

Peninsula Clean Energy Board of Directors Meeting

March 23, 2023

Swearing In of New Board Members and Alternates

Agenda

- Call to Order / Roll Call
- Public Comment (for items not on the Agenda)
 - Please note, send any chats to Board Clerk, Nelly Wogberg
- Action to set the Agenda and Approve Consent Item 1
 - Consent - Public Comment
- Regular Agenda
- Adjournment

Chair Report (Discussion)

CEO Report (Discussion)

Topics to be Covered Tonight

- Staffing Updates
- Legislative Update
- All-Electric Awards Presentation
- Board Orientation
- Board Mentor Program
- Board Subcommittees
- Upcoming Meetings

Staffing Updates: New Hires



- Brianna Arroyo, Administrative Assistant, started March 7
- Roy Xu, Director of Power Resources, started March 13
- Gwen Rose, Director of Marketing and Community Relations, started March 20
- Catherine Hansen, HR Manager, starting March 27

Staffing Updates: Open Positions

Currently posted on PCE website:

- Chief Executive Officer
- Power Resources Analyst/Specialist



Legislative Update

- SB 537 (Becker) – PCE is sponsor
- Governor's Budget Proposal



2023 All-Electric Awards Presentation

- Sustainable San Mateo County
 - March 30 at 24th Annual SSMC Awards



Board Orientation – March 29, 2023 – 6 to 9 pm

- Designed for new Board members and alternates; all are welcome
- In-person meeting in PCE's main lobby
- Approx. 3-hour orientation
- Agenda:
 - History and overview of PCE strategic goals and core functions
 - CA energy market training
 - Department Directors' discussion panel and Q&A
 - Board member logistics

Board Mentor Program

- Proposal from Vice Chair Colson to partner new Board Members with tenured Board Members during first year of service
- Provide new Board Members with subject matter support and Agency navigation as a supplement to staff engagement
- Participation is voluntary but we are seeking 4-7 seasoned Board members to match with our new members



PCE Subcommittees

- Looking for Board Members and Alternate Board Members to serve on:
 - Marketing Subcommittee
 - Procurement Subcommittee



Upcoming Meetings

- Executive Committee:
 - April 10, at 10:00 a.m. (In-person and zoom)
- Citizens Advisory Committee:
 - April 13 at 6:30 p.m. (In-person and zoom)
- Board of Directors:
 - April 27 at 6:30 p.m. (In-person and zoom)
- Audit and Finance Committee:
 - May 8, at 8:30 a.m. (In-person and zoom)



CAC Report

Appointments to the Executive Committee and Audit and Finance Committee

Financial Report to the Board

Kristina Alagar Cordero, CFO

March 23, 2023

Agenda

- No direct impact of Silicon Valley Bank Failure on PCE Finances
- Summary of PCE Financial Policies
- Summary of PCE Financial Practices and Procedures and Calendar
- Link to PCE Financial Reporting Documents

No Direct Impact on PCE Finances from Silicon Valley Bank Failure

- No direct impact on PCE finances from Silicon Valley Bank failure
- No exposure to Silicon Valley Bank as a counterparty bank in any of our Energy Product agreements
- No Silicon Valley Bank holdings in PCE investment portfolio
- No payments to PCE vendors through SVB as vendor deposit bank
- PCE's active bank deposits with First Republic as PCE's operating bank are guaranteed beyond FDIC insurance amounts by State of CA Government Code Section 16522

PCE Board Adopted Financial Policies Ensure Financial Stability

- Policy 18 – Financial Reserves –
 - Provides for the maintenance of 180 days of operating reserves in unrestricted cash
 - Last revised February 2021
- Policy 19 – Investments
 - Purpose of policy is to protect pooled cash while producing a reasonable rate of return
 - Last revised May 2020
- Policy 17 – Disbursement Policy
 - Provides procedures of disbursement processes to ensure financial controls and segregation of duties for wire transfers
 - Last revised January 2019

PCE Financial Practices and Procedures guided by Strong PCE Board Adopted Financial Policies

- Monthly internal reporting and review of financial performance
- Quarterly internal and external reporting and review of financial performance
 - Cash reporting and projected performance against PCE reserve policy
 - Actual vs. budget financial variance reporting
 - Investment holdings and performance review and reporting

PCE Finance Calendar

	Prior Fiscal Year FYE 2022 FY 2021-2022	Current Fiscal Year FYE 23 FY 2022-2023
July 22		
August 22	FYE 22 Q4 Results Published	
September 22	FYE 22 Audit Field Work	
October 22		
November 22		FYE 23 Q1 Financial Reports Published
December 22	FYE 22 Audited Results Published	
January 23		
February 23		FYE 23 FY Q2 Financial Reports Published
March 23		FYE 24 FY Budget Development
April 23		
May 23		FYE 23 Q3 Financial Reports Published First Draft FYE 24 Budget Shared with A&F, BOD
June 23		Final FYE 24 Budget for A&F and BOD Adoption

Additional Steps undertaken to further strengthen PCE's financial position and resilience

- Further diversification of financial institutions holding liquid assets
 - Opening two new, highly liquid, and accessible Money Market Accounts at brokerage firms
 - Fidelity MMA opened and funded last week with nearly one month of expenses
 - Will maintain operating account at First Republic Bank funded with one month of operations on deposit

Cash Position

	Actual December 31, 2022
Total Cash/Investments Balance	\$ 176,921,299
Restricted by Term/Covenant	
Unrestricted Cash (per Approved Reserve Policy)	\$176,921,299
Days Cash on Hand (per Approved Reserve Policy)	219
<u>Approved Reserve Policy (Days Cash on Hand)</u>	180
Unrestricted Operating Reserve Requirement (180 Days)	\$ 145,198,104
Unrestricted Cash in Excess of Current Reserve Policy	\$31,723,195
Note: Days Cash on Hand based on full-year forecast of Operating Expenses	

Links to PCE Financial Reporting Documents

- Website
 - Audit and Finance Committee Meeting Schedule, Agendas, Agenda Packets, Presentations and Minutes
- Key Documents
 - Audited Financial Statements
 - Quarterly Financial Reports

