

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

Monday, February 14, 2022
8:30 a.m.
Zoom Video Conference and Teleconference

CALL TO ORDER

Meeting was called to order at 8:32 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

John Keener, Director Emeritus
Pradeep Gupta, Director Emeritus

Absent:

Staff: Jan Pepper, Chief Executive Officer
Andy Stern, Chief Financial Officer
Shayna Barnes, Operations Specialist
Marc Hershman, Director of Government Affairs
Rafael Reyes, Director of Energy Programs
Jennifer Stalzer Kraske, Deputy County Counsel
Nelly Wogberg, Board Clerk

A quorum was established.

PUBLIC COMMENT

None

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS

MOTION: Director Colson moved, seconded by Director Aalfs 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 November 8 and November 18, 2021 Audit and Finance Committee Meetings

MOTION PASSED: 3-0 (Absent: East Palo Alto)

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		3			1

REGULAR AGENDA

3. Chair Report

None

4. Staff Report

None

5. Review Financial Reports and Investment Summary for 2nd Quarter Fiscal Year (FY) 2021-2022 (Discussion)

Andy Stern, CFO, gave a presentation on the 2nd Quarter Fiscal Year 2021-2022 Financial Review including the quarterly and monthly trend for revenue and cost of energy, a review of the cash and investment summary, and a review of the financial statement.

Vice Chair Colson asked for input on the influence of higher rates driving energy conservation and how that would affect revenue projections. Andy explained that this wasn't factored in but that as rates increase with PG&E there will be a bump in revenue. Vice Chair Colson further explained that the increase in prices has been a challenge for those on a fixed-income. Andy explained that gas usage and heating generally drive up the costs of bills during the winter months. Andy also explained that due to the Power Charge Indifference Adjustment (PCIA) rate dropping, our rates would be increasing by 50% which would result in a 20% increase in customer's bills.

Jan Pepper, CEO, explained that our rates are tied to PG&E's rates, which are increasing, and that with the decreasing PCIA rates the difference in rates would equal about .09 cents per kilowatt hour (kWh) for customers. Vice Chair Colson emphasized the importance of messaging and sharing data.

Chair May asked about impact of solar residential solar power installations on our revenue and if we track that data. Andy explained that there is data for the amount that customers use and for customers that are on metering but that we wouldn't know how much energy solar customers are self-generating.

Director Emeritus Gupta asked for clarification on the timing of consumption and energy billing. Andy clarified that an estimate is used to allocate revenues to the month based on usage to try and get a more accurate revenue estimate.

Vice Chair Colson asked how the information in this presentation would affect budgeting for FY 2022-2023. Andy explained that with the upcoming change in the PCIA rates to a more normal

level, revenues would be increasing significantly. Jan and Andy explained the benefits of Peninsula Clean Energy's hedging strategy and shared that a cost of service analysis for rate setting is being planned. Director Aalfs added that as Peninsula Clean Energy enters more long term solar and wind contracts backed with batteries Peninsula Clean Energy's volatility decreases.

Director Aalfs asked if there was a point in the main vintage in San Mateo County where the PCIA would expire. Jan explained that there is no information from the CPUC on when or if PCIA rates will ever expire. Andy further explained that the PCIA rates dropped significantly this year because the costs went up so much last year thus creating a substantial difference between what PG&E paid versus the market costs.

Director Emeritus Keener suggested structuring a different rate structure than that used by PG&E.

6. Approval of a Revised 2022 Audit and Finance Committee Schedule of Meetings (Action)

MOTION: Director Aalfs moved, seconded by Director Colson to approve the Revised 2022 Audit and Finance Committee Schedule of Meetings.

MOTION PASSED: 3-0 (Absent: East Palo Alto)

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	3			1

7. Committee Members' Reports

Director Aalfs asked if he could attend the Power Conference in March.

Director Colson expressed her gratitude to Andy Stern for his flexibility as we have worked on the CFO search.

ADJOURNMENT

Meeting was adjourned at 9:25 a.m.