Swearing In of New Board Members and Alternates
Agenda

• Call to Order / Roll Call

• Public Comment (for items not on the Agenda)
  o Please note, send any chats to Board Clerk, Nelly Wogberg

• Action to set the Agenda and Approve Consent Item 1
  o 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:
  o History and overview of PCE strategic goals and core functions
  o CA energy market training
  o Department Directors’ discussion panel and Q&A
  o 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:
  
  o Marketing Subcommittee
  o Procurement Subcommittee
Upcoming Meetings

• Executive Committee:
  o April 10, at 10:00 a.m. (In-person and zoom)

• Citizens Advisory Committee:
  o April 13 at 6:30 p.m. (In-person and zoom)

• Board of Directors:
  o April 27 at 6:30 p.m. (In-person and zoom)

• Audit and Finance Committee:
  o May 8, at 8:30 a.m. (In-person and zoom)
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 –
  o Provides for the maintenance of 180 days of operating reserves in unrestricted cash
  o Last revised February 2021

• Policy 19 – Investments
  o Purpose of policy is to protect pooled cash while producing a reasonable rate of return
  o Last revised May 2020

• Policy 17 – Disbursement Policy
  o Provides procedures of disbursement processes to ensure financial controls and segregation of duties for wire transfers
  o 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
  o Cash reporting and projected performance against PCE reserve policy
  o Actual vs. budget financial variance reporting
  o Investment holdings and performance review and reporting
## PCE Finance Calendar

<table>
<thead>
<tr>
<th>Date</th>
<th>Prior Fiscal Year FYE 2022 FY 2021-2022</th>
<th>Current Fiscal Year FYE 23 FY 2022-2023</th>
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</thead>
<tbody>
<tr>
<td>July 22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>August 22</td>
<td>FYE 22 Q4 Results Published</td>
<td></td>
</tr>
<tr>
<td>September 22</td>
<td>FYE 22 Audit Field Work</td>
<td></td>
</tr>
<tr>
<td>October 22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>November 22</td>
<td></td>
<td>FYE 23 Q1 Financial Reports Published</td>
</tr>
<tr>
<td>December 22</td>
<td>FYE 22 Audited Results Published</td>
<td></td>
</tr>
<tr>
<td>January 23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>February 23</td>
<td></td>
<td>FYE 23 FY Q2 Financial Reports Published</td>
</tr>
<tr>
<td>March 23</td>
<td></td>
<td>FYE 24 FY Budget Development</td>
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<tr>
<td>April 23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 23</td>
<td>FYE 23 Q3 Financial Reports Published</td>
<td>FYE 24 Q3 Financial Reports Published</td>
</tr>
<tr>
<td></td>
<td></td>
<td>First Draft FYE 24 Budget Shared with A&amp;F, BOD</td>
</tr>
<tr>
<td>June 23</td>
<td></td>
<td>Final FYE 24 Budget for A&amp;F and BOD Adoption</td>
</tr>
</tbody>
</table>
Additional Steps undertaken to further strengthen PCE’s financial position and resilience

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Cash/Investments Balance</strong></td>
<td>$176,921,299</td>
<td>Actual December 31, 2022</td>
</tr>
<tr>
<td><strong>Restricted by Term/Covenant</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted Cash (per Approved Reserve Policy)</strong></td>
<td>$176,921,299</td>
<td></td>
</tr>
<tr>
<td><strong>Days Cash on Hand (per Approved Reserve Policy)</strong></td>
<td>219</td>
<td></td>
</tr>
<tr>
<td><strong>Approved Reserve Policy (Days Cash on Hand)</strong></td>
<td>180</td>
<td></td>
</tr>
<tr>
<td>Unrestricted Operating Reserve Requirement (180 Days)</td>
<td>$145,198,104</td>
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<tr>
<td><strong>Unrestricted Cash in Excess of Current Reserve Policy</strong></td>
<td>$31,723,195</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Days Cash on Hand based on full-year forecast of Operating Expenses*
Links to PCE Financial Reporting Documents

• Website
  o Audit and Finance Committee Meeting Schedule, Agendas, Agenda Packets, Presentations and Minutes

• Key Documents
  o Audited Financial Statements
  o 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)
Significant new volume with HVAC

Rebate application received by month by upgrade

[Bar chart showing rebate applications by month and equipment type for 2021-2023]
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

846k (85%)
Loan: Rapid Uptake (2 of 2)

