



## **Regular Meeting of the Board of Directors of the Peninsula Clean Energy Authority (PCEA) Minutes**

Thursday, January 26, 2023  
6:30 p.m.  
Zoom Video Conference and Teleconference

### **CALL TO ORDER**

Meeting was called to order at 6:32 p.m. in virtual teleconference.

### **SWEARING IN OF NEW BOARD MEMBERS**

Craig Baumgartner, Associate General Counsel, presided over the official swearing-in of new Board Members or Alternate Board Members: Christine Boles from Pacifica, Amourence Lee from the City of San Mateo, Leslie Ragsdale from Hillsborough, and Pranita Venkatesh from San Carlos.

### **ROLL CALL**

#### **Participating Remotely:**

Dave Pine, San Mateo County  
Rick DeGolia, Atherton, *Chair*  
Julia Mates, Belmont  
Coleen Mackin, Brisbane  
Donna Colson, Burlingame, *Vice Chair*  
Roderick Daus-Magbual, Daly City  
Carlos Romero, East Palo Alto  
Sam Hindi, Foster City  
Harvey Rarback, Half Moon Bay  
Leslie Ragsdale, Hillsborough  
Betsy Nash, Menlo Park  
Anders Fung, Millbrae  
Christine Boles, Pacifica  
Jeff Aalfs, Portola Valley  
Elmer Martinez Saballos, Redwood City  
Marty Medina, San Bruno  
Pranita Venkatesh, San Carlos  
Amourence Lee, San Mateo

Pradeep Gupta, Director Emeritus  
John Keener, Director Emeritus

#### **Absent:**

Ray Mueller, San Mateo County  
Ken Gonzalez, Colma  
Paul Llanez, Los Banos

James Coleman, South San Francisco  
Jennifer Wall, Woodside

**A quorum was established.**

**PUBLIC COMMENT**

None

**ACTION TO SET THE AGENDA AND APPROVE REMAINING CONSENT AGENDA ITEMS**

**MOTION:** Director Rarback moved, seconded by Director Mates to set the Agenda, and approve Agenda Item Numbers 1-4.

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 17, 2022 Meeting
3. Adopt Amendments to Policy 1, "Delegation of Authority to Chief Executive Officer Regarding the Legislative Platform"
4. Adopt Operational Amendments to Policy 14, "Delegation of Authority Policy"

**MOTION PASSED:** 18-0 (Absent: San Mateo County, Colma, Los Banos, South San Francisco, Woodside)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Mueller				X
Atherton	Director DeGolia	X			
Belmont	Director Mates	X			
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Colma	Director Gonzalez				X
Daly City	Director Daus-Magbual	X			
East Palo Alto	Director Romero	X			
Foster City	Director Hindi	X			
Half Moon Bay	Director Rarback	X			
Hillsborough	Director Ragsdale	X			
Los Banos	Director Llanez				X
Menlo Park	Director Nash	X			
Millbrae	Director Fung	X			
Pacifica	Director Boles	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Dugan	X			

San Mateo	Director Lee	X			
South San Francisco	Director Coleman				X
Woodside	Director Wall				X

## **REGULAR AGENDA**

### 5. Chair Report

None

### 6. CEO Report

Jan Pepper, CEO, gave a PowerPoint presentation and report which included the following:

- Welcomed the new IT Systems and Support Administrator
- Support of the Coastside community farmworkers and donations made as a result of the Half Moon Bay tragedy;
- Update of the January 2022 approval of the first contract through CC Power and the Tumbleweed Long Duration Storage project, which has been expanded to 75 megawatts;
- An update on the next cohort of Solar and Storage on Public Buildings
- Request of Directors to notify staff of their interest in serving on the Marketing Subcommittee;
- Publishing of the 24/7 paper on January 10, 2023 about achieving 24/7 renewables, noting good response and participation in a Zoom call with Europeans, visit to Stanford on areas of collaboration and interest, with future reporting to take place.

Director Emeritus Keener asked about the Director of Power Resources position. Jan explained that she hopes to have this position settled within the next couple of weeks.

Chair DeGolia commented he has received numerous comments from public members who very much appreciate the 24/7 modeling tool.

