Peninsula Clean Energy
Board of Directors Meeting
January 26, 2023
Agenda

• Call to Order / Roll Call

• Public Comment (for items not on the Agenda)

• Action to set the Agenda and Approve Consent Items 1-4
  o Consent - Public Comment

• Regular Agenda

• Adjournment
Chair Report (Discussion)
CEO Report (Discussion)
Welcome to New Hires:
• Cassius Gray, IT Systems and Support Administrator, started January 23
Staffing Updates: Open Positions

Currently posted on PCE website:
- Director of Power Resources
- Human Resources Manager
- Administrative Assistant
- Director of Marketing and Community Relations

Soon to be posted on PCE website:
- Power Resources Analyst/Specialist
4th All-Staff In-Person Meeting
Supporting the Coastside Community

PCE is providing support for the farmworkers with donations to:

• ALAS

• Coastside Hope
Tumbleweed Storage Capacity Expansion

• Tumbleweed Long-Duration Storage project, contracted with other California Community Power (CC Power) members, is expanding from 69 MW to 75 MW
  o Peninsula Clean Energy’s share is expanding from 14 MW to 15 MW
• Board approved on January 18, 2022
  o 13.59 MW, with possible 25% increase (to 16.9875 MW)
  o NTE amount of $100 million
• More details will be provided later tonight
News from Sacramento

Assembly Committee on Utilities and Energy - New Memberships:
  - Assemblymember Lisa Calderon
  - Assemblymember Damon Connolly
  - Assemblymember Pilar Schiavo
  - Assemblymember Greg Wallis
Solar+Storage on Public Buildings

• First cohort of 15 projects in 13 jurisdictions
  o Approval tonight of EPC contract and PPAs with each jurisdiction

• Looking for projects for next cohort – deadline is January 31 to qualify for NEM 2.0
  o Other city facilities
  o Other public facilities – school districts, water treatment and waste treatment facilities, transit agencies
  o Please contact us if with contact information of interested parties
PCE Ad Hoc Subcommittees

• Any interest in serving on:
  
  o Ad hoc Marketing Subcommittee
Upcoming Meetings

• Citizens Advisory Committee:
  o February 9 at 6:30 p.m. (Zoom)

• Audit and Finance Committee:
  o February 13, 2023, at 8:30 a.m. (Zoom)

• Executive Committee:
  o February 13, at 10:00 a.m. (Zoom)

• Board of Directors:
  o February 23 at 6:30 p.m. (Zoom)
CAC Report (Discussion)
8. Appointment of Ad-hoc Chair and Vice Chair Nominating Committee

9. Appointment of Ad-hoc Citizens Advisory Committee Nominating Committee

10. Appointment of Two Citizens Advisory Committee Liaisons
Guiding Principles for 2023 Ratemaking

• Continue to maintain two rate schedules for PCE customers
  o One rate for Vintage 2016-2021 customers, and
  o One rate for Vintage 2022 customers

• Customers with negative PCIA keep the benefit

• Ensure a minimum net 5% discount on generation costs for PCE customers
PCE Standard Ratemaking Process

\[ ((\text{PG&E Bundled Gen rate}) \times 0.95) - \text{PCIA-FFS} = \text{PCE Gen rate} \]

PCE Gen Rate + PCIA + FFS = net 5% discount from PG&E Gen Rate

PCIA = Power Charge Indifference Adjustment
FFS = Franchise Fee Surcharge
## PCIA Rates Effective January 1, 2023

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>2016 Vintage</th>
<th>2021 Vintage</th>
<th>2022 Vintage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>0.00335</td>
<td>(0.00397)</td>
<td>0.01309</td>
</tr>
<tr>
<td>Sm Commercial</td>
<td>0.00320</td>
<td>(0.00379)</td>
<td>0.01252</td>
</tr>
<tr>
<td>Md Commercial</td>
<td>0.00338</td>
<td>(0.00400)</td>
<td>0.01319</td>
</tr>
<tr>
<td>Lg Commercial</td>
<td>0.00317</td>
<td>(0.00375)</td>
<td>0.01239</td>
</tr>
</tbody>
</table>
## PCE Customer Vintage Distribution

