



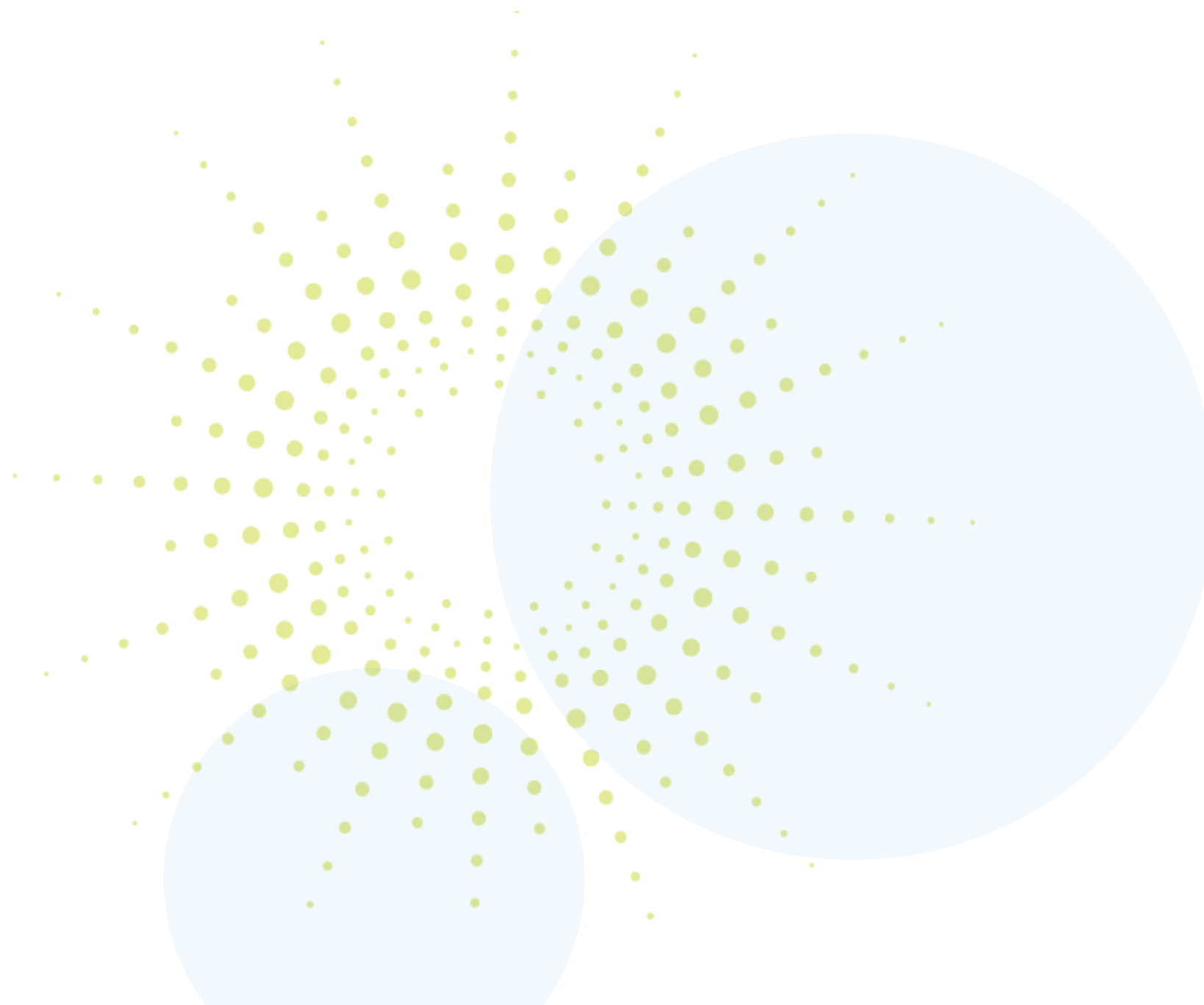
Audit & Finance Committee Meeting

November 7, 2022

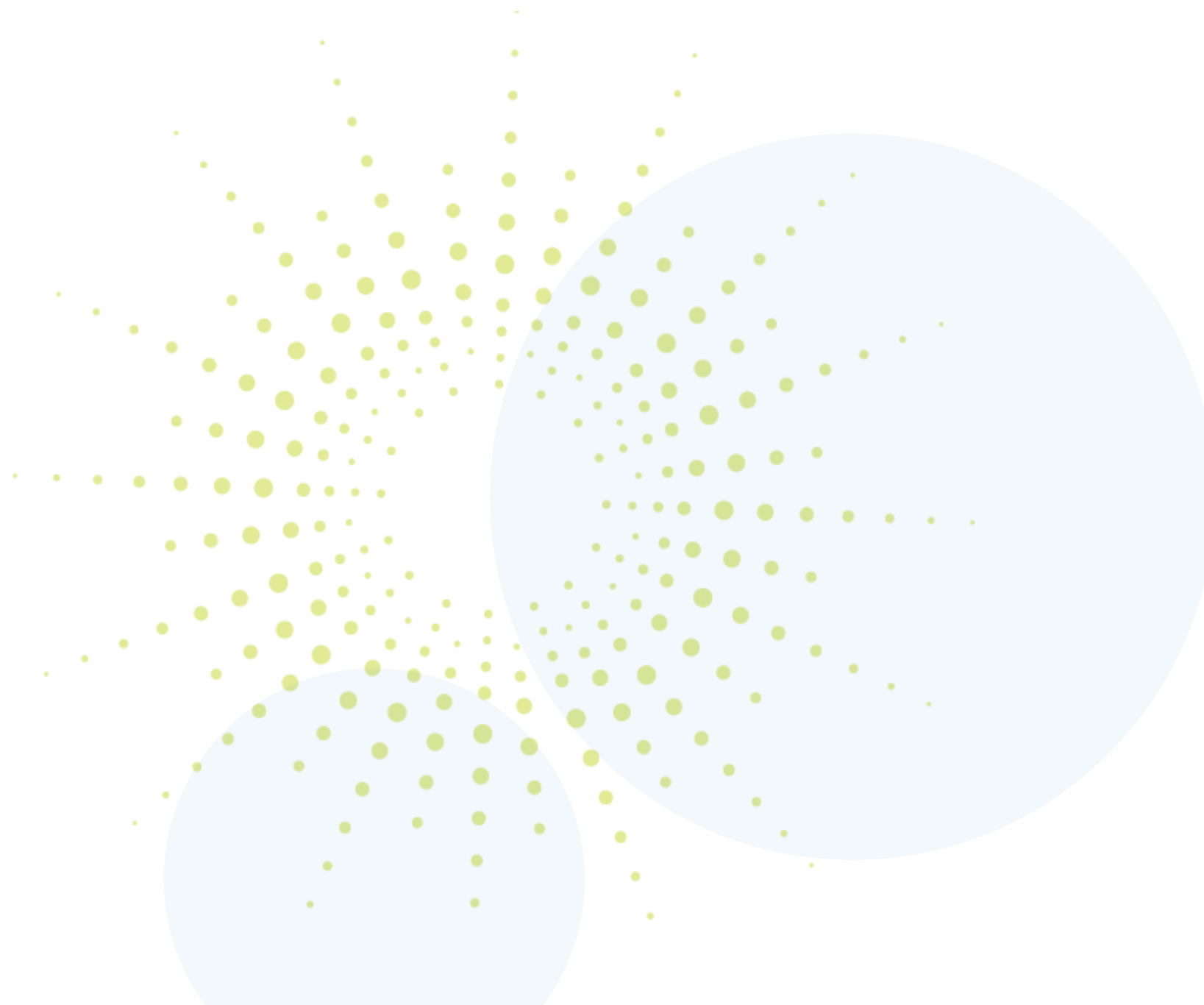
Agenda

- Call to Order / Roll Call
- Public Comment (for items not on the Agenda)
- Action to set the Agenda and Approve Consent Items
- Regular Agenda
 - Inflation Reduction Act of 2022 Presentation
 - Q1 Budget Variance Reporting

Chair Report



Staff Report



The background features a large, light blue circle on the right side. To its left, there is a cluster of numerous small, yellow-green dots of varying sizes, some overlapping the blue circle. At the bottom of the page, there is a horizontal bar with a green-to-blue gradient.