### 7. Citizens Advisory Committee Report

Cheryl Schaff, Citizens Advisory Committee (CAC) Chair, gave a presentation recapping the January 12, 2023 CAC meeting.

### 8. Appointment of Ad-hoc Chair and Vice Chair Nominating Committee

Chair DeGolia explained the process of appointing a Chair and Vice Chair for the Peninsula Clean Energy Board of Directors. Director Medina, Director Mates, and Director Aalfs were appointed to the Nominating Committee.

### 9. Appointment of Ad-hoc Citizens Advisory Committee (CAC) Nominating Committee

Vice Chair Colson, Director Pine, and Director Venkatesh were appointed to the Ad-Hoc Citizens Advisory Committee Nominating Committee.

### 10. Appointment of Two Citizens Advisory Committee (CAC) Liaisons

Director Mackin, Director Boles, and Director Rarback were appointed as liaisons to the Citizens Advisory Committee.

11. Report out of new Peninsula Clean Energy Rates Effective February 1, 2023 with a net 5% Discount in Generation Charges for ECOplus Compared to PG&E Generation Rates (Discussion)

Leslie Brown, Director of Account Services, gave a PowerPoint presentation and overview of the new Peninsula Clean Energy (PCE) rates, effective February 1, 2023 with a net 5% discount in generation charges for ECOplus compared to PG&E generation rates. She described how they calculate rates, factors influencing the net discount, comparison of vintage rates, grouping of customers between 2016 and 2021 into one rate group and a different rate for the 2022 customers due to the higher PCA, and examples of rate calculations.

Chair DeGolia asked if a decision had been made regarding marketing for those customers in Los Banos given they are getting a real benefit.

Leslie explained that they have not planned a big announcement but will definitely provide the call center with talking points for customers who have questions. They will also provide an update comparison with PG&E for the joint rate comparison and will use the 2021 PCA in the rates for Los Banos to show Los Banos residents where they will see the higher discount when looking at the joint rate comparison.

Chair DeGolia said last year when they reviewed the financials the Board agreed that if things continue as projected for a positive cash flow, they will review the discount. Given cash flow this year, they have seen other CCAs increasing their discount and he believes they should have that discussion.

Kristina Cordero, Chief Financial Officer, said they will be talking about mid-year performance at the Audit & Finance Committee scheduled in February.

12. Approval of Amendments to California Community Power Project Participation Share Agreements (Action)

Sara Maatta, Power Resources and Compliance Manager and Acting Interim Power Resources Director, gave a PowerPoint presentation and said their recommendation is that the Board delegate authority to the CEO to execute amendments for the Project Participation Share Agreements (PPSAs) with California Community Power and participating Community Choice Aggregators (CCAs) relating to the 1) Long Duration Storage Project; and 2) Firm Clean Resources Projects. The three amendments; one for each of the three projects are the Tumbleweed Long Duration Storage Project, the Fish Lake Geothermal Project, and the ORGP Project.

Sara gave a background and PowerPoint presentation regarding California Community Power (CC Power).

Chair DeGolia noted that all CCAs who are members of CC Power do not need to participate in each of the purchase agreements. Sara showed 7 of the 9 CCAs as participating.

Sara continued the presentation, explained agreements for liability and securing questions which guarantees the developer will be paid, pointed to an operations agreement that defines how the project gets scheduled into the wholesale energy market, explained the amendment which relates to

the PPSA process, requirements, the strategic business plan to better operate the projects, and specific actions of the amendment, and voiced staff support of the amendment.

Chair DeGolia recognized the need to educate new members of the Board of these technical issues relating to the amendment and thanked staff for the presentation.

**MOTION:** Director Aalfs moved, seconded by Director Romero to approve the CEO to execute amendments to the Project Participation Share Agreements (PPSA) with California Community Power and Participating CCAs related to one long duration storage project and two firm clean resource projects.

