMMITTEE WOULD PRESENT IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES

WHEREAS, on March 4, 2020, the Governor proclaimed pursuant to his authority under the California Emergency Services Act, California Government Code section 8625, that a state of emergency exists with regard to a novel coronavirus (a disease now known as COVID-19); and

WHEREAS, on June 4, 2021, the Governor clarified that the “reopening” of California on June 15, 2021 did not include any change to the proclaimed state of emergency or the powers exercised thereunder, and as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent resolution in the state Legislature; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20 that suspended the teleconferencing rules set forth in the California Open Meeting law, Government Code section 54950 et seq. (the “Brown Act”), provided certain requirements were met and followed; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 that provides that a legislative body subject to the Brown Act may continue to meet without fully complying with the teleconferencing rules in the Brown Act provided the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and further requires that certain findings be made by the legislative body every thirty (30) days; and,

WHEREAS, Governor Newsom extended the sunset provision of AB361 and Government Code Section 11133(g) to January 1, 2024 due to surges and instability in COVID-19 cases; and,

WHEREAS, California Department of Public Health (“CDPH”) and the federal Centers for Disease Control and Prevention (“CDC”) caution that COVID-19 continues to be highly transmissible and that even fully vaccinated individuals can spread the virus to others; and,

WHEREAS, the Committee has an important governmental interest in protecting the health, safety and welfare of those who participate in its meetings;

WHEREAS, on September 25, 2021, the Peninsula Clean Energy Board of Directors approved a thirty (30) day extension of remote meetings in accordance with AB 361. Out of an abundance of caution given AB 361’s narrative that describes each legislative body’s responsibility to reauthorize remote meetings, staff and counsel bring this resolution to the attention of the Audit & Finance Committee, and;

WHEREAS, on September 29, 2021, the Peninsula Clean Energy Audit and Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361, and;

WHEREAS, on October 12, 2021, the Peninsula Clean Energy Audit and Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361, and;

WHEREAS, on November 8, 2021, the Peninsula Clean Energy Audit and Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361, and;

WHEREAS, on February 14, 2022, the Peninsula Clean Energy Audit and Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361, and;

WHEREAS, on May 9, 2022, the Peninsula Clean Energy Audit and Finance Committee approved a thirty (30) day extension of remote meetings in accordance with AB 361, and;

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the Committee deems it necessary to find that meeting in person would present imminent risks to the health or safety of attendees, and thus intends to invoke the provisions of AB 361 related to teleconferencing.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that

1. The recitals set forth above are true and correct.
2. The Committee finds that meeting in person would present imminent risks to the health or safety of attendees.
3. Staff is directed to return no later than thirty (30) days, or, alternatively, at the next scheduled meeting of the Committee, after the adoption of this resolution with an item for the Committee to consider making the findings required by AB 361 in order to continue meeting under its provisions.
4. Staff is directed to take such other necessary or appropriate actions to implement the intent and purposes of this resolution.

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**Regular Meeting of the Audit and Finance Committee of the
Peninsula Clean Energy Authority (PCEA)
Minutes**

Monday, May 9, 2022
8:30 a.m.
Zoom Video Conference and Teleconference

CALL TO ORDER

Meeting was called to order at 8:30 a.m. in virtual teleconference.

ROLL CALL

Participating Remotely:

Donna Colson, Burlingame
Carlos Romero, East Palo Alto
Laurence May, Hillsborough, *Chair*
Jeff Aalfs, Portola Valley, arrived at 8:32 a.m.

John Keener, Director Emeritus
Pradeep Gupta, Director Emeritus

Absent:

A quorum was established.

PUBLIC COMMENT

None

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS

MOTION: Director Colson moved, seconded by Director Romero 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 February 14, 2022 Audit & Finance Committee Meeting

MOTION PASSED: 4-0

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
Burlingame	Director Colson	X			
East Palo Alto	Director Romero	X			
Hillsborough	Director May	X			

Portola Valley	Director Aalfs	X			
	Totals	4			

REGULAR AGENDA

3. Chair Report

None

4. Staff Report

None

5. Review Financial Reports and Investment Summary for Third Quarter Fiscal Year (FY) 2022-2023 (Discussion)

Andy Stern, Chief Financial Officer, gave a presentation covering the Third Quarter Financials including the quarterly and monthly trends for revenue and cost of energy, a review of the financial statement versus the budget, the change in net position, the cash and investment summary and the days cash on hand.