Zero Percent Loan Program Extension

Board of Directors
March 23, 2023



Buildings Program: Request

Program: Zero Percent Loan

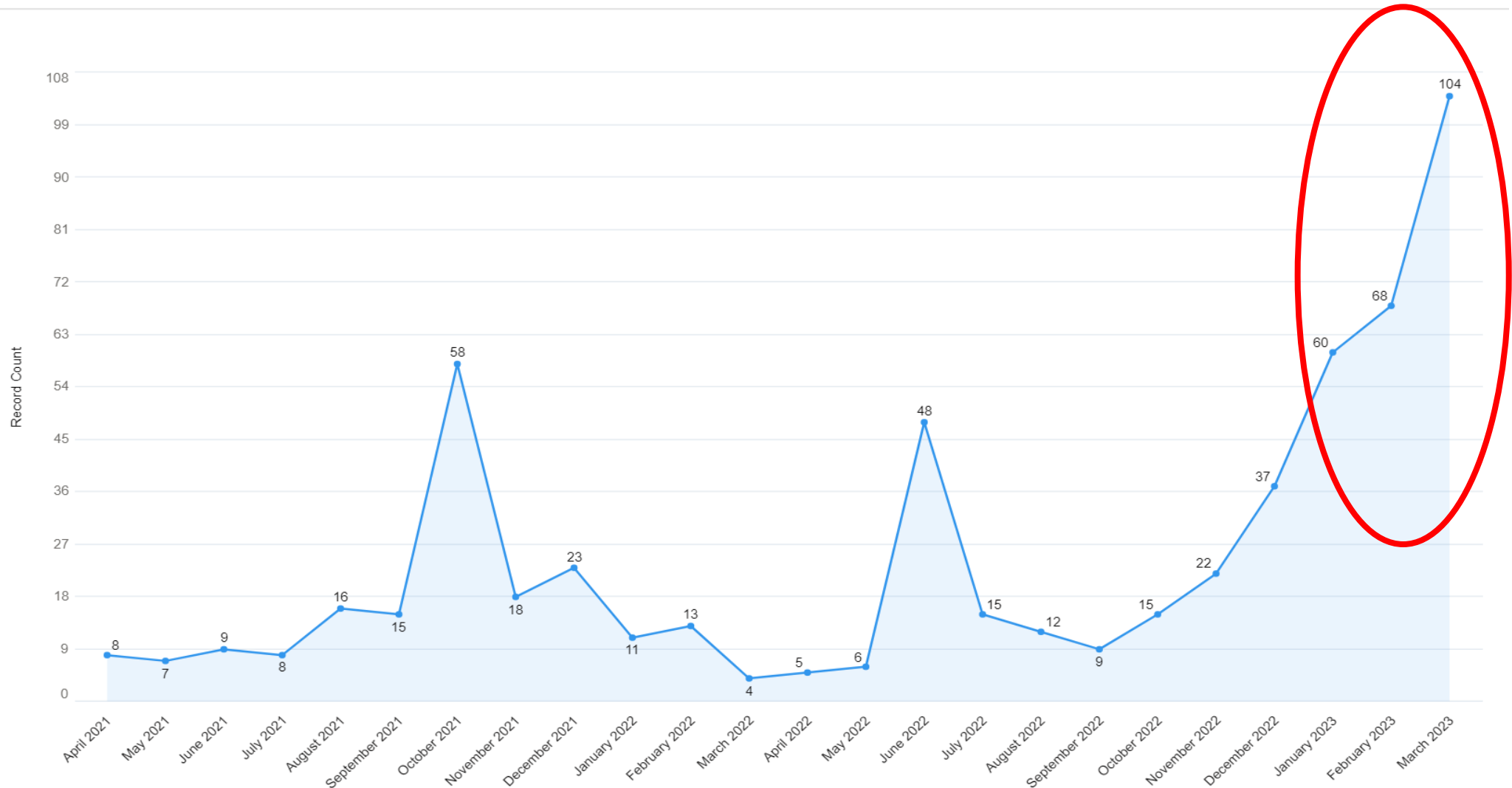
Request: Extend the program including an additional \$1 million of capital for a total of \$2 million

Overall Existing Building Incentive Program Status

- Launched in January 2021
- Initially \$1,000 for heat pump water heater
- Integrated with BayREN (submit through BayREN for both incentives)
- Major program update in October 2022:
 - Increased incentives (\$3,000 for HPWH + short term \$500)
 - Added HP HVAC (\$3,500)
 - Added non-BayREN option
 - Added Zero Percent Loan
- Inflation Reduction Act \$2,000 tax credit went into effect Jan. 2023

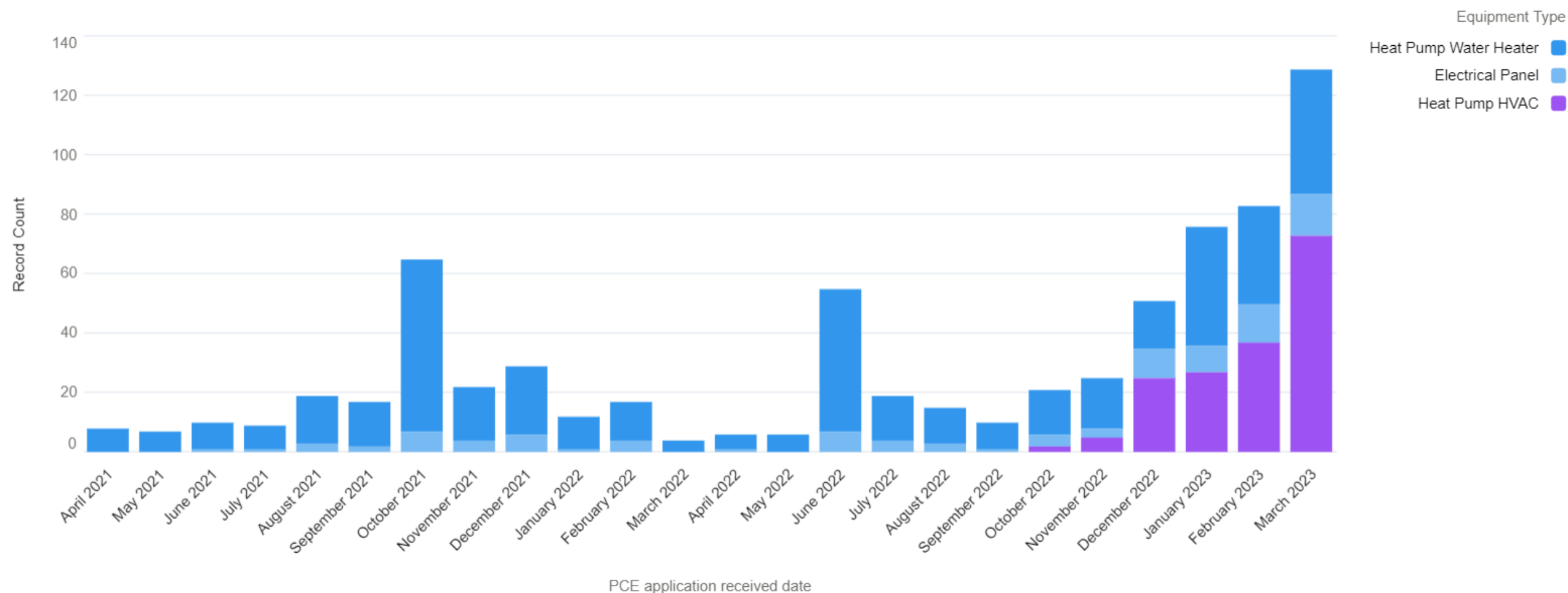
Rapid incentive uptake (as of 3/20/23)