**MOTION PASSED:** 18-0 (Absent: San Mateo County, Colma, Los Banos, South San Francisco, Woodside)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Mueller				X
Atherton	Director DeGolia	X			
Belmont	Director Mates	X			
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Colma	Director Gonzalez				X
Daly City	Director Daus-Magbual	X			
East Palo Alto	Director Romero	X			
Foster City	Director Hindi	X			
Half Moon Bay	Director Rarback	X			
Hillsborough	Director Ragsdale	X			
Los Banos	Director Llanez				X
Menlo Park	Director Nash	X			
Millbrae	Director Fung				X
Pacifica	Director Boles	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Venkatesh	X			
San Mateo	Director Lee	X			
South San Francisco	Director Coleman				X
Woodside	Director Wall				X

Sara provided additional context and update to Agenda Item Number 21 on the agenda.

Director Aalfs asked if the expansion reflects any loosening or improvement in market supply chain in pricing of batteries. Sara said she believes this was related to the amount of Resource Adequacy (RA) they qualified for.

Director Aalfs asked if the overall market is not getting any better. Sara said not that they have seen; however, the Peninsula Clean Energy's Request for Offers (RFO) closes next week and they hope to see offers at that time.

### 13. Approval of the 2023 Policy Platform (Action)

Marc Hershman, Director of Government Affairs, provided a presentation of the 2023 Policy Platform.

Director Boles referred to Section 6, Community Resilience, and asked if policies for underground transmission lines could be added to improve resiliency.

Director Hershman said yes, this can be added. The issue with undergrounding is the extent it is being done with ratepayer funds, and he asked and confirmed Director Boles was looking for them to encourage PG&E to do that.

Director Hershman added information on undergrounding, spoke about where the undergrounding would take place, what areas are prioritized, and the high cost of undergrounding. There has been some discussion about how PG&E is spending the undergrounding money as opposed to doing other things that would mitigate wildfires, and whether the funding is appropriate.

Leslie Brown, Director of Account Services, shared that PG&E has a quarterly resilience meeting with their Power Safety Partners, and public agencies are invited.

Vice Chair Colson asked if undergrounding utilities could be part of community resilience as a bullet point so they keep it on their radar.

Chair DeGolia said in Item 6.a, they have increased community resilience to wildfires and rather than amending the platform. He suggested starring that issue and as they see legislation or other efforts come through the California Public Utilities Commission (CPUC) or Sacramento where they would make note of that and bring that to the Board for consideration.

Chair DeGolia asked about item 2.f. which removes "Support State funding for electric vehicle infrastructure grant programs and for Community Choice Aggregation (CCA) participation in said programs". It also removes "Support policy efforts to incentivize and deliver carbon-free and renewable energy on 24/7 basis."

The third is under Item 7.f.; It proposes to delete, "Support policies that increase development of community local energy resources and Distributed Energy Resources (DERs) driving local energy resilience and allow these resources to directly compete with grid infrastructure projects." In Item 8.d, there is also a deletion of the reference to DERs, and he asked for comments on these.

Director Hershman explained that Item 2.f., was a CCA advocated bill AB1814 last year which was introduced but failed to get a hearing and is no longer a CCA effort in the year ahead. They believe without the CCA language it is represented by paragraph 2.c which advocates for support of those similar policies and without the specific reference to the CCA participation.

With respect to Item 2.g, they found this to be redundant with former Item 4.d. and now 4.c which states, "Supporting policies that advance and accelerate delivery of carbon-free and renewable energy on a 24/7 basis." With respect to formerly Item 7.e, they found this redundant with a number

of areas specifically with Item 6.d which is, "Supporting policies and increasing development of community level resources" which was added by the Board last year.

Public Comment: Mark Roest had technical issues with his connection or microphone and provided email comments after the vote.

**MOTION:** Vice Chair Colson moved, seconded by Director Daus-Magbual to approve the 2023 Policy Platform.

**MOTION PASSED:** 17-0 (Absent: San Mateo County, Colma, Los Banos, Millbrae, South San Francisco, Woodside)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Mueller				X
Atherton	Director DeGolia	X			
Belmont	Director Mates	X			
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Colma	Director Gonzalez				X
Daly City	Director Daus-Magbual	X			
East Palo Alto	Director Romero	X			
Foster City	Director Hindi	X			
Half Moon Bay	Director Rarback	X			
Hillsborough	Director Ragsdale	X			
Los Banos	Director Llanez				X
Menlo Park	Director Nash	X			
Millbrae	Director Fung				X
Pacifica	Director Boles	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Venkatesh	X			
San Mateo	Director Lee	X			
South San Francisco	Director Coleman				X
Woodside	Director Wall				X

The following remarks were emailed by Mark Roest:

The reference to CCA support could be kept in a separate statement referencing all three provisions that are kept, saying that we want to collaborate with other CCAs on pushing these policies despite other CCAs pulling back on them. We can lead them back into the fray.