<table>
<thead>
<tr>
<th>PCIA Vintage</th>
<th>2016-2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active PCE Customers</td>
<td>294,878</td>
<td>13,193</td>
<td>1,615</td>
</tr>
<tr>
<td>Net % Discount</td>
<td>5%</td>
<td>8-12%</td>
<td>5%</td>
</tr>
</tbody>
</table>
# E1 Example Based on January 1, 2023 Rates

<table>
<thead>
<tr>
<th>Based on PG&amp;E Rates Effective 1/1/2023</th>
<th>2016 vintage (Standard Rate Making)</th>
<th>2021 vintage (using 2016 vintage PCE rate)</th>
<th>2022 vintage (Standard Rate Making)</th>
<th>PCIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>PG&amp;E rate (E1 Rate Example)</td>
<td>0.15614</td>
<td>0.15614</td>
<td></td>
<td></td>
</tr>
<tr>
<td>multiplied by</td>
<td>0.14833</td>
<td>0.14833</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>minus PCIA</td>
<td>-0.00335</td>
<td>-0.01309</td>
<td></td>
<td></td>
</tr>
<tr>
<td>minus FFS</td>
<td>-0.00110</td>
<td>-0.00103</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PCE rate</strong></td>
<td><strong>0.14388</strong></td>
<td><strong>0.14388</strong></td>
<td><strong>0.13421</strong></td>
<td></td>
</tr>
<tr>
<td>Plus (or minus) PCIA paid by customer</td>
<td>0.00335</td>
<td>-0.00397</td>
<td>0.01309</td>
<td></td>
</tr>
<tr>
<td>Plus FFS paid by customers</td>
<td>0.00110</td>
<td>0.00116</td>
<td>0.00103</td>
<td></td>
</tr>
<tr>
<td><strong>Effective Customer Rate</strong></td>
<td><strong>0.14833</strong></td>
<td><strong>0.14107</strong></td>
<td><strong>0.14833</strong></td>
<td></td>
</tr>
<tr>
<td>Discount</td>
<td>95.00%</td>
<td>90.35%</td>
<td>95.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.00%</td>
<td>9.65%</td>
<td>5.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Avg Bill Savings vs PG&amp;E (450 kWh)</strong></td>
<td><strong>$ 3.51</strong></td>
<td><strong>$ 6.78</strong></td>
<td><strong>$ 3.51</strong></td>
<td></td>
</tr>
</tbody>
</table>
Questions?
Approval of Amendments to CC Power Project Participation Share Agreements

January 26, 2023

Sara Maatta
Power Resources and Compliance Manager
(Interim Director of Power Resources)
Recommendation

- Delegate authority to 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 resources projects:
  - Amendment No. 1 to Tumbleweed Energy Storage PPSA
  - Amendment No. 1 to the Fish Lake Geothermal PPSA
  - Amendment No. 1 to the ORGP LLP Geothermal Portfolio PPSA
About California Community Power (CC Power)

• CC Power is a JPA of nine CCAs
• Vision: Leverage the buying power of the members to deliver more cost-effective, clean and reliable energy solutions for our customers
  o Access to economies of scale and greater efficiency by working together
• Peninsula Clean Energy has been a member since 2021
## Resources Contracted through CC Power