Rebate applications received by month



Significant new volume with HVAC

Rebate application received by month by upgrade



Assessment

1. Uptake acceleration

a. Inflation Reduction Act

- communications on heat pump benefits
- Tax credits

b. Effects of program changes

2. May reflect pent up demand and may taper(?)

3. Still very small relative to overall replacement

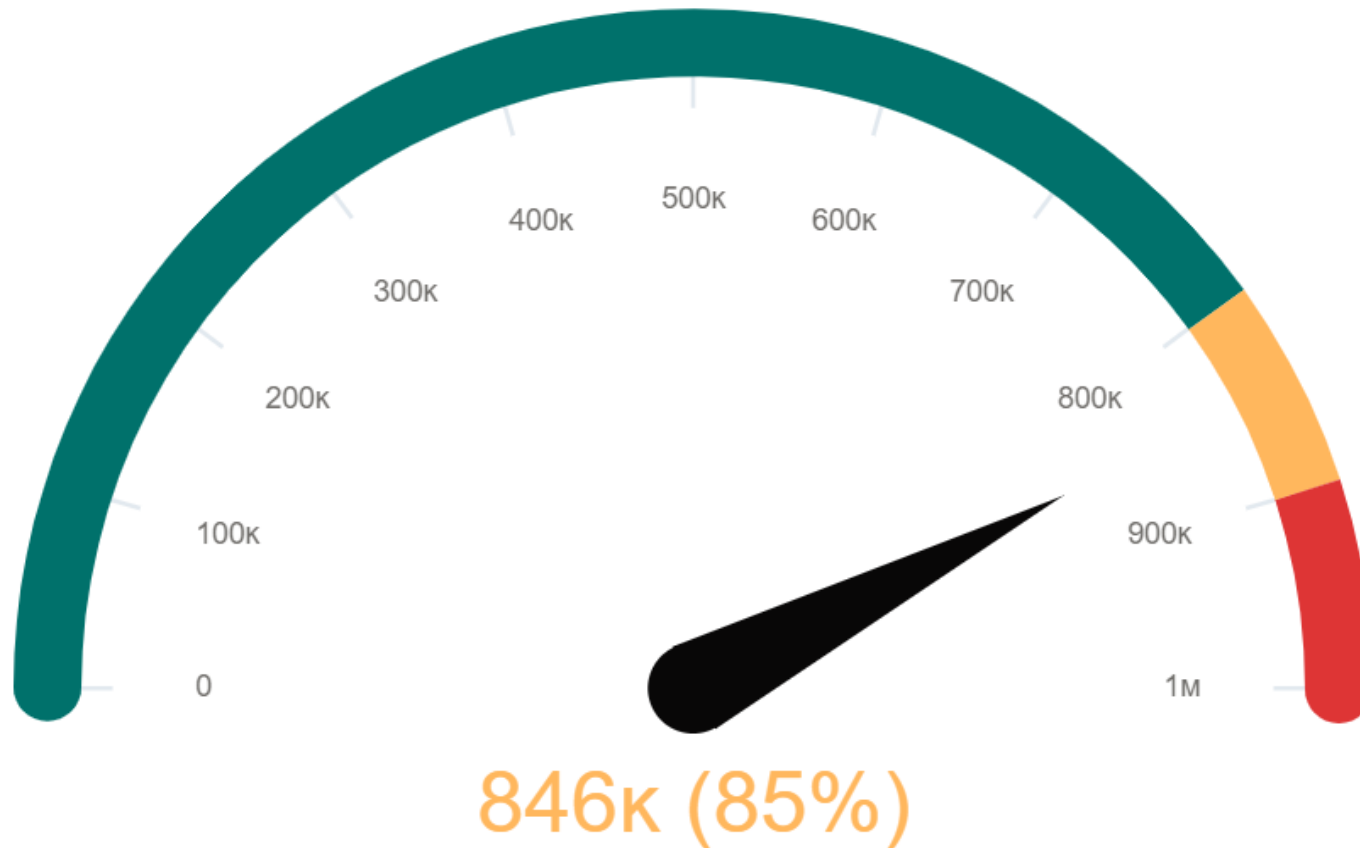
- ~12,000 water heaters replaced per year

Zero Percent Loan Program Overview

- Launched in October 2022
- \$1M PCE capital fund
- Up to \$10,000 per customer
- 10-year max. loan term
- 0% interest
- Electrification & related measures

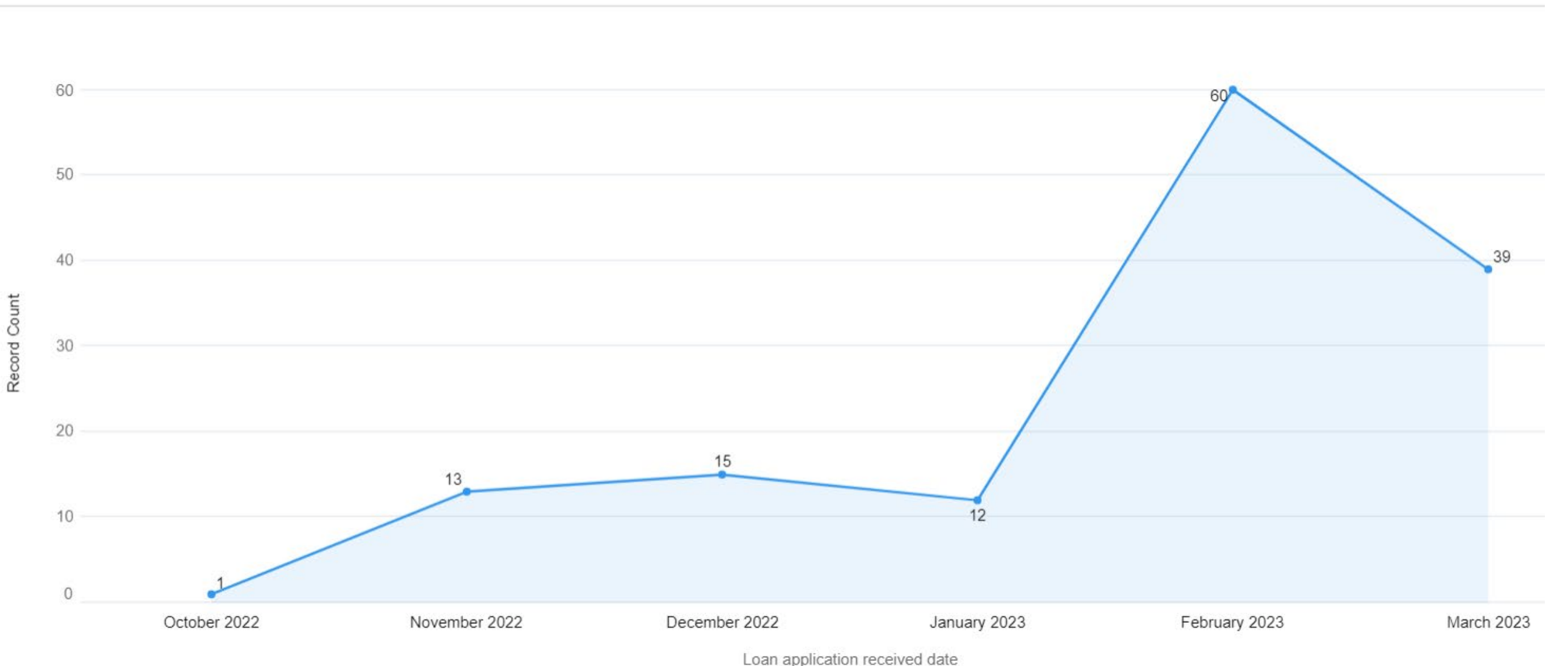
Loan: Rapid Uptake (1 of 2)