Inflation Reduction Act of 2022

Meeting Objectives

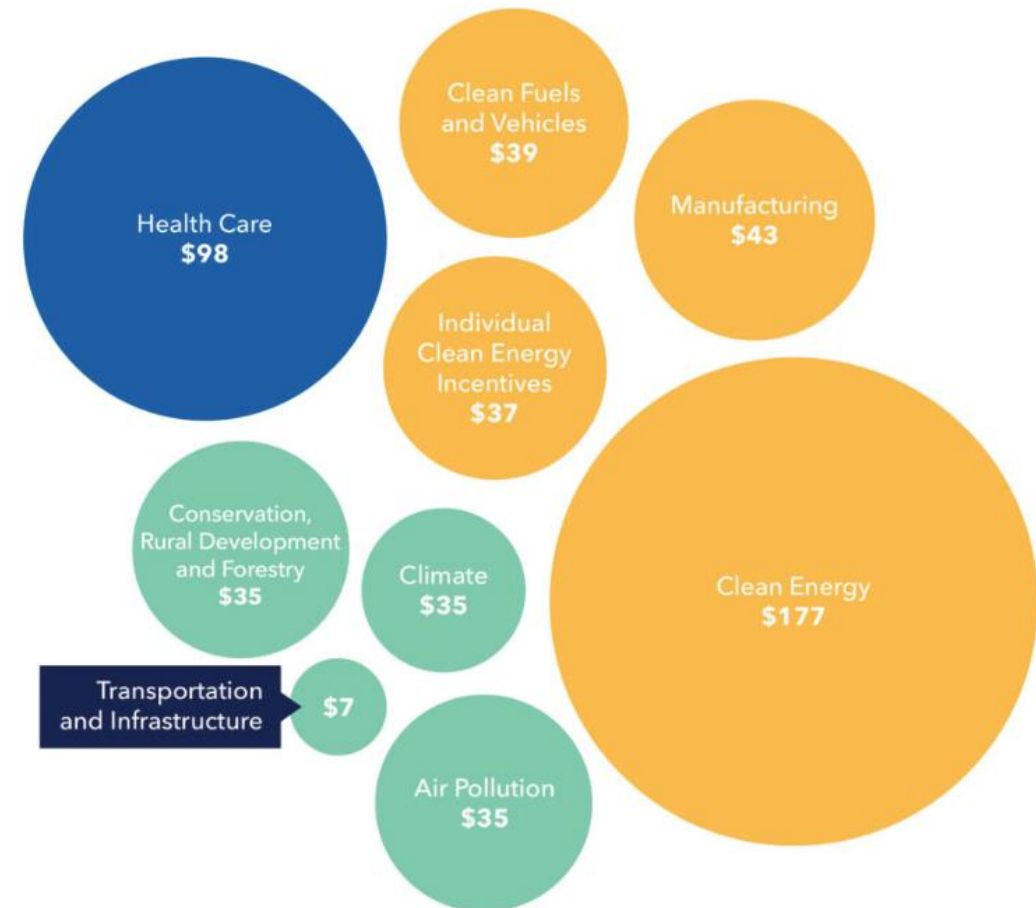
- Provide a high-level overview of Inflation Reduction Act of 2022
 - What is it
 - How much in funding? What are the areas of impact? Time period covered?
 - What areas are of potential interest to CCA's; and of interest to PCE individually?
 - Specific and immediate PCE examples to leverage IRA sources to
 - Increasing current funding streams
 - Longer term impacts examples ... to increase investments in ...
 - Power procurement projects – how to explore?
 - Programs – which programs?
 - In discussion - what is of interest for PCE staff to explore further?

Inflation Reduction Act of 2022 (IRA)

- **\$773 billion (\$433 in new investments)** federal bill funding climate/energy provisions, lowering prescription prices, and paying down national debt.
- Three priority funding buckets for CCAs:
 - Increasing renewable generation (\$40 billion)
 - Enhancing building decarb (\$9.8 billion)
 - Supporting environmental justice (\$33 billion)

Spending and Tax Cuts
Figures in billions over 10 years from 2022-2031

● Health Care ● Energy ● Climate



Renewable Generation Tax Credits

Program Name	Description	Total \$
Production Tax Credit (PTC - SEC. 13101)	Extends tech-specific PTC through 2024. Revives PTC for solar. Creates tech-neutral PTC from 2025 to phaseout in 2032. 1.5 cents/kwh (prevailing wage) + 10% for domestic manufacturing, energy community, or low-income (up to 20%). Direct pay/transferability.	\$30 billion (estimated)
Investment Tax Credits (ITC – SEC. 13102)	Extends tech-specific ITC through 2024 at full amount. Extends to storage, biogas, microgrid controller. Creates tech-neutral PTC from 2025 to phaseout in 2032. 30% credit (prevailing wage) + 10% for domestic manufacturing, energy community, or low-income (up to 20%). Direct pay/transferability.	\$10 billion (estimated)