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>Tumbleweed Long Duration Storage</th>
<th>Open Mountain Energy Firm Clean Resource (Geothermal)</th>
<th>Ormat Portfolio Firm Clean Resource (Geothermal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer</td>
<td>LS Power</td>
<td>Open Mountain Energy</td>
<td>Ormat</td>
</tr>
<tr>
<td>Total Project Capacity</td>
<td>75 MW / 600 MWh</td>
<td>13 MW</td>
<td>64 MW (min) – 125 MW (max)</td>
</tr>
<tr>
<td>PCE’s Share</td>
<td>14.77 MW / 118.1 MWh (19.69%)</td>
<td>2.31 MW (17.8%)</td>
<td>10.94 MW (min) – 21.38 MW (max) (17.1%)</td>
</tr>
<tr>
<td>PCE Board Approved</td>
<td>Jan 2022</td>
<td>July 2022</td>
<td>July 2022</td>
</tr>
<tr>
<td>Contract Executed</td>
<td>Apr 2022</td>
<td>Sept 2022</td>
<td>Sept 2022</td>
</tr>
<tr>
<td>Location</td>
<td>Kern County</td>
<td>Esmeralda County, NV</td>
<td>Various – CA and NV</td>
</tr>
<tr>
<td>Online Date</td>
<td>6/1/2026</td>
<td>6/1/2024</td>
<td>Various, as early as 2024</td>
</tr>
</tbody>
</table>
Typical CCA Contracting

Typically, a CCA will procure storage services on behalf of its customers by directly entering into an Energy Storage Services Agreement (ESSA) with a developer. The ESSA addresses (1) payment obligations, (2) liability for damages, and (3) operational control of the storage unit.
CC Power Contract Structure: Power Purchase Agreement (PPA) or Energy Storage Services Agreement (ESSA)

LDS Project

Power Purchase Agreement or Energy Storage Services Agreement

Developer | CC Power
CC Power Contract Structure: Project Participation Share Agreement (PPSA)

LDS Project

Power Purchase Agreement or Energy Storage Services Agreement

Developer CC Power

Project Participation Share Agreement

CC Power 7 CCAs

CCA Customers
CC Power Contract Structure: Liability for Damages

LDS Project

Power Purchase Agreement or Energy Storage Services Agreement

Developer

CC Power

Project Participation Share Agreement

CC Power

7 CCAs

Buyer Liability Pass Through Agreements

Each participating CCA executes with Developer’s Seller entity and CC Power

CCA Customers
CC Power Contract Structure: Operational Control

- LDS Project
- Scheduling Coordinator Agreement
  - Developer
  - CC Power
- Energy Storage Services Agreement
  - Developer
  - CC Power
- Project Participation Share Agreement
  - CC Power
  - 7 CCAs
- Operations Agreement
- Power Purchase Agreement or Energy Storage Services Agreement
- Buyer Liability Pass Through Agreements
  - (Each participating CCA executes with Developer’s Seller entity and CC Power)
Today’s focus: Project Participation Share Agreement (PPSA)

- CC Power Project
- Scheduling Coordinator Agreement
- Operations Agreement
- Energy Storage Services Agreement
- Power Purchase Agreement
- Buyer Liability Pass Through Agreement

Developer CC Power

CCA Customers

7 CCAs

Each participating CCA executes with Developer’s Seller entity and CC Power.
Project Participation Share Agreement (PPSA)

- The PPSA governs the overall mechanics for how members will fund payment obligations of the ESSA/PPA, how revenue will be shared, and how member defaults are covered. These major elements are functioning as intended and don’t require any change.

- The PPSA also addresses project operations and administration.

- The PPSA originally required approval at a formal, noticed meeting of the Project Committee, composed of staff from each of the participating CCAs, for administerial actions such as:
  - Project management during the development phase (such as authorizing change of control and assignment)
  - Project management budget authorization
  - Determining scheduling and bidding of the project

- The requirement of Project Committee approval for administerial actions severely limits the ability of the project to efficiently and timely operate and meet constraints.
Motivation for Amendment 1 to the PPSAs

• Since execution of the contracts, CC Power has adopted a Strategic Business Plan that makes recommendations regarding the roles and responsibility of the CC Power Board of Directors, CC Power General Manager, and project participants.