Loan Budget - Total Funds Reserved & Spent



Loan: Rapid Uptake (2 of 2)

Loan Applications By Month



Buildings Program: Request

Program: Zero Percent Loan

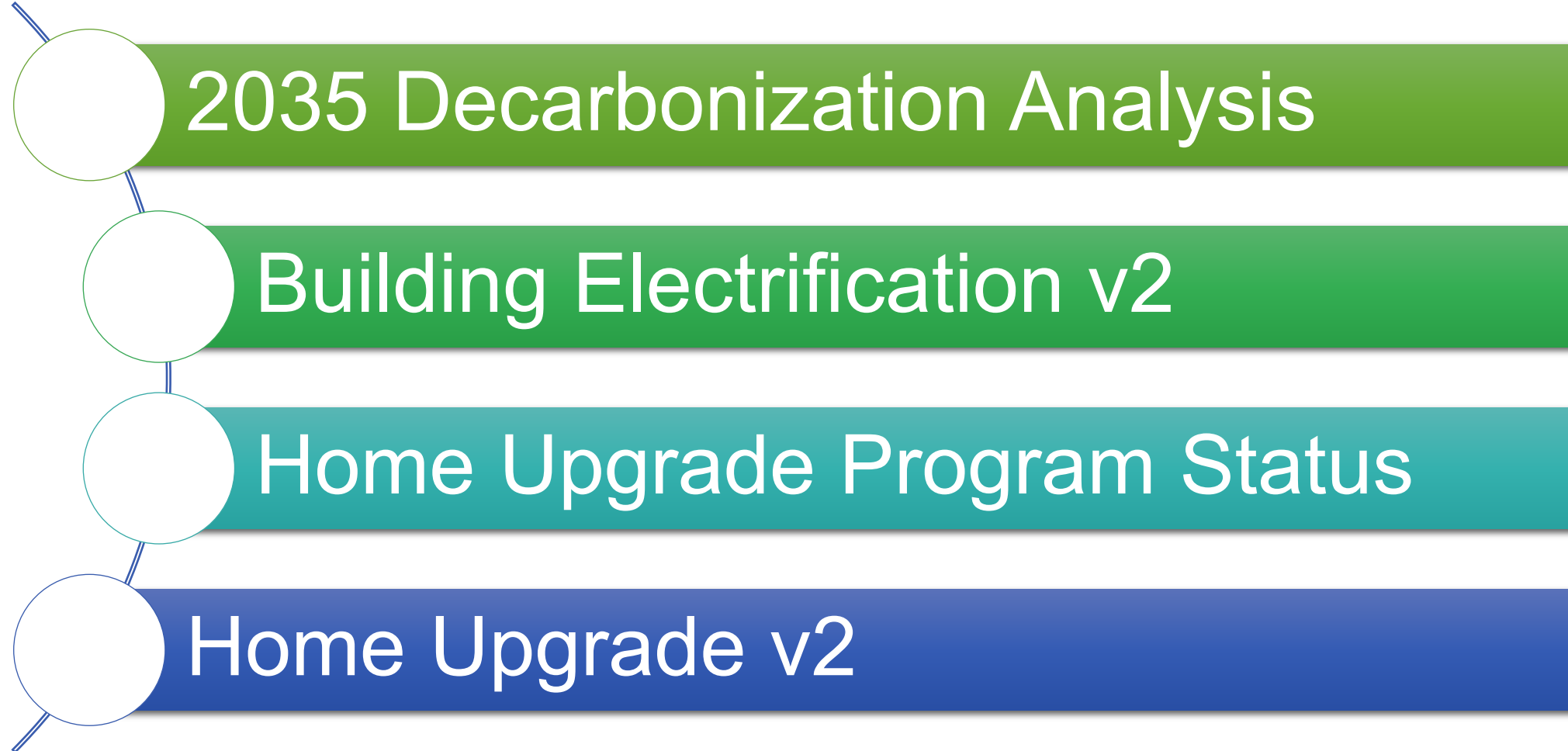
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Building Electrification Strategy