Chair May asked for clarification on the budgeting timeline when looking at projected revenues. Andy explained that the budget is done by quarter based off load forecasting on an hour-by-hour, day-by-day basis. Andy also explained that residential load, with higher rates, was below expected for the year. Chair May asked if this was due to weather. Siobhan Doherty, Director of Power Resources, explained that there might have been milder weather, but that her team could look into this further. Jan Pepper, Chief Executive Officer, explained that the commercial load remained low despite thinking it would increase with people returning to work from their offices, but that residential use also remained low. Director Colson asked if residential solar panels were having an influence on the low residential usage. Jan explained that this was something the team could investigate further.

Director Romero asked if the projected improvement in the fourth quarter is due to the Power Charge Indifference Adjustment (PCIA) adjusting downward. Andy explained that it is largely affected by the PCIA.

Director Emeritus Gupta asked if there is an estimate of how much revenue goes to PG&E under the PCIA. Andy gave a rough estimate of an equivalent of \$150 million per year before the adjustment. Jan added that while it appears there was a 33% increase in rate, with the PCIA decreasing the net rate change for customers was approximately one cent per kilowatt hour.

6. Review Fiscal Year 2022-2023 Draft Budget (Discussion)

Andy Stern, Chief Financial Officer, gave a presentation on the Fiscal Year (FY) 2022-2023 draft budget including key assumptions, the PG&E and Power Charge Indifference Adjustment (PCIA) rate change summary, and a 5-year plan.

Director Romero asked when Los Banos customers would be fully included. Andy explained that all non Net Energy Metering (NEM) customers were enrolled in April, but that other

customers would be enrolled on a rolling basis over the next 3-5 months. Andy further explained that by the middle of the first quarter all customers would be included.

Director Romero asked if the \$150 million increase in electricity sales in 2023 was attributed to an increase in electricity costs or an increase in load. Andy explained that the increase in load is projected to be about 3% and that the 62% increase in revenue is not coming from a 62% increase in customer cost, but more likely a 33% increase for generation with a larger portion of that coming to Peninsula Clean Energy due to the PCIA. Director Romero asked for clarification on the decrease of \$50 million in 2024. Andy explained that for FY 2023-2024, generation rates are expected to go down by 10%.

Director Emeritus Gupta asked for clarification on the 2023 residential sales forecast. Andy explained that the forecasting is adjusted by every quarter based on load changes and long term weather forecasts.

Chair May stated that the ratepayers would be most severely impacted by the changing costs and that Peninsula Clean Energy should take a look at what to do with days cash on hand since it will grow to 300. Andy explained that the industry is very volatile and tied to PG&E's rates, but that Peninsula Clean Energy is looking into cost-based rate setting. Director Romero expressed interest in looking into a mechanism to redistribute the excess cash on hand to those most affected by the increases. Jan Pepper, Chief Executive Officer, added that Board feedback on what to do with the excess is helpful, and that it is helpful to have a cushion for energy costs.

Jan shared that a possibility might be to offer discounts to California Alternate Rates for Energy Program (CARE) and Family Electric Rate Assistance Program (FERA) customers as opposed to increasing the discount to all customers in such a volatile market. Chair May agreed that a dynamic discount would be preferred to an upfront discount in terms of not incentivizing greater consumption.

Director Colson suggested rebates or a credit on a future bill. Director Romero suggested a check in hand rebate to maximize awareness of the rebate as opposed to a rebate line on the bill. Andy agreed that checks are highly visible but logistically not practical and included a reminder that a year ago the fear was cash-on-hand dropping below 200 days. Director Colson suggested creating a policy for what to do in the event that cash-on-hand reaches a predetermined threshold.

Director Emeritus Gupta cautioned that these rates are tied to PG&E and if Peninsula Clean Energy moved toward cost-based rate setting the estimating may look different.