• Amendment 1:
  o Aligns the PPSAs with the recommendations in the Strategic Business Plan
  o Improves operational efficiency of the projects
Project Participation Share Agreement (PPSA) Amendment 1

• Removes the Project Committee and assigns those responsibilities to the CC Power General Manager
  o The General Manager may still form a Project Committee to coordinate amongst members on an as-needed basis
• Further defines the roles and responsibilities of the General Manager and the CC Power Board of Directors, consistent with CC Power’s Strategic Business Plan
• Greatly increases the efficiency of CC Power’s ability to manage projects in development and schedule the projects in the CAISO market once they are online.
• There is no financial impact of Amendment 1
• Peninsula Clean Energy staff support Amendment 1.
Environmental and Labor Review

• Environmental and labor are negotiated prior to the execution of the ESSA/PPA contracts
• Amendment 1 only affects administerial matters that arise after the ESSA/PPA contracts have been executed, and does not affect our ability to enforce environmental and labor terms of the contracts
• Peninsula Clean Energy retains the ability to negotiate for environmental and labor terms consistent with our policies
• Any future projects considered by CC Power will be brought to Peninsula Clean Energy’s board for review and approval prior to execution.
Amendment 1 Timeline

- CC Power Board voted to approve the Amendments 1 on Dec 14, 2022
- Participating members are targeting Board approvals for January through March 2023
- Peninsula Clean Energy staff support the Amendments

<table>
<thead>
<tr>
<th>CC Power Member</th>
<th>Will seek Board approval for Amendment 1?</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCCE</td>
<td>No</td>
</tr>
<tr>
<td>CPSF</td>
<td>No</td>
</tr>
<tr>
<td>PCE</td>
<td>Yes – Target 1/26/2023</td>
</tr>
<tr>
<td>RCEA</td>
<td>Yes – Target January 2023</td>
</tr>
<tr>
<td>SJCE</td>
<td>Yes – By March 2023</td>
</tr>
<tr>
<td>SVCE</td>
<td>Yes – Target January 2023</td>
</tr>
<tr>
<td>SCP</td>
<td>No</td>
</tr>
<tr>
<td>VCE</td>
<td>Yes – January 2023</td>
</tr>
</tbody>
</table>
Recommendation

• Delegate authority to 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 resources projects:
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  o Amendment No. 1 to the Fish Lake Geothermal PPSA
  o Amendment No. 1 to the ORGP LLP Geothermal Portfolio PPSA
Additional Context on Item 21

Amendment to CC Power Tumbleweed Energy Storage Service Agreement (ESSA) (Information Only)

Board of Directors, January 26, 2023
CC Power Tumbleweed Project History

- CC Power Long Duration Storage RFO Issued October 2020
- Tumbleweed Storage (developed by LS Power) shortlisted June 2021
- Peninsula Clean Energy Board Approved January 18, 2022
- Fully Executed April 19, 2022

- Original total project capacity was 69 MW/552 MWh (8-hr duration)
- Peninsula Clean Energy share is 19.69%, and was originally 13.59 MW / 108.7 MWh
CC Power Tumbleweed Capacity Expansion

- The developer, LS Power, recently approached CC Power and offered to expand the total project capacity to 75 MW / 600 MWh
- All project participants support the expansion of the project
- Peninsula Clean Energy’s share remains 19.69%, and the same price and contract terms will apply to the expansion

<table>
<thead>
<tr>
<th>Total Project Size</th>
<th>Original</th>
<th>Expanded</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>69 MW / 552 MWh</td>
<td>75 MW / 600 MWh</td>
</tr>
<tr>
<td>PCE Share (%)</td>
<td>19.69%</td>
<td>19.69%</td>
</tr>
<tr>
<td>PCE Share (MW/MWh)</td>
<td>13.59 MW / 108.7 MWh</td>
<td>14.77 MW / 118.1 MWh</td>
</tr>
</tbody>
</table>
Review: CC Power Contract Structure
Review: CC Power Contract Structure