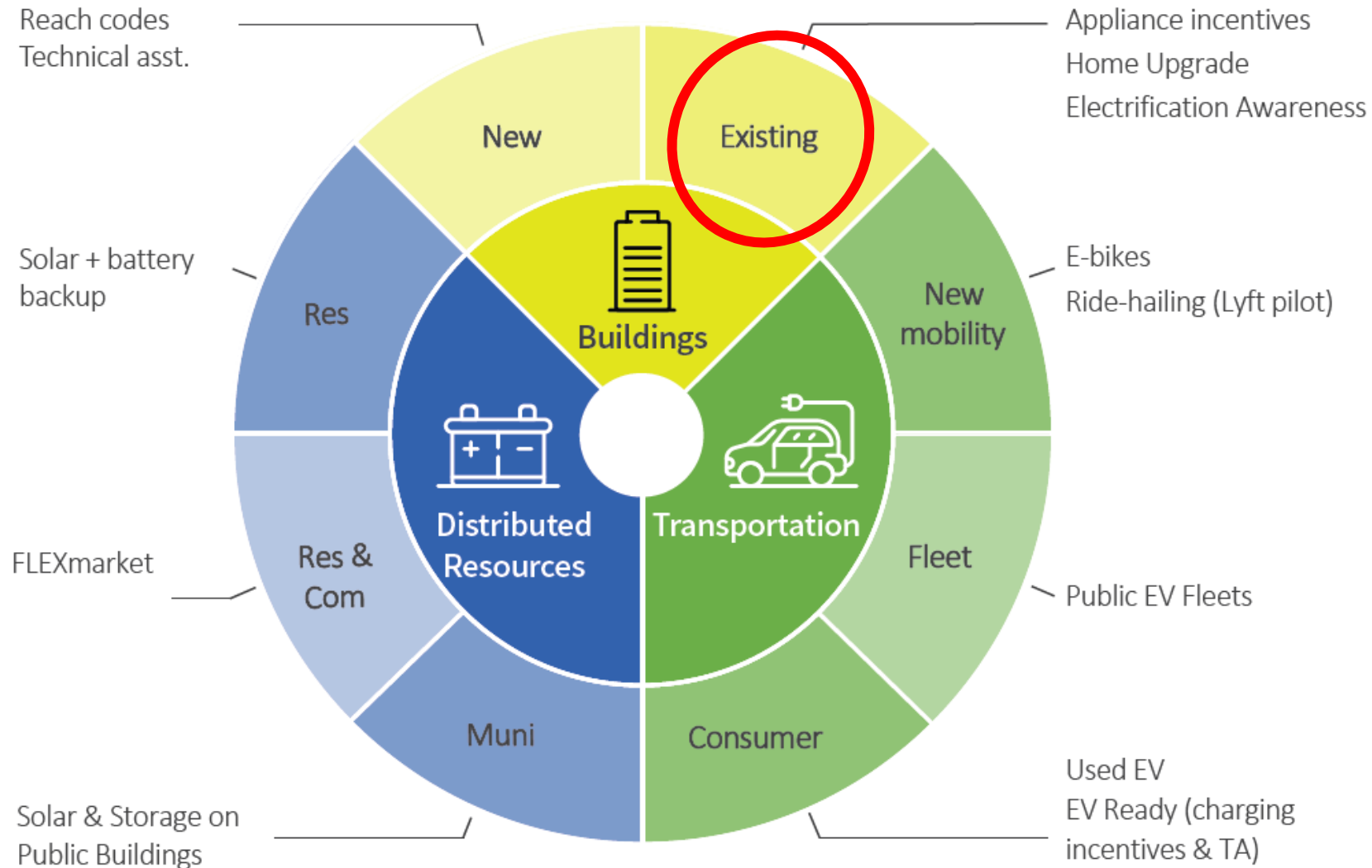
Executive Committee
March 13, 2023



Agenda



Programs Portfolio



2035: PCE Scope

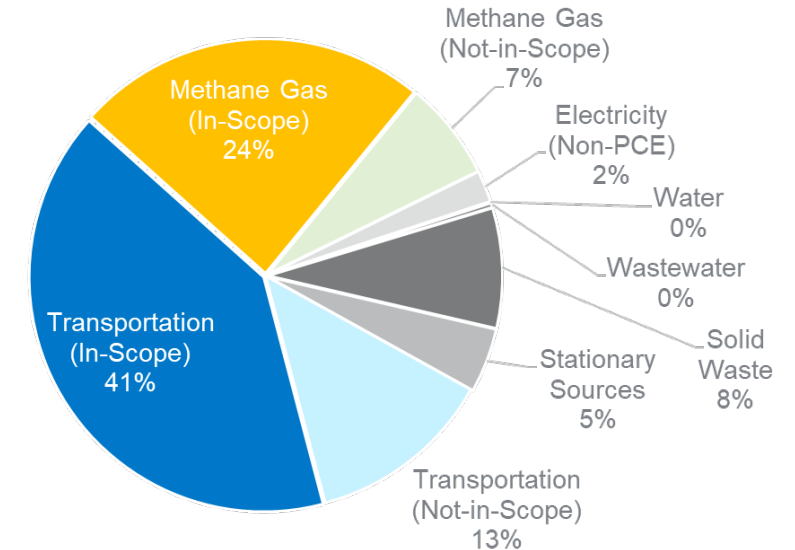
- **Primary Scope**

- Transportation
 - private passenger, local gov & small commercial fleets,
 - ride-hailing, alternative mobility
- Buildings
 - residential (single family & small multifamily),
 - Office (incl. local gov.), small commercial

- **Not in scope, or limited*** (others lead)

- Transportation: heavy-duty vehicles, off-road
- Buildings: industrial, **large commercial***, **large multifamily***
- Non-energy: land-use, compost, stationary sources, landfills
- Out of territory: SF airport
- Embedded carbon, Climate Adaptation, Sequestration/restoration

San Mateo Countywide Greenhouse Gas Emissions,



2035: Buildings Electrification



1. Flexible Incentives

- All measures, incl. rewiring and panels
- Broader building segments
- Integrated load shaping & solar+storage options

2. High touch support

- Advanced “right-sizing” design
- One-stop shop, hotline assist, turnkey option
- Procurement aggregation to lower costs
- Greater contractor support

3. Links to Finance

- Specific linkages by customer segment

CAC Supports Approach

1. “CAC wholeheartedly and excitedly supports, endorses, and recommends adoption of the Staff proposal”
2. CAC added a list of recommendations available in the Board Memo

March 9 2023 PCE CAC Building Electrification V.2 recommendation of the Working Group on BE.

To the Board of Directors of Peninsula Clean Energy:

1. The Citizens Advisory Committee (“CAC”) wholeheartedly and excitedly supports, endorses and recommends the adoption of the Staff proposal for Building Electrification (BE) 2.0. The CAC members believe it is both necessary and incredibly helpful in targeting the goals of PCE to electrify buildings and remove the reliance on fossil fuels.
2. CAC supports the additional funding of \$1mm for the zero interest loan program and fully support the BE 2.0 program funding as part of future budget setting.

Some specific suggestions:

3. Give input to the consultant firm (RHA):
 - a. Make sure that operating appliances are never disconnected before the new ones are ready to be connected (esp. For Low Income Home Upgrades)
 - b. Have more language options available
4. Make Emergency Installs a priority
 - a. Have the 1-800 hotline be in the forefront of communication. (Maybe use the SMUD example) so when people have emergency needs it is addressed and easy to find
5. Make purchasing and capacity a requirement for Contractors.
 - a. They need to have enough appliances on hand and available.
 - b. Strongly encourage bulk equipment purchasing and storage to reduce costs and have available supply for customers and emergencies.
 - c. Have 120 volt heat pump water heater options readily available (e.g. pre-purchase the plug-in water heaters that will allow easier same-day replacements of gas water heaters.)
6. Have enhanced customer satisfaction and customer support as part of the plan
 - a. Better assistance on the call ins on both contractors and appliances and design
 - b. Have better initial call experience, where you get that first Assessment of a plan
7. Have a means to track success and customer experience
 - a. Follow up surveys with rebate recipients and also data collection on experiences and appliances
 - b. Monitor billing or energy usage
8. Contractors should need to guarantee the work/warranty so there are assurances that it will work up front as a new technology (like the warranty on hybrid cars when they first came out)
9. To maximize customer satisfaction — which will be critical to the larger purpose of generating widespread adoption of electrification — establish criteria for identifying appliances that have demonstrated good reliability and ensure that such appliances are selected for all installations by PCE’s contractor (for instance, avoiding equipment that has received significant complaints of noise or reliability issues).

