Regular Meeting of the Executive Committee of the Peninsula Clean Energy Authority (PCEA)
Minutes

Monday, December 5, 2022
10:00 a.m.
Zoom Video Conference and Teleconference

CALL TO ORDER

Meeting was called to order at 10:01 a.m. in virtual teleconference.

ROLL CALL

Participating Remotely:

Rick DeGolia, Atherton, *Chair*
Julia Mates, Belmont
Donna Colson, Burlingame, *Vice Chair*
Giselle Hale, Redwood City
Marty Medina, San Bruno
Rick Bonilla, San Mateo
Jeff Aalfs, Portola Valley

John Keener, Director Emeritus

Absent:
Dave Pine, San Mateo County
Laura Parmer-Lohan, San Carlos
Pradeep Gupta, Director Emeritus

A quorum was established.

PUBLIC COMMENT

None

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS

MOTION: Director Bonilla moved, seconded by Director Hale to set the Agenda and approve Agenda Item Numbers 1-3.

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 November 7, 2022 Executive Committee Meeting

3. Approval of 2023 Executive Committee Schedule of Meetings

MOTION PASSED: 7-0 (Absent: San Mateo County, San Carlos)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine				X
Atherton	Director DeGolia	X			
Belmont	Director Mates	X			
Burlingame	Director Colson	X			
Redwood City	Director Hale	X			
San Bruno	Director Medina	X			
San Carlos	Director Parmer-Lohan				X
San Mateo	Director Bonilla	X			
Portola Valley	Director Aalfs	X			
	Totals	7			2

REGULAR AGENDA

4. Chair Report

Chair DeGolia announced that the CEO Review Subcommittee will be convening shortly to discuss Jan Pepper's goals for 2023.

5. CEO Report

Jan Pepper, Chief Executive Officer, provided a report that covered the following topics: a staffing update, an update on the Solar and Storage on Public Buildings Program, ongoing annual meetings with each jurisdiction, and that retiring Board Members will be recognized at the December 15, 2023 Board Meeting.

Chair DeGolia added that three Executive Committee members are retiring, leaving vacancies on the Committee and he asked to think about those on the Board and potential recommendations for Board Members or Alternates to join the Executive Committee.

6. Discussion on Annual PG&E Rate Change

Leslie Brown, Director of Account Services, gave a presentation on the 2023 PG&E Rate Change including Peninsula Clean Energy's standard ratemaking process, maintaining the 5% value proposition to new customers, the projected negative Power Charge Indifference Adjustment (PCIA) for some Vintages, an explanation of a negative PCIA, and a rate example for a 2021 PCIA Vintage.

Chair DeGolia said he knows the 2022 PCIA Vintage only applies to most of the Net Energy Metering (NEM) customers in Los Banos which is a small set of customers. He asked about the difficulty in calculating out a third rate with the 2022 PCIA Vintage and how much challenge is there for Staff to have to calculate the two rates before 2022. Leslie explained that it is not so much that it gets complicated, but it is more work to do three rates. She will propose sticking to two rates.

Chair DeGolia asked if this is about removing the 2022 Vintage because it represents a small subset of accounts. Leslie explained no, that the 2022 Vintage does need to be considered, especially because those accounts are generally NEM customers. It would be bad if the only rates they had that were not a 5% discount were the customers in Los Banos.

Chair DeGolia suggested that since Los Banos is the 2021 vintage and for the 2022 vintage they might look to see which is the best rate for customers and choose for both customers whichever is the best rate. The other solution is to do the same thing with all three of the rates; to look at all three rates and choose which is best. Chair DeGolia would tend to want to be more generous to customers and go to one of those two solutions.

Leslie said they looked into those options and could have one rate just based off the worst PCIA like 2022 and apply that to everybody, but what they settled on which they thought would be the best scenario for PCE to financially be able to provide customers a discount but also making sure they are staying consistent with their stated value proposition of 5%.

Leslie suggested to have one rate for San Mateo County customers and the Los Banos 2021 Vintage customers and then one rate for the Los Banos Vintage 2022 customers. The effective customer discount for each group is the 2022 customers for a 5% discount while the 2021 customers would have a slightly higher than 5% discount. Then, the San Mateo County customers would have at least a 5% discount.

Chair DeGolia recognized that there are about 1,000 customers for Los Banos, and if PCE gave them the same rate as the 300,000 customers, they would have a better discount than 5%, and asked how much it would cost PCE.

Leslie explained, if they made that rate the rate for everyone the 2022 customers would have the 5% discount and then the 2021 and 2016 customers would have more than a 5% discount. The 2021 customers would have the biggest discount.