Tumbleweed capacity expansion amendment (from 69MW -> 75MW) only affects the ESSA
Tumbleweed Approval Process

• CC Power Board voted to approve the amended ESSA 12/14/2022
• Peninsula Clean Energy does not need to execute the agreement
  o No change to the PPSA or BLPTA, and PCE is not a signatory to the ESSA
• Peninsula Clean Energy Board approved a not-to-exceed (NTE) amount of $100M at the January 2022 Special Meeting
• The expanded capacity will remain within the NTE amount
• No action is required by the Peninsula Clean Energy Board
2023 Policy Platform

I. Governance and Authority
II. Decarbonization
III. IOU Charges and Exit Fees (PCIA)
IV. Power Procurement & Grid Reliability
V. Environmental Justice & Affordability
VI. Community Resilience
VII. Local Economic Development
VIII. California Energy Market Structure
Solar and Storage for Public Buildings

Presentation to the Board of Directors
January 26, 2022
Solar and Storage for Public Buildings: Request

**Program:** Solar and Storage for Public Buildings

**Request:** Board delegate authority to CEO to execute two contracts:

1. Engineering, Procurement, and Construction (EPC), and

2. Power Purchase Agreement (PPA) contracts with participating public agencies to deploy solar and storage at customer sites
Program Overview

**Summary**: Accelerate local renewable energy deployment at local government facilities

**Objectives**
- Local solar and storage towards PCE’s goal of 20 MW by 2025
- Reduce customer energy costs; insulate against rise in PG&E rates
- Help local governments achieve sustainability goals
- Develop a reproducible program and new service model
Program Detail
Portfolio
Structure
Policy
Pilot Portfolio

**Total Solar: 1,913 kW**

**Total Battery: 200 kW / 1110 kWh (subject to change)**

<table>
<thead>
<tr>
<th>Facility</th>
<th>Rooftop PV (kW DC)</th>
<th>Carport PV (kW DC)</th>
<th>Ground Mount Solar (kW DC)</th>
<th>Battery (kW)</th>
<th>Battery (kWh)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atherton Town Hall</td>
<td>113.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>Belmont Police Station</td>
<td>29.5</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
<td>Waiting on City’s decision</td>
</tr>
<tr>
<td>Brisbane Mission Blue Center</td>
<td>11.1</td>
<td></td>
<td>25</td>
<td>155</td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>Colma Community Center</td>
<td>17.2</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>Hillsborough Public Works Yard</td>
<td>23</td>
<td>39.4</td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>Los Banos Community Center</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>Los Banos Wastewater Plant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>Millbrae Chetcuti Building &amp; Complex</td>
<td>118.5</td>
<td>293</td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>Millbrae Rec Center</td>
<td>128.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>Pacifica Community Center</td>
<td>76.7</td>
<td></td>
<td></td>
<td>60</td>
<td>240</td>
<td>GO</td>
</tr>
<tr>
<td>Redwood City Fair Oaks Community Center</td>
<td>29.5</td>
<td>59</td>
<td></td>
<td>75</td>
<td>300</td>
<td>Waiting on City’s decision</td>
</tr>
<tr>
<td>San Bruno Aquatic Center</td>
<td>276.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Waiting on City’s decision</td>
</tr>
<tr>
<td>San Carlos Youth Center</td>
<td>29.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>San Mateo County HSA Building (2500 Middlefield)</td>
<td>125.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GO</td>
</tr>
<tr>
<td>San Mateo Police Building</td>
<td>84.2</td>
<td>89</td>
<td></td>
<td></td>
<td></td>
<td>Removed late due to roof repair issue</td>
</tr>
</tbody>
</table>

- Systems designed by McCalmont Engineering under contract approved by Board in Oct 2022
- Each jurisdiction has approved participation pending determination of “financial and/or community benefits”
Value to Customers