Building Electrification v2

Goals and Architecture



What we have

[All-electric homes](#)

Learn about the benefits and next steps to power your home with clean electricity

[Zero interest loans](#)

Get a loan of up to \$10,000, with no interest, no credit check, and no fees

[Heat pump water heater rebates](#)

Find out about heat pump water heaters and the available rebates

[Heat pump heating, ventilation and air-conditioning \(HVAC\)](#)

Find out about heat pump HVAC and the available rebates

[Home Upgrade Program](#)

This program provides income-qualified homeowners with home repairs and energy efficiency upgrades at no cost

Needs for Building Electrification 2.0 (“BE v2”)

- Current program provides incentives but minimal guidance/support
- Updated program needs to address barriers customers face
 - Especially important to ensure city councils are comfortable adopting existing buildings reach codes
- Customer challenges include:
 - Lack of clear information
 - Difficulty selecting contractors and equipment
 - Technically complicated installations
 - Emergency replacements
 - Limited time and money

Types of Residential Customers - Profiles

- "I want to choose"/DIY
 - We need to take action on climate
 - I'm interested in technology
 - I like sorting it out myself
- "Just get it done"
 - I'm busy (single parent)
 - My water heater went out and I need one immediately
- "I cannot afford this"
 - I've been without heating the last two years. My home has lots of problems.
 - I don't have the time or funds



Residential Programs – BE v2



"I want to choose"
(DIY or self-managed)



"Just get it done" &
"It's an emergency"



"I cannot afford this"
(low income)

Retail Partners

Brick &
mortar
presence

Dev supply
chain

Bulk buy

One-Stop Website

Appliance
marketplace

Contractor
network

Info &
education
Why, how,
rebates, etc.

Energy
calculator

Hotline

Program
navigation

Project
planning

Technical
guidance

Turnkey install option

Appliance
install

Emergency
loaner

Whole home
pre-wiring

Bulk buy

Workforce
development

Pilot tech

Finance Options

PCE financing

Third-party
financing

Load Shaping

PV + Storage

Rebates

CPUC Flex market

PCE rebates

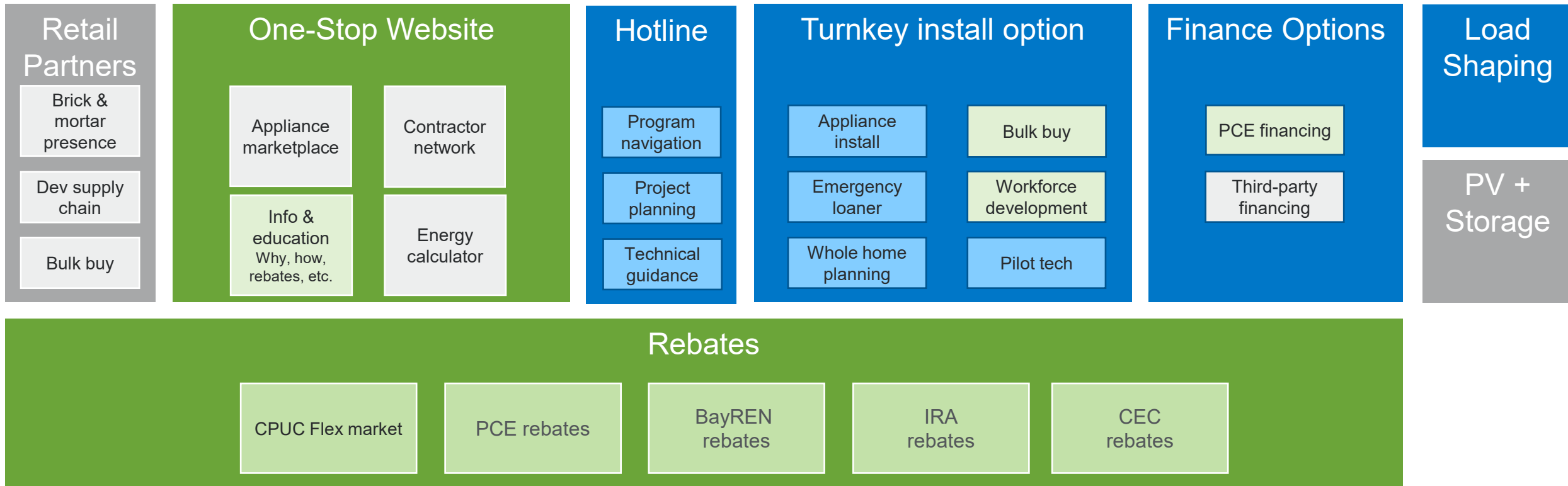
BayREN
rebates

IRA
rebates

CEC
rebates

Residential Programs – BE v2

- RFP
- Future PCE scope
- PCE Internal



First Priorities: One-Stop-Shop Website, Turnkey, Hotline

- **One-stop-shop website v1**

- a) Info & education: why, how, rebates

- **Turnkey install**

- a) Direct install electrician and contractor
 - b) Gas WH loaner unit
 - Supports emergency replacements
 - Essential for deeper existing building reach codes
 - c) Point of sale finance option (OBF &/or 3rd pty)

- **Hotline**

- a) Customer call support for
 - basic program participation
 - navigating PCE & other support
 - basic project process
 - technical support
 - b) Whole home electrification planning

Leveraging Home Upgrade

Dedicated workforce can support turnkey projects for non-low-income customers



Equipment discounts available to all customers



Advanced designs inform program improvements



Dedicated workforce

Specifically trained

Whole home experience

Dedicated contractors

Bulk buy discounts

Embedded innovation

Pilot new tech

Virtual Power Plant (VPP)