Building Decarbonization

Program Name	Description	Total \$
High-Efficiency Electric Home Rebate Program (HEERA) (SEC. 50122)	Up to \$14,000 in rebates to switch over to electric appliances—up to 50% of costs for moderate-income households and 100% for low-income households. Includes: \$8,000 for a heat pump, which serves as an air conditioner in the summer and heater in the winter; \$1,750 for a high-efficiency, all-electric heat pump water heater; \$840 for an electric induction cooktop; \$840 for a high-efficiency all-electric heat pump clothes dryer; Up to \$9,100 for enabling improvements to the electric panel, wiring, and home insulation; Up to 50% of project for moderate income, up to 100% for low-income.	\$4.5 billion
Nonbusiness Energy Property Credit (SEC. 13301)	Energy efficiency and electrification tax credits for qualified energy efficiency improvements including up to \$2k for heat pumps	

Building Decarbonization

Program Name	Description	Total \$
Home Energy Performance-Based, Whole Home Rebates (SEC. 50121)	<p>Award grants to State energy offices to develop/implement a HOMES rebate program for homeowners and aggregators for whole-house energy savings retrofits.</p> <ul style="list-style-type: none"> • For single-family home retrofits that achieve modeled energy savings of 20-35% = lesser of \$2k or 50% project cost; >35% energy savings = \$4k or 50% project. • For multi-family home retrofits achieve modeled energy savings of 20-35% = \$2k per dwelling (max \$200k); >35% energy savings = \$4k per dwelling (max \$400k). • For low-income single/multifamily housing, rebate rate doubles up to 80% project cost. 	\$4.3 billion
Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing (SEC. 30002)	<p>New grant and loan program funding improvements for energy or water efficiency, indoor air quality, or sustainability, implement the use of low-emission technologies, materials, or processes, including zero-emission electricity generation, energy storage, org building electrification, or address climate resilience.</p> <ul style="list-style-type: none"> • \$837.5M to HUD through 2028 for direct loans, modifying loans, and for grants. • \$60M for HUD to implement this section including reporting, research, and evaluation. • \$60M for HUD to administer contracts. • \$42.5M for eligible property energy and water benchmarking. 	\$1 billion (\$4 billion in loans)


Environmental Justice

Program Name	Description	Total \$
Greenhouse Gas Reduction Fund (Green Bank - SEC. 60103)	<p>Provides funding for grants to state, local, regional, and Tribal programs that provide financial support to low and zero carbon technologies (like rooftop solar, and pollution-reducing technologies) and can act as seed capital for regional, local, state, or Tribal green banks that provide financial support for low or zero emission projects.</p> <ul style="list-style-type: none"> • \$11.97 billion through 2024 to make grants for entities that provide financial or technical support to establish green banks. • \$15 billion through 2024 to make grants for entities to provide financial and technical support and support the deployment of clean energy technologies in low-income and disadvantaged communities. 	\$27 billion
Environmental and Climate Justice Block Grants (SEC. 60201)	<p>Investments for community-led projects covering a range of eligible activities, from pollution monitoring and prevention, to mitigating health risks from climate events like heat and wildfires, to climate resilience and adaptation, to reducing indoor air pollution; to increasing community engagement in public processes like rulemakings. The fund includes \$200 million to provide technical assistance to communities.</p>	\$3 billion
Neighborhood Access and Equity Grant Program (SEC. 60501)	<p>\$3 billion (\$1.1 billion for disadvantaged communities) for grants to improve transportation access and mitigate negative safety or environmental impacts in underserved communities.</p> <ul style="list-style-type: none"> • Grants may be used for improvements to reduce air pollution and GHG emissions, manage stormwater run-off, address urban heat islands, and to monitor air quality, transportation related GHG emissions and pollution, and gaps in tree canopy coverage. 	\$3 billion