Director Emeritus Keener suggested investing the excess to subsidize more energy production, such as with rooftop solar.

7. Overview of Stochastic Modeling to Evaluate and Measure Risk to Cost of Energy (Discussion)

Siobhan Doherty, Director of Power Resources, introduced the overview to stochastic modeling to evaluate and measure the risk to cost of energy.

Mehdi Shahriari, Senior Analyst, gave a presentation detailing this process including sharing the difference between deterministic versus stochastic modeling, software and the pilot for stochastic models, as well as background on the modeling.

Due to time constraints this item will be continued at the June 13, 2022 Audit and Finance Committee Meeting.

8. Committee Members' Reports

None

ADJOURNMENT

Meeting was adjourned at 10:00 a.m.

**PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence**

DATE: June 6, 2022
COMMITTEE MEETING DATE: June 13, 2022
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Audit and Finance Committee

FROM: Andy Stern, Chief Financial Officer

SUBJECT: Proposed Fiscal Year 2022-2023 Budget and 5-year Projections

RECOMMENDATION:

Recommend Approval of the Proposed Fiscal Year 2022-2023 Budget and 5-year Projections.

BACKGROUND:

On May 9, 2022, Staff presented a draft Fiscal Year 2022-2023 budget to the Audit & Finance Committee and to the Executive Committee in order to solicit comments and input. Staff presented the same draft budget to the full Board of Directors on May 26, 2022.

DISCUSSION:

Fiscal Year 2022-2023 (July 1, 2022 through June 30, 2023) budget presentation and details will be provided for review. The bottom-up approach included discussions with the department heads to develop their portions of the budget. The final budget has been updated to reflect additional refinement of select revenue and expense categories.

The resolution for Board approval reflects a Not-to-Exceed level of Total Operating Expenses allowing for various categories to be above or below the planned level as long as the Total Operating Expenses do not exceed the requested level of \$294,429,488 for the full Fiscal Year 2022-2023.

RECOMMENDATION:

Recommend approval by the full Board of Directors of the Fiscal Year 2022-2023 (July 1, 2022, through June 30, 2023) budget at its meeting on June 23, 2022 with an amount of \$294,429,988 as a not-to-exceed amount of Total Operating Expenses.

ATTACHMENTS:

The final version of the proposed Fiscal Year 2022-2023 Budget and 5-year Projections will be distributed during the meeting.

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

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**RESOLUTION RECOMMENDING THAT THE BOARD OF DIRECTORS APPROVE
THE FISCAL YEAR 2022-2023 BUDGET WITH TOTAL OPERATING EXPENSES
NOT TO EXCEED \$294,429,488**

RESOLVED, by the Audit and Finance Committee of Peninsula Clean Energy Authority (PCEA) of the County of San Mateo, State of California, that

WHEREAS, PCEA Staff reviewed a draft budget for Fiscal Year 2022-2023 and the underlying assumptions with the Audit and Finance Committee at its meeting on May 9, 2022 to solicit input and recommended changes, and

WHEREAS, PCEA Staff reviewed a draft budget for Fiscal Year 2022-2023 and the underlying assumptions with the Executive Committee at its meeting on May 9, 2022 to solicit input and recommended changes, and

WHEREAS, PCEA Staff reviewed a draft budget for Fiscal Year 2022-2023 and the underlying assumptions with the Board of Directors at its meeting on May 26, 2022 to solicit input and recommended changes, and

WHEREAS, PCEA Staff has updated the assumptions in the draft budget for the Fiscal Year 2022-2023 with the most updated and current information available to formulate a final version of the budget for Fiscal Year 2022-2023, and

WHEREAS, the Audit and Finance Committee of the Peninsula Clean Energy Authority reviewed such final version of the budget for Fiscal Year 2022-2023 and the underlying assumptions at its meeting on June 13, 2022.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Audit and Finance Committee recommends that the PCEA Board of Directors approve the Fiscal Year 2022-2023 budget at its meeting on June 23, 2022 with Total Operating Expenses not to exceed \$294,429,488.

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