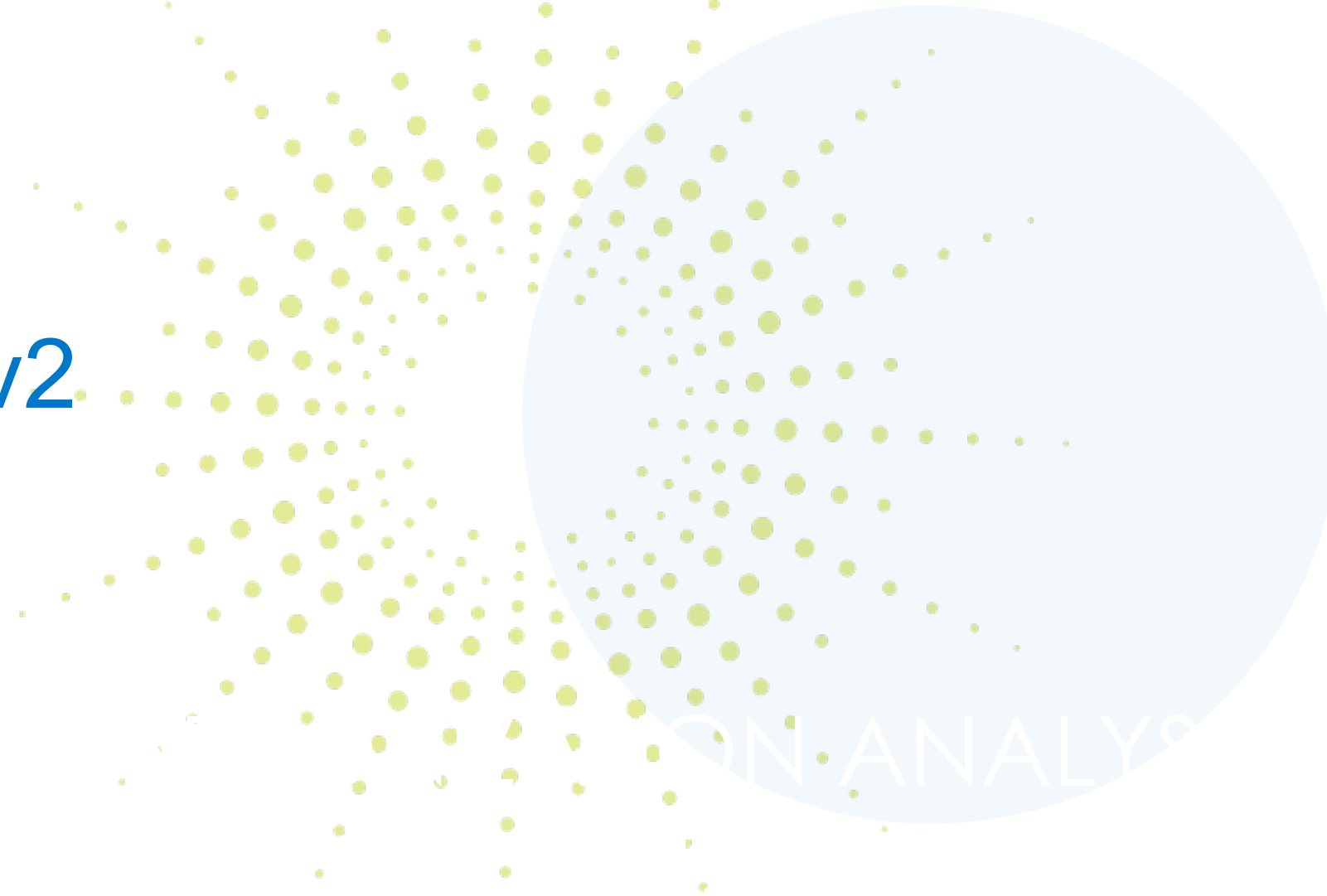
Advanced designs

Home Upgrade Program Components

Cost-Share Turnkey Program

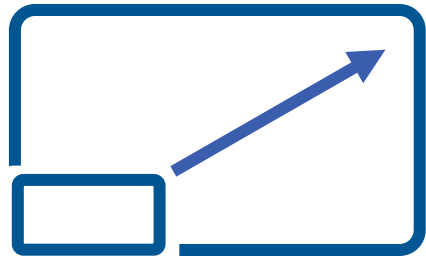
- **Installed as turnkey**
- **Costs paid by customer**
- **PCE rebates or financing applied seamlessly**
- **Emergency replacements administered in same way**

Home Upgrade v2



ON ANALYS

Vision for Home Upgrade v2



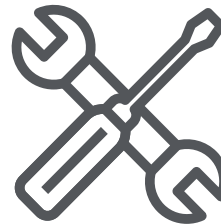
Scale to Whole Home



Increase Homes Impacted per Year



Capture Federal & State Incentives

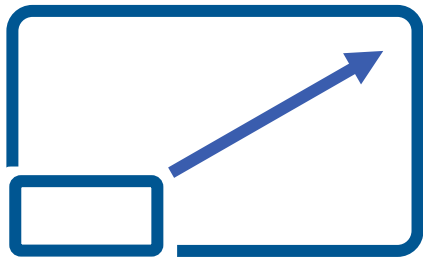


Integrate with Turnkey Offering



Develop VPP

Whole homes & more of them



Scale to Whole Home



Increase Homes Impacted per Year

	Electrification Cost
Water Heating (includes 240V circuit)	\$6,100
Space Heating	\$20,700
Cooking	\$1,098
Clothes Drying	\$925
Total	\$28,823
Panel, if required	\$3,700
Total non-optimized cost	\$32,523
Minor home repair	\$1,500
Estimated Average for Home Upgrade	\$31,500