Director Bonilla and Chair DeGolia shared their enthusiasm for Staff's proposal.

Director Aalfs agreed with proposal, thinks the more than 5% discount for Los Banos customers is a relatively small group of customers and he asked what the overall impact would be by doing this. Leslie explained that they tried to do some of that analysis ahead of time the impact would be about a couple of tenths of a penny, applied to about 13,000 customers, making it incredibly nominal.

Chair DeGolia confirmed the Board meeting is on January 26th, and he said he will make the suggestion to delegate this to the Executive Committee at the December Board meeting and ask to have the Board delegate it to the January Executive Committee meeting. Directors Bonilla and Mates agreed with this.

Director Medina asked what the cost is for that additional percentage. He asked if it is $200,000 over how many customers.

Kristina Cordero, Chief Financial Officer, explained that as they are discussing what they are seeing in PCIA, projections have dropped in October 2022, this range of the PCIA difference has really changed. It is a rounding error when looking at the overall magnitude of PCE's budget. They calculated out at under $300,000 as far as the set range which Leslie confirmed is 2/10th of a penny.

Vice Chair Colson liked the process that Chair DeGolia developed in the delegation to the Executive Committee, noting there they will have so much change on the Board of

Directors that they would be presenting twice and might not have many comfortable voting at this level of detail.

Director Aalfs said he is on board with this full approach including coming back to the Executive Committee. In terms of presenting it to the Board in December, he thinks there are a few talking points—one is three rates is a lot harder to do than two and if they are going to differ in discounts it is always better to surprise customers positively than negatively.

Chair DeGolia said he agrees with one qualification; that everyone should remain at minimum 5% discount and make that to the advantage of those who have a different PCIA and end up with a slightly larger discount.

Jan Pepper, Chief Executive Officer, added that Staff would like to get this instituted and moved on as quickly as possible because it will be an addition to their revenue. If they need to wait for a January 26th Board decision and are not able to implement it until February 15th, affecting revenues for the year.

7. Discussion on Net Energy Metering (NEM) 3.0 Proposed Decision

Jeremy Waen, Director of Regulatory Policy, gave a presentation on a proposal from the California Public Utilities Commission (CPUC) to amend the rooftop solar Net Energy Metering (NEM) rules. The CPUC has a Proposed Decision they issued in late November and it is scheduled for a vote with the Commission on December 15th.

The revised Proposed Decision before the CPUC now has made substantial improvements over the draft circulated a year ago noting that the three largest changes are that the prior proposal had a grid access charge that was a dollar per KW flat monthly charge of about $8/KW based on the size of the solar array installed. Many parties opposed this, stating it was likely an illegal tax on these customers and discriminatory against NEM customers in particular and the CPUC walked back the proposal to include that charge.

Another major change is that the prior proposal had a 15-year early migration requirement for existing NEM 1.0 and 2.0 customers. If these customers' operations have been in operation for 15 years or more, they would be transitioned to the NEM 3.0 rules rather than letting the agreement run its standard length of 20 years. This was a source of contention amongst the solar community and existing NEM customer base. The CPUC has taken that out.

Then, there has been a wide range of good and bad proposals by parties about the manner in which they are compensating for excess generation for export from rooftop solar. The CPUC landed around a concept of using the avoided cost calculator with an adder that would taper off with time to smooth the transition for customers. The cost calculator has sensitivities in terms of times of day when energy is produced and also seasonality, as well. Solar generated in the middle of the day and in the summer has far less value than in winter, so there is some seasonal and timing sensitivity based in this compensation rate proposed along with the adder which is to create a bonus which would taper off over 4 years, 25% at a time to allow for new NEM customers to transition into a direct compensation rate based on the voided cost calculator.

The CPUC is set to vote on this matter on December 15th. There was an opportunity for formal parties in the case to file comments on November 30th and CCAs did participate in a limited comment filing on this Decision, and there is an opportunity for reply due today. The comments Staff submitted last Wednesday included a couple of items. The Proposed Decision contemplates a glide path of 120 days from the adoption of the Decision. During that period, there would still be a chance for NEM customers who get their interconnection approval granted to participate in the NEM 2.0 rate and compensation structure. Past that period, even if the utilities are not ready to bill, someone would be considered a NEM 3.0 customer and billed under 2.0 rates until they are ready to bill you otherwise. Peninsula Clean Energy's (PCE) comments proposed pushing that to a 180-day period and also delaying the start of the clock for that period until the utilities billing systems are in place so they avoid the position of NEM 3.0 customers being billed as 2.0 customers until systems are overhauled which can take years to act on.