Regarding Direct Pay, we expect to be able to sell through batteries at under \$50/kWh when we reach mass volume. Since made in USA from North American materials, we may get \$45 subsidy from IRA so net cost may be less than \$5.00 / kWh. We hope to be able to start volume production in a year, and mass volume in 2 years.

Would you like to explore new technologies for supporting solar PV canopies over parking & driveways to have enough to power both building and all the vehicles associated with it when all are converted to BEV or replaced with BEV, which will happen by 2027 to 2030? What about building-integrated solar where roof and solar-facing siding outer sheath is stainless steel or hard-anodized aluminum with 42%-conversion efficiency. That is likely to be a 50-year roof; pretty permanent.

14. Approval of Solar + Storage for Public Building agreements:

- a. Engineering, Procurement, and Construction (EPC) Contract with Intermountain Electric Company in an amount Not-to-Exceed \$10,000,000
- b. Power Purchase Agreements with public agencies (Action)

Dave Fribush, Consultant for Solar and Storage for Public Buildings, gave a PowerPoint presentation including an overview of the program to accelerate Distributed Energy Resources (DERs) and renewable deployments at local government facilities, reduce customer energy costs, insulate against rising PG&E rates, help local partners achieve sustainability goals, and develop a new program and service model. He then spoke about program details, the portfolio, how they have structured the policy, contract structure, investment tax credit, direct pay provision, change in NEM tariff, solar and battery pricing, key terms of the one Power Purchase Agreement (PPA) contract for cities and terms, pricing with no escalation term, costs not included in order to break even and offer the most compelling deal, next steps, timing of target areas for completion, and the recommendation for the Board as outlined previously.

Director Romero referred to the slide relating to cost of capital not included and asked and confirmed with Dave that they are essentially using program funds set aside for this program. He asked if this is assuming operations, maintenance, and cost to repay and asked if there is no "profit" imputed into the calculation.

Dave said effectively they have accounted for all costs they would expect to be incurred through the procurement operations, including contingencies and reserves over the course of the project, but the end result is an internal rate of return of zero over the 20 years. They are not adding any type of compensating aspect like a cost of capital somewhere else in the calculation.

Director Romero asked if there is a reason they would not have put some sort of load onto this. He sees there is a 1/8 full-time employee in this, but it would seem legitimate to have included a Peninsula Clean Energy (PCE) overhead number and asked for the reason this was excluded.

Rafael Reyes, Director of Energy Programs, said their intention is to maximize the benefits to the local agencies and make sure those benefits are delivered in this first round. Once they have full confidence of the structure in subsequent rounds these questions will come back and they will evaluate this on an on-going basis about what additional costs might be most appropriate to incorporate. PCE overhead would be a nominal number here and so they were aiming to maximize the benefits, and there is some overhead which are on-going program costs.

Director Romero referred to the included costs, assumes the contingency is for construction, and asked what percentage it is. He was also thinking about operations and maintenance and replacement reserves given some things will be out of warranty and will need to be replaced. He asked what industry standard they were using to determine appropriate reserves.

Dave explained that the contingency was 2.5% of the portfolio or the PCE cost. They utilized a consultant that has extensive experience in modeling solar projects and began with this model and



then adapted it for this. All of these assumptions were vetted with the consultant. They also ran numbers by the design contract firm and which accurately reflect common industry assumptions.

Director Romero asked if the 2.5% contingency is a number that reigns on projects of this nature, as it seems low to him.