250 homes per year

Minimum to enable dedicated workforce

Aligns with 2035 analysis

Planning ahead to Capture Fed/State Incentives

Planning to integrate with CPUC FLEXmarket

- \$2,500 per home

CEC building decarb funding being planned currently

- \$600m fund

Inflation Reduction Act funds should come online in late 2023/early 2024

- \$10,000 per home

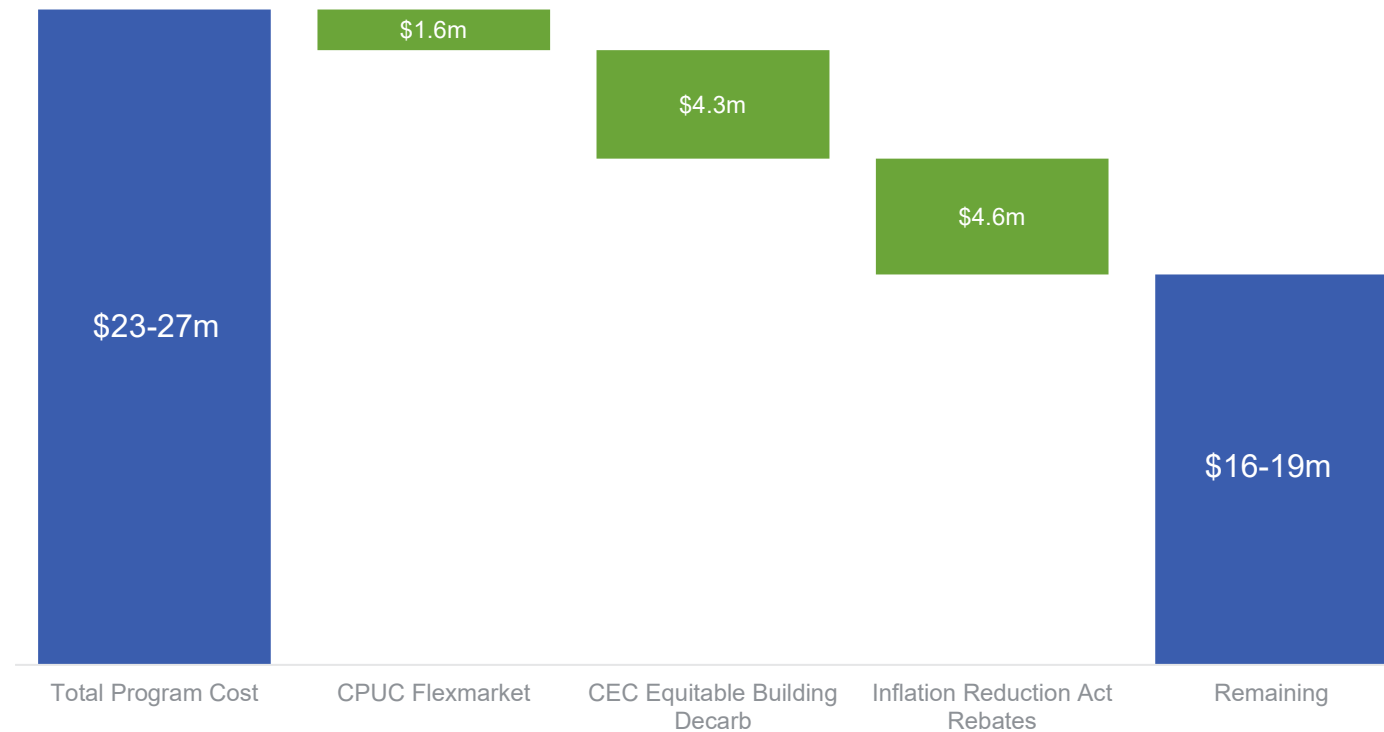


Planning ahead to Capture Fed/State Incentives

	Electrification Cost	IRA Incentives	CEC Equitable Decarb Estimate	Cost After State/Fed Incentives
Water Heating (includes 240V circuit)	\$6,100	\$1,850	\$6,600	\$4,250
Space Heating	\$20,700	\$10,000		\$10,700
Cooking	\$1,098			\$1,099
Clothes Drying	\$925			\$925
Total	\$28,823	\$11,850	\$6,600	\$10,373
Panel, if required	\$3,700			\$3,700
Total non-optimized cost	\$32,523			\$11,073
Minor home repair	\$1,500			\$1,500
Estimated Average for Home Upgrade	\$31,500			\$13,050

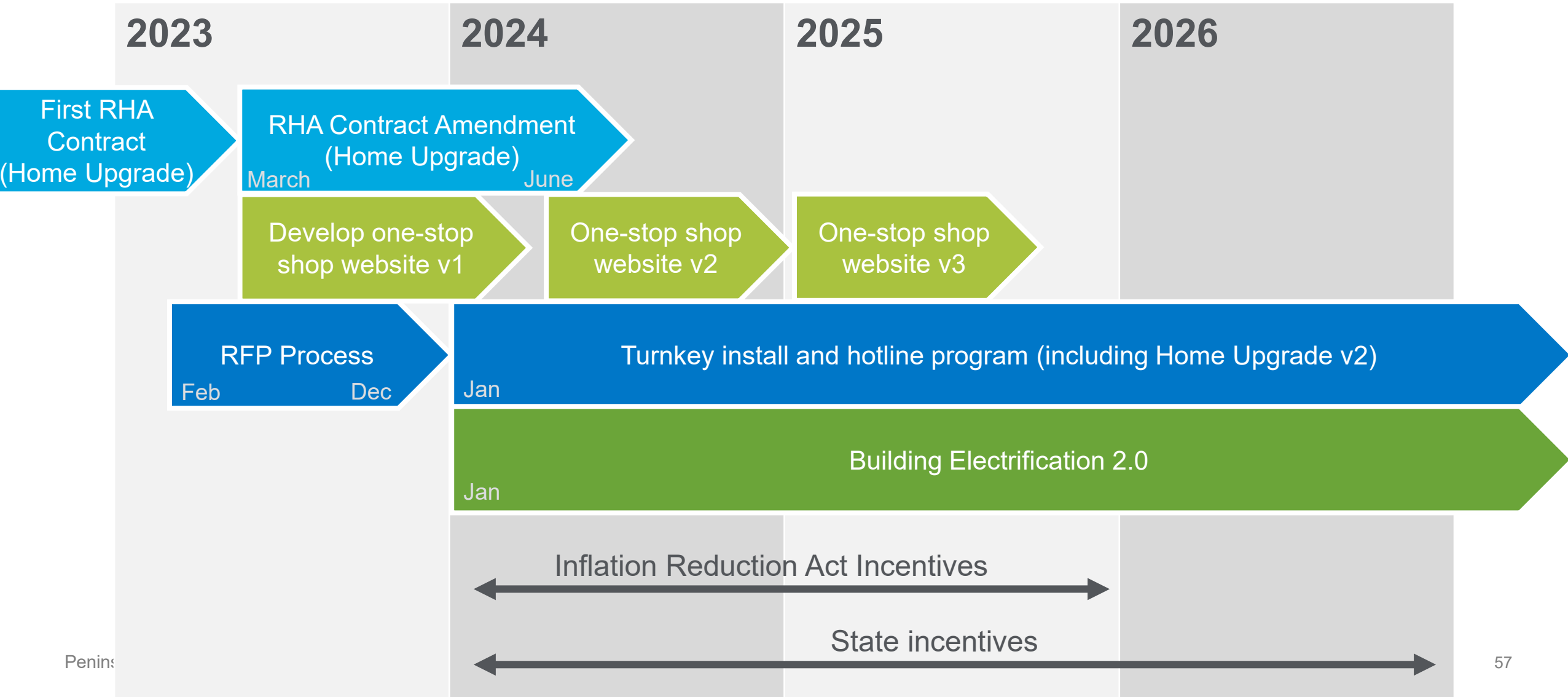
Prospective Budget Leveraging Fed/State Funds

Prospective 3-Year Budget for Turnkey Install & Hotline*



*Most of the cost would be for the expanded Home Upgrade program to fully electrify 650 low-income homes. Non-low-income turnkey and hotline services is estimated at \$900,000-\$1,300,000 but will depend on services and volume. More detailed budget estimates will be developed based on proposals received in a competitive procurement process.

Approximate Timeline and Plan



Board Members' Reports (Discussion)

Closed Session

The Board will go into closed session to discuss:

10. PUBLIC EMPLOYEE PERFORMANCE EVALUATION Title: Chief Executive Officer

11. CONFERENCE WITH LABOR NEGOTIATORS Agency Designated Representatives: Rick DeGolia and General Counsel/Assistant General Counsel; Unrepresented Employee: Chief Executive Officer

12. Reconvene Open Session (If Necessary) To Report Any Action(s) Taken During Closed Session

Adjournment