• $12 million in savings projected over 20 years

• No upfront cost to customers

• Peninsula Clean Energy fully manages:
  o Procurement
  o Financing and tax-credits
  o Installation
  o Operations and maintenance
Contract Structure

- PCE executes an Engineering, Procurement, and Construction (EPC) contract for equipment
- PCE owns and operates resources
- PCE has a PPA for each facility for the solar production from the equipment (battery terms TBD)
Cash Flows

- Cash outflow to EPC, fully paid at Commercial Operation Date (COD)
- Cash inflow from each PPA contract over 20-year PPA term
- Result is cash neutral over the PPA term
Inflation Reduction Act (IRA) and Direct Pay

• Increases federal Investment Tax Credit (ITC) to 30% (from 26%)
  o Also removes stepdown in 2023

• Allows for ‘Direct Pay’ – qualifying tax-exempt organizations can directly claim the ITC without requiring a tax equity partner
  o No need for a tax equity partner (and sharing the ITC value)
  o Improves the PPA price that PCE can offer
  o PCE conducted due diligence with external federal tax counsel on Direct Pay
NEM Successor Tariff / Interconnection

• Net Energy Metering (NEM) rules specify how excess hourly generation is valued

• CPUC released a decision for NEM 3.0 in December
  o Reduces economic value of solar-only systems
  o Would likely require redesign/downsizing of solar systems

• Systems will be grandfathered in current, preferred NEM 2.0 rules
  o All interconnection applications submitted to PG&E in October
Contracts

Construction Services
Power Purchase Agreement
Construction Contractor (EPC) Overview

• Selected via competitive RFP in August 2022

• Intermountain Electric Company (IME) selected
  ○ Based on price, experience, qualifications, contract terms, approach, Workforce Policy
  ○ Union labor
  ○ Local, headquartered in PCE territory (San Carlos)
  ○ Excellent reputation as confirmed by multiple reference checks

• Scope of contractor role
  ○ Procurement of equipment
  ○ Installation and commissioning
  ○ Operations and Maintenance (O&M)
  ○ Warranty service
EPC Contract – Key Details

• Solar pricing enabling PPA price to cities with substantial savings
• Battery pricing higher than expected
  o Requires more iteration with customers on system sizing
  o Will move forward with solar projects while continuing to explore battery viability
• PCE to own and operate resources
• Milestone based payments through Commercial Operation Date (COD)
• Warranties: 25 years modules, 15 years inverters, 1 year labor
• Operations and Maintenance (O&M) contract
• Solar production guarantee
Customer PPA Overview

• One PPA contract for all cities
  o Created from Solar Energy Industries Association template recognized as fair to both parties

• Refined with all participants, incorporated requests where possible

• Key terms tied to those in EPC contract (e.g. performance guarantee)

• Battery projects (4 sites with batteries) will need further iteration
  o Exploring grid services to improve economics
  o Will proceed with solar first. Battery systems can follow and would be an addendum to the Customer PPA.
PPA Contract - Key Details

• $/kWh price with 0% escalation
• Pricing delivers savings near 20% or better
  o Pricing and savings varies by install type (roof, carport)
  o Projection based on increasing PG&E rates (5%/year)
• 20-year initial term
  o Option for up to 2 addl. 5-year terms or customer buyout at end of initial term
• Performance guarantee (matched to EPC performance guarantee)
• PCE provides operations and maintenance (O&M)
PPA Pricing Determination

- Developed financial model for determining a PPA price based on costs and revenues
- Based on portfolio-level costs, we determine an average PPA price and then adjust it to each facility based on the equipment specific to that facility. (e.g., carport is more expensive than rooftop, so there is a premium for carports). The only difference between PPA prices for different customers is based on relative amount of carport solar.