Loan Applications By Month

- October 2022: 1
- November 2022: 13
- December 2022: 15
- January 2023: 12
- February 2023: 60
- March 2023: 39
Buildings Program: Request

Program: Zero Percent Loan

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

Executive Committee
March 13, 2023
Agenda

1. 2035 Decarbonization Analysis
2. Building Electrification v2
3. Home Upgrade Program Status
4. Home Upgrade v2
2035: PCE Scope

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

• Not in scope, or limited* (others lead)
  o Transportation: heavy-duty vehicles, off-road
  o Buildings: industrial, large commercial*, large multifamily*
  o Non-energy: land-use, compost, stationary sources, landfills
  o Out of territory: SF airport
  o Embedded carbon, Climate Adaptation, Sequestration/restoration
2035: Buildings Electrification

1. **Flexible Incentives**
   - All measures, incl. prewiring 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
1. “CAC wholeheartedly and excitedly supports, endorses, and recommendations adoption of the Staff proposal”

2. CAC added a list of recommendations available in the Board Memo
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
  o Especially important to ensure city councils are comfortable adopting existing buildings reach codes
• Customer challenges include:
  o Lack of clear information
  o Difficulty selecting contractors and equipment
  o Technically complicated installations
  o Emergency replacements
  o Limited time and money
Types of Residential Customers - Profiles

• "I want to choose“/DIY
  o We need to take action on climate
  o I’m interested in technology
  o I like sorting it out myself

• “Just get it done”
  o I’m busy (single parent)
  o My water heater went out and I need one immediately

• "I cannot afford this"
  o I’ve been without heating the last two years. My home has lots of problems.
  o I don’t have the time or funds
Residential Programs – BE v2

- RFP
- Future PCE scope
- PCE Internal

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 planning

Finance Options
- Bulk buy
- Workforce development
- Pilot tech

Load Shaping
- PV + Storage

PV + Storage
- Load Shaping

Rebates
- GPUC Flex market
- PCE rebates
- BayREN rebates
- IRA rebates
- CEC rebates

Peninsula Clean Energy
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  
    o Supports emergency replacements  
    o Essential for deeper existing building reach codes  
  c) Point of sale finance option (OBF &/or 3rd pty)

• **Hotline**
  a) Customer call support for  
    o basic program participation  
    o navigating PCE & other support  
    o basic project process  
    o 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

Home Upgrade Program Components

Dedicated workforce
- Specifically trained
- Whole home experience
- Dedicated contractors

Bulk buy discounts

Embedded innovation
- Pilot new tech
- Virtual Power Plant (VPP)
- Advanced designs
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
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

### Electrification Cost

<table>
<thead>
<tr>
<th>Component</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Heating (includes 240V circuit)</td>
<td>$6,100</td>
</tr>
<tr>
<td>Space Heating</td>
<td>$20,700</td>
</tr>
<tr>
<td>Cooking</td>
<td>$1,098</td>
</tr>
<tr>
<td>Clothes Drying</td>
<td>$925</td>
</tr>
<tr>
<td>Total</td>
<td>$28,823</td>
</tr>
<tr>
<td>Panel, if required</td>
<td>$3,700</td>
</tr>
<tr>
<td>Total non-optimized cost</td>
<td>$32,523</td>
</tr>
<tr>
<td>Minor home repair</td>
<td>$1,500</td>
</tr>
<tr>
<td><strong>Estimated Average for Home Upgrade</strong></td>
<td>$31,500</td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th>Item</th>
<th>Electrification Cost</th>
<th>IRA Incentives</th>
<th>CEC Equitable Decarb Estimate</th>
<th>Cost After State/Fed Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Heating (includes 240V circuit)</td>
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<td>$1,850</td>
<td></td>
<td>$4,250</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
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<td><strong>$6,600</strong></td>
<td><strong>$10,373</strong></td>
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<td></td>
<td><strong>$13,050</strong></td>
</tr>
</tbody>
</table>
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.

Peninsula Clean Energy
Approximate Timeline and Plan

- **First RHA Contract (Home Upgrade)**
  - March

- **RHA Contract Amendment (Home Upgrade)**
  - June

- **Develop one-stop shop website v1**

- **One-stop shop website v2**

- **One-stop shop website v3**

- **RFP Process**
  - Feb
  - Dec

- **Turnkey install and hotline program (including Home Upgrade v2)**
  - Jan

- **Building Electrification 2.0**
  - Jan

- **Inflation Reduction Act Incentives**

- **State incentives**
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