Dave explained it was originally lower and he advocated to increase it. He noted that putting solar on rooftops and carports is relatively simple and the margin of error is not large. He then spoke about learning of any increases where the contract includes PCE not being able to absorb the cost, and said they would not move forward. If it was 10% more, they could renegotiate a PPA price with the city. The contingency is there to give cushion for a small increase in price which they could absorb and still offer the PPA price and not lose money on it.

Director Romero asked and confirmed that the contractor needs to walk the site and the contract is structured where if everything checks out then the contractor is on the hook for delivering the project. Mr. Fribush added if there is something unforeseen that they had not known about, the contractor has the right to issue a change order on the project but PCE has the right to approve it or not so that is their "out".

Director Romero said he is supportive of this project and wanted to understand how some of the financial items were being address and how operations and maintenance were arrived at. Even if PCE were to wind up putting some additional money into the project, it makes sense to figure out how to improve and move it forward.

Director Reyes added that while this round has come up of PCE's balance sheet from a capital standpoint, looking at subsequent rounds, it is likely they will need to look at external capital sources and then pass through some cost of capital. They are still evaluating this for the next round.

Director Boles said she is excited about the program, thanked Mr. Fribush for his work, and said sometimes additional costs are not known until construction starts. Mr. Fribush explained that if it is a small dollar value it could be absorbed by the customer which gives PCE flexibility.

Director Boles referred to packet page 108 which shows Pacifica with a solar and a 60 kw battery system. However, on page 156 of the PCE Form of Master Engineering Procurement and Construction agreement and it does not mention the battery. She asked if this was referred to in the beginning that some of the batteries were not included. Mr. Fribush explained that Pacifica is a site that has a solid battery design because it already has a critical load panel and is designed for a backup generator so they are tying into an existing circuit so it is sized for that building.

Chair DeGolia thinks this is an important project. It is great they are getting it done under NEM 2.0, and hopefully the second cohort will get in under NEM 2.0, as well. It is a benefit to communities, leverages the knowledge and information Peninsula Clean Energy has, and it will serve a broader group of customers in the future.

**Public Comments:** Tygarjas Bigstyk (as a member of the public), thanked Mr. Fribush for the presentation and said it is good it is coming to fruition. When it was explained to him, even though there were nuances it felt like it was straight-forward then and now, and he recognized how much work went into this from the entire team.

Nelly Wogberg, Board Clerk, stated Mark Roest provided written comments where he notes, "Regarding Slide 65, we may be able to supply those batteries to you by September, from smaller

production volume, maybe \$80/kWh. If these cost surprises show up we may be able to cut the solar cost, for example, if we can be plugged into the contract in place of the conventional manufacturer.” She said the remainder of his comments can be read in the chat.

**MOTION:** Director Romero moved, seconded by Director Rarback to recommend to the Board delegate Authority to the Chief Executive Officer:

1. Execute Engineering, Procurement, and Construction (EPC) Contract with Intermountain Electric Company in an amount not to exceed \$10,00,000 for the deployment of solar and solar + storage systems
2. Execute Power Purchase Agreements (PPAs) with Participating Jurisdictions (Buyers) for a term of 20 years to sell the energy generated by these systems, with revenues expected to fully offset cost of PCE Contract over the PPA term

**MOTION PASSED:** 17-0 (Absent: San Mateo County, Colma, Los Banos, Millbrae, South San Francisco, Woodside)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Mueller				X
Atherton	Director DeGolia	X			
Belmont	Director Mates	X			
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Colma	Director Gonzalez				X
Daly City	Director Daus-Magbual	X			
East Palo Alto	Director Romero	X			
Foster City	Director Hindi	X			
Half Moon Bay	Director Rarback	X			
Hillsborough	Director Ragsdale	X			
Los Banos	Director Llanez				X
Menlo Park	Director Nash	X			
Millbrae	Director Fung				X
Pacifica	Director Boles	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Venkatesh	X			
San Mateo	Director Lee	X			
South San Francisco	Director Coleman				X
Woodside	Director Wall				X

## 15. Board Members' Reports

Chair DeGolia asked a moment of silence for the victims and families of the tragedy in Half Moon Bay on January 23, 2023.

## ADJOURNMENT

Meeting was adjourned at 8:48 p.m.