<table>
<thead>
<tr>
<th>Included Costs</th>
<th>Costs Not Included</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Engineering, Procurement, and Construction Costs</td>
<td>1. Cost of capital</td>
</tr>
<tr>
<td>2. System design costs</td>
<td>2. Program pilot development costs (legal, etc.)</td>
</tr>
<tr>
<td>3. Contingency</td>
<td>3. PCE overhead</td>
</tr>
<tr>
<td>4. Insurance</td>
<td></td>
</tr>
<tr>
<td>5. Permitting and Interconnection</td>
<td></td>
</tr>
<tr>
<td>6. System removal (end of term, if customer declines purchase or no agreement for PPA extension)</td>
<td></td>
</tr>
<tr>
<td>7. Operations &amp; maintenance (including reserves)</td>
<td></td>
</tr>
<tr>
<td>8. Small direct staff expense (1/8 FTE)</td>
<td></td>
</tr>
</tbody>
</table>

Included Costs

1. Engineering, Procurement, and Construction Costs
2. System design costs
3. Contingency
4. Insurance
5. Permitting and Interconnection
6. System removal (end of term, if customer declines purchase or no agreement for PPA extension)
7. Operations & maintenance (including reserves)
8. Small direct staff expense (1/8 FTE)

Costs Not Included

1. Cost of capital
2. Program pilot development costs (legal, etc.)
3. PCE overhead
Next Steps
Fiscal Impact

- **EPC contract**: Not to exceed $10 million
  - 30% (up to $3 million) to be received back via federal Investment Tax Credit

- **PPA Agreements**: Receive ongoing revenues for balance of costs over 20 years

- Net neutral cost to Peninsula Clean Energy
  - Time differential between cash outflows and inflows per below:

<table>
<thead>
<tr>
<th>Expected year</th>
<th>Cashflow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 – early 2023</td>
<td>Outflow of up to $10,000,000 for EPC contract-related work</td>
</tr>
<tr>
<td>2023 – 2024</td>
<td>Receipt of up to 30% of the amount spent on EPC contract-related work</td>
</tr>
<tr>
<td>2023-2043</td>
<td>Receipt of PPA revenues</td>
</tr>
<tr>
<td>2043</td>
<td>Breakeven year (when total cash inflows equal total cash outflows)</td>
</tr>
</tbody>
</table>
# Project Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2022</td>
<td>Interconnection applications submitted to PG&amp;E to secure NEM2 grandfathering position</td>
</tr>
<tr>
<td>Jan 2023</td>
<td>Execution of EPC contract &amp; execution of all PPAs with cities that are moving forward</td>
</tr>
<tr>
<td>Jan – May 2023</td>
<td>EPC site walkdowns, design diligence, permit applications</td>
</tr>
<tr>
<td>Jan – Apr 2023</td>
<td>Iteration with customers on batteries (4 sites) and, if moving forward, addendum to PPA agreement</td>
</tr>
<tr>
<td>Jun 2023</td>
<td>Completion of final site design packages, and receipt of required permits</td>
</tr>
<tr>
<td>Sept 2023</td>
<td>Equipment procured and construction started</td>
</tr>
<tr>
<td>Q1 2024</td>
<td>Target completion at all sites</td>
</tr>
</tbody>
</table>

- **There is always potential for PG&E delays on interconnection**
  - Process is a “black box” and PG&E can easily delay regardless of any published timelines
  - Expect a rush of applications from others also looking to get ahead of NEM3
Key Next Steps

- Execute Engineering, Procurement, and Construction (EPC) contract with Intermountain Electric Company

- Execute Power Purchase Agreement (PPA) with each city that wishes to move forward
Recommendations

Recommend the Board delegate Authority to the Chief Executive Officer to:

1. Execute Engineering, Procurement, and Construction (EPC) Contract with Intermountain Electric Company in an amount not to exceed $10,000,000 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 EPC Contract over the PPA term
Board Members’ Reports (Discussion)
Adjournment