Other

Program Name	Description	Total \$
Climate Pollution Reduction Grants (SEC. 60114)	Competitive awards to states, municipalities, tribes or air pollution agencies that support the establishment and implementation of plans to to reduce climate pollution. This program could support states and other subnational actors in the implementation of clean electricity policies; programs driving adoption of zero-emission vehicles and buildings; deployment of EV charging infrastructure; incentives for smart-growth, housing and transit-oriented development; climate-smart agriculture and lands conservation, and more.	\$5 billion
Clean Vehicle Tax Credits (SEC. 13401)	Tax credits/point-of-sale rebates of up to \$7,500 for new vehicles and \$4,500 for used vehicles (depending on domestic battery and critical minerals). Commercial clean vehicle tax credits of \$7,500 for light-duty and \$40,000 for heavy-duty. No unit-per manufacturer cap starting after Dec 31, 2022. Tax credit terminates by 2033. Includes both electric plug-in vehicles and fuel cell motor vehicles. Taxpayer can elect to transfer credits to eligible dealer that sold vehicle, meaning taxpayer gets credit equal to tax credit from dealer at point of sale.	\$12 billion
Assistance for Latest and Zero Building Energy Code Adoption (SEC. 50131)	Grants to assist States, and units of local government to adopt building codes for: Residential buildings that meets or exceeds the 2021 International Energy Conservation Code, or achieves equivalent or greater energy savings; Commercial buildings that meets or exceeds the ANSI/ASHRAE/IES standard; for residential and commercial buildings that meets or exceeds the zero energy provisions	\$1 billion
State-based Home Energy Efficiency Contractor Training Grants (SEC. 50123)	Funding through DOE to provide state energy offices with grants for the training of contractors on energy efficiency and electrification upgrades, including those in the above residential energy efficiency rebates and tax credits	\$200 million

Priority Direct Opportunities

IRA	Renewable Energy Tax Credits (ITC)	High-Efficiency Rebates	Performance-Based, Whole Home Rebates AND Green Bank Finance	Climate Pollution Reduction Grants
	<ul style="list-style-type: none">Renewable Energy Generation Projects (IFTM)Solar + Storage on Public Buildings (BTM)Capture tax credits with Direct Pay	<ul style="list-style-type: none">Appliance IncentivesPotential to administer and layer with PCE incentives	<ul style="list-style-type: none">Low-Income Home UpgradePotential to administer rebates and layer with PCE incentives. Use low cost capital to finance balance of costs	<ul style="list-style-type: none">Climate Action PlansPartner with CCAG and member jurisdictions

Additional Opportunities & Timing

Additional Opportunities

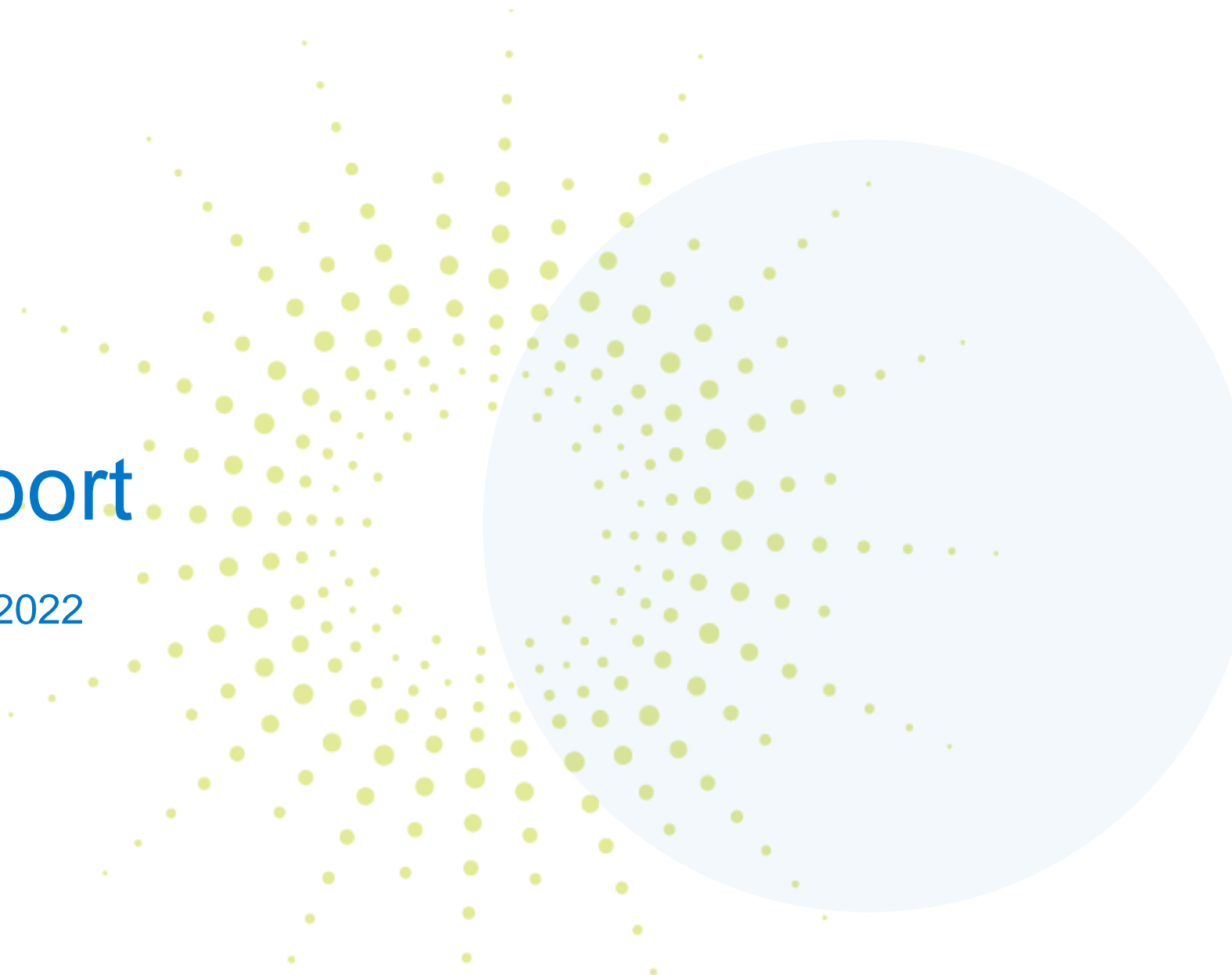
- Encouraging customers to use tax credits
 - Workforce and reach codes
 - Wholesale generation ownership
- (partial list)