Chair DeGolia asked if the only real negative impact, not addressing the timing, for current NEM 2.0 customers is for those generating more electricity they use the rate will go down progressively over 4 years. Jeremy said the transition to this compensation for excess generation would only apply to NEM 3.0 customers.

Chair DeGolia asked if it is calculated monthly or annually, and Jeremy explained the present NEM practice is an annualized true-up of costs, and they are sticking to that as well as non-passable charges are assessed to NEM customers, keeping them consistent between the 2.0 and 3.0 rules.

Chair DeGolia asked about the impact on current NEM 2.0 customers. Jeremy explained that current NEM 2.0 customers are not being directly impacted, but some comments are pushing for changes around that area. Jeremy said they will know more on December 15th when the Board reconvenes and it is likely the CPUC will adopt the Decision on that meeting, with possibly redline edits released right before that decision.

Chair DeGolia said it sounds like if the most significant adverse impact to solar rooftop customers is they get less of a return for excess production under this new system of NEM 3.0, in fact what PCE should advocate for people who install rooftop solar convert from methane gas to electricity.

Vice Chair Colson said during her Council meeting, they had a lot of community interest and many people pushing them to write a strong letter to the Governor. They explained they were not in a position to write the CPUC. For their Burlingame City Council agenda tonight, Mark Hershman and Jeremy helped them draft a short staff report where they explained the balance of issues facing the policy work on this.

Director Aalfs asked if this new cost calculator encourages or discourages storage along with solar systems. Jeremy said it should be encouraging storage. The CPUC in their draft Decision claims with this methodology, solar-only installations should recover their costs in 9 years based on how the CPUC is doing the calculation, and they claim with storage, the repayment period should be even quicker because they can shift excess generation in hours that are substantially more well compensated for.

Director Aalfs asked if the avoided cost calculator would take into account if he had a battery and discharged it from 6 to 9 and he would get a different avoided cost compensation than if he fed it back to the grid between 12 and 3. Jeremy said the calculator has prices based on time of day. If someone is able to shift that generation, they will get better compensation for it.

Public Comments: None

Director Bonilla said he understands the equity aspect being pronounced in this exercise adding that his understanding that the battery storage is what they need to be looking at.

Director Mates asked if PCE could put something up on the website so she and others could point people to this as opposed to trying to come up with answers.

Jan Pepper, Chief Executive Officer, said at the beginning of the meeting she asked those who are interested in the solar and storage on public buildings to let Staff know of sites as soon as possible. She emphasized they want to try and get this next cohort in under NEM 2.0. If the Decision goes through with the timing as set for December 15th, and 120 days from then is April 15th so they want to get the interconnection applications in before that time, and she noted Peter Levitt and Carlos Moreno are working on Staff's side.

Director Bonilla asked if City/District staff have been reached out on this. Jan replied yes, they sent an email out to all districts and City Managers asking for contact information as to who they should be reaching out to. They will send that again to emphasize the importance.

Jeremy concluded and referred to the linkage to building electrification. The Proposed Decision does allow for the oversizing of rooftop solar arrays by as much as 50% if the customers attest to having plans for further demand growth. He highlighted that the whole compensation mechanism is how the CPUC is proposing the utilities compensate their NEM customers for excess generation. How PCE compensates their customers for excess generation is within the Board's authority.

Jennifer Stalzer shared an update on Agenda Item 6 (Rate Setting): "The JPA states in paragraph 3.3.8 that Board approval is required for '[t]he setting of rates for power sold by the Authority and the setting of charges for any other category of service provided by the Authority.'"

Chair DeGolia said if they could draft it up so this type of a rate change could be delegated this is still an active decision by the Board to delegate it, and he thinks that would be a good thing. Jennifer agreed to work on some language.

Director Aalfs said it sounds like they should plan as if they will have to have a consent agenda item at the January 26th Board of Directors meeting.

Jan said for this rate change, it will not be able to happen in time, so Staff will try to come to the Board with something direct and simple so they get authority at the December Board meeting and give a range of what they think the impact might be dollar-wise so the Board can approve that. They do not want to have to delay this rate change past February 1st. The JPA can be amended, but every member jurisdiction needs to agree to the amendment to the JPA so it will take longer.

8. Committee Members' Reports

Director Bonilla thanked all Committee members, stating it has been a wonderful and interesting process and they have gone through a lot together over the years.

Director Hale said today is her last meeting and thanked Vice Chair Colson for her comments while Chair DeGolia was away at the last meeting, and said she will try to make the December 15th meeting.

ADJOURNMENT

Meeting was adjourned at 11:38 a.m.