Timing

- Tax credits become available in 2023
- Rebates become available later, depending upon state agencies distribution capabilities

FY 2022-23 Q1 Financial Report

July 1, 2022 through September 30, 2022



FY 2022-23 Q1 Actual vs. Budget Load Performance

Actual vs. Budget

- The actual total load is 1.11% lower than budgeted load

(in kWh)	Actual	Budget	Variance	Variance as % Budget
Commercial	548,703,494	534,698,597	14,004,896	2.62%
Street light and Agr.	10,631,229	11,172,460	(541,231)	-4.84%
Residential	365,881,145	389,719,708	(23,838,563)	-6.12%
Total	925,215,868	935,590,766	(10,374,898)	-1.11%

Revenue – Monthly Trend

Revenue (Last 13 months)

September-22

Month	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Sep-21	\$19.3	\$20.7	(\$1.4)
Oct-21	\$14.6	\$20.1	(\$5.5)
Nov-21	\$14.5	\$15.3	(\$0.8)
Dec-21	\$16.0	\$17.1	(\$1.1)
Jan-22	\$15.1	\$17.6	(\$2.5)
Feb-22	\$14.1	\$16.0	(\$1.9)
Mar-22	\$14.7	\$16.8	(\$2.1)
Apr-22	\$26.1	\$15.5	\$10.7
May-22	\$29.5	\$19.6	\$9.9
Jun-22	\$36.3	\$23.3	\$13.0
Jul-22	\$35.0	\$39.2	(\$4.2)
Aug-22	\$37.0	\$41.1	(\$4.1)
Sep-22	\$41.4	\$39.7	\$1.7

Cost of Energy – Monthly Trend

Cost of Energy (Last 13 months)

September-22

Month	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Sep-21	\$17.5	\$19.3	\$1.8
Oct-21	\$17.4	\$18.0	\$0.6
Nov-21	\$15.0	\$16.7	\$1.7
Dec-21	\$18.8	\$19.3	\$0.5
Jan-22	\$20.3	\$18.8	(\$1.5)
Feb-22	\$17.6	\$17.2	(\$0.4)
Mar-22	\$18.4	\$16.9	(\$1.5)
Apr-22	\$19.5	\$16.5	(\$2.9)
May-22	\$19.8	\$17.6	(\$2.2)
Jun-22	\$23.6	\$18.2	(\$5.4)
Jul-22	\$23.1	\$23.7	\$0.6
Aug-22	\$25.7	\$26.9	\$1.2
Sep-22	\$36.1	\$26.7	(\$9.4)

FY 2022-23 Q1 Actual vs. Budget Financial Performance

Actual vs. Budget:

- Revenues are \$6.6 million lower than budget
- Operating expenses are \$5.7 million higher than budget
- Operating income is \$23.1 million, or \$12.3 million lower than budget
- Change in net position is \$20.9 million

	Items	Q1	Q1		
Month		7-9	7-9		
Calendar Year		2022	2022		
Fiscal Year		2023	2023		
Code	Items	Actual	Budget	Variance	Variance as % Budget
OPERATING REVENUES					
Mtpl	Electricity Sales, net	112,628,344	119,270,294	(6,641,950)	-5.57%
Mtpl	Green electricity premium	767,960	716,450	51,510	7.19%
Total Operating Revenues		113,396,304	119,986,744	(6,590,440)	-5.49%
OPERATING EXPENSES					
Mtpl	Cost of energy	84,875,611	77,274,735	(7,600,876)	-9.84%
Mtpl	Staff compensation	1,798,114	2,145,805	347,692	16.20%
50200	Data Manager	882,662	900,000	17,339	1.93%
50500	Service Fees - PG&E	331,959	337,500	5,541	1.64%
Mtpl	Consultants & Professional Services	272,785	432,735	159,950	36.96%
Mtpl	Legal	299,118	368,500	69,382	18.83%
Mtpl	Communications and Noticing	347,308	678,677	331,369	48.83%
Mtpl	General and Administrative	538,284	595,500	57,216	9.61%
55100	Community Energy Programs	961,925	2,160,000	1,198,075	55.47%
80200	Depreciation	19,306	24,000	4,694	19.56%
Total Operating Expenses		90,327,070	84,661,817	(5,665,254)	-6.69%
Operating Income (Loss)		23,069,234	35,324,927	(12,255,694)	-34.69%
NON-OPERATING REVENUES (EXP.)					
Total Nonoperating Income/(Expense)		(2,126,486)	150,000	(2,276,486)	-1517.66%
CHANGE IN NET POSITION		20,942,747	35,474,927	(14,532,180)	-40.96%

Cash and Investment Summary – Quarterly Trend

	Jun-19	Jun-20	Jun-21	Jun-22	Sep-22
Investment Account - USBank (Combined PFM/FRB)					
Asset Summary					
Cash & Equivalents	\$ 4,507,825	\$ 58,937,363	\$ 2,785,233	\$ 181,685	\$ 2,561,110.10
Fixed Income	\$ 90,743,561	\$ 105,343,286	\$ 153,947,396	\$ 125,313,000	\$ 118,534,373.37
Accrued Income		\$ 546,170	\$ 520,977	\$ 421,015	\$ 487,220.93
Ending Balance	\$ 95,251,385	\$ 164,826,819	\$ 157,253,606	\$ 125,915,700	\$ 121,582,704.40
Other Accounts (Unrestricted)					
Unrestricted - M&T LockBox			\$ 758,192	\$ -	\$ 3,814,590.41
Unrestricted - Wilmington LockBox	\$ 5,632,155	\$ 5,030,087	\$ 2,465,340	\$ 8,133,146	\$ 2,867,243.70
Operating Account - First Republic	\$ 3,299,345	\$ 5,834,142	\$ 4,340,702	\$ 1,365,681	\$ 13,332,832.42
Savings Account - First Republic	\$ 9,885,949	\$ 2,484,545	\$ 1,354,942	\$ 74,032	\$ 678,656.61
Other Accounts	\$ 573	\$ -	\$ -	\$ 22,908	\$ 2,800.40
Subtotal Unrestricted (non-Investment accounts)	\$ 18,818,022	\$ 13,348,775	\$ 8,919,176	\$ 9,595,766	\$ 20,696,123.54
Other Accounts (Restricted)					
Restricted Cash - Wilmington LockBox	\$ 1,500,000	\$ 1,000,000	\$ 500,000	\$ -	\$ -
Restricted Cash - First Republic	\$ 11,665,799	\$ 31,386,560	\$ 3,949,194	\$ -	\$ -
Subtotal Restricted (non-Investment accounts)	\$ 13,165,799	\$ 32,386,560	\$ 4,449,194	\$ -	\$ -
Total Cash	\$ 127,235,206	\$ 210,562,154	\$ 170,621,976	\$ 135,511,466	\$ 142,278,827.94
Unrestricted Cash	\$ 114,069,407	\$ 178,175,594	\$ 166,172,782	\$ 135,511,466	\$ 142,278,827.94

Committee Members' Reports