



Peninsula Clean Energy Board of Directors Regular Meeting

April 27, 2023
6:30 p.m.

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 Items 1-5
 - Consent - Public Comment
- Regular Agenda
- Adjournment

Chair Report (Discussion)

CEO Report (Discussion)

Topics to be Covered Tonight

- CFO Staffing Update
- Staffing Update
- All-Staff In-Person
- Legislative Update
- Reach Codes: Berkeley Lawsuit Update
- CalCCA Annual Conference
- Upcoming Meetings

CFO Staffing Update

- Kristina Cordero's last day was April 20
- Andy Stern, our previous CFO, is serving as Interim CFO



Staffing Updates: Open Positions

Currently posted on PCE website:

- Power Resources Analyst/Specialist
- 6 Summer Intern Positions – apply by May 12
 - Energy Equity Research
 - Electric Vehicles
 - Buildings Electrification
 - Load Forecasting
 - Data Analyst
 - Power Supply Contracts
- Coming Soon: Senior Manager of Local Power Development and Account Services Specialist



All-Staff In-Person Meeting on April 25



Legislative Update

- SB 537 (Becker) to amend Brown Act – PCE is sponsor
- AB 1373 (Garcia) to enable DWR to be central procurement entity and CPUC jurisdiction over CCA IRPs – Oppose Unless Amended
- AB 538 (Holden) to expand CAISO as a multi-state regional transmission system



Ninth Circuit Ruling on Natural Gas Hookups

1. On April 17, 2023 the United States Court of Appeals for the **Ninth Circuit ruled against the City of Berkeley** with regards to the City's ordinance prohibiting gas hookups for new construction
 - Court held that the Federal Energy Policy and Conservation Act governing appliance standards preempts the Berkeley ordinance
 - Plaintiff: California Restaurants Association
2. **Many open questions** remain regarding implications on reach codes adopted by PCE member jurisdictions.
3. The Berkeley code is a “municipal code” using local “police powers” in relation to health and safety and differs from codes adopted by PCE jurisdictions.
 - The Reach Codes adopted by the County and cities are based instead on CA Title 24 and the applicability of the City of Berkeley ruling to Title 24-based Reach Codes has not yet been determined.
4. PCE is conferring with other agencies and is engaged in its own analysis. PCE is not recommending a specific action at this time until additional details become available.
5. This case may be appealed. Each agency is encouraged to make its own assessment of legal risk.
6. PCE counsel is available to discuss this issue upon request.

CalCCA Annual Conference

- “Powered by Community”
- May 17-19 in San Diego, CA
 - May 19 elected officials luncheon
- Board Members are encouraged to attend; please let Nelly know of your interest in attending

Upcoming Meetings

- Executive Committee:
 - May 8, at 10:00 a.m. (In-person and zoom)
- Citizens Advisory Committee:
 - May 11 at 6:30 p.m. (In-person and zoom)
- Audit and Finance Committee:
 - May 8, at 8:30 a.m. CANCELLED
 - May 16 at 10:00 a.m. (In-person and zoom)
- Board of Directors:
 - May 25 at 6:30 p.m. (In-person and zoom)



CAC Report



Item 10 – Authorize Energy Storage Services Agreement with Lockhart Energy Storage Project

Sara Maatta, Power Resources and Compliance Manager

April 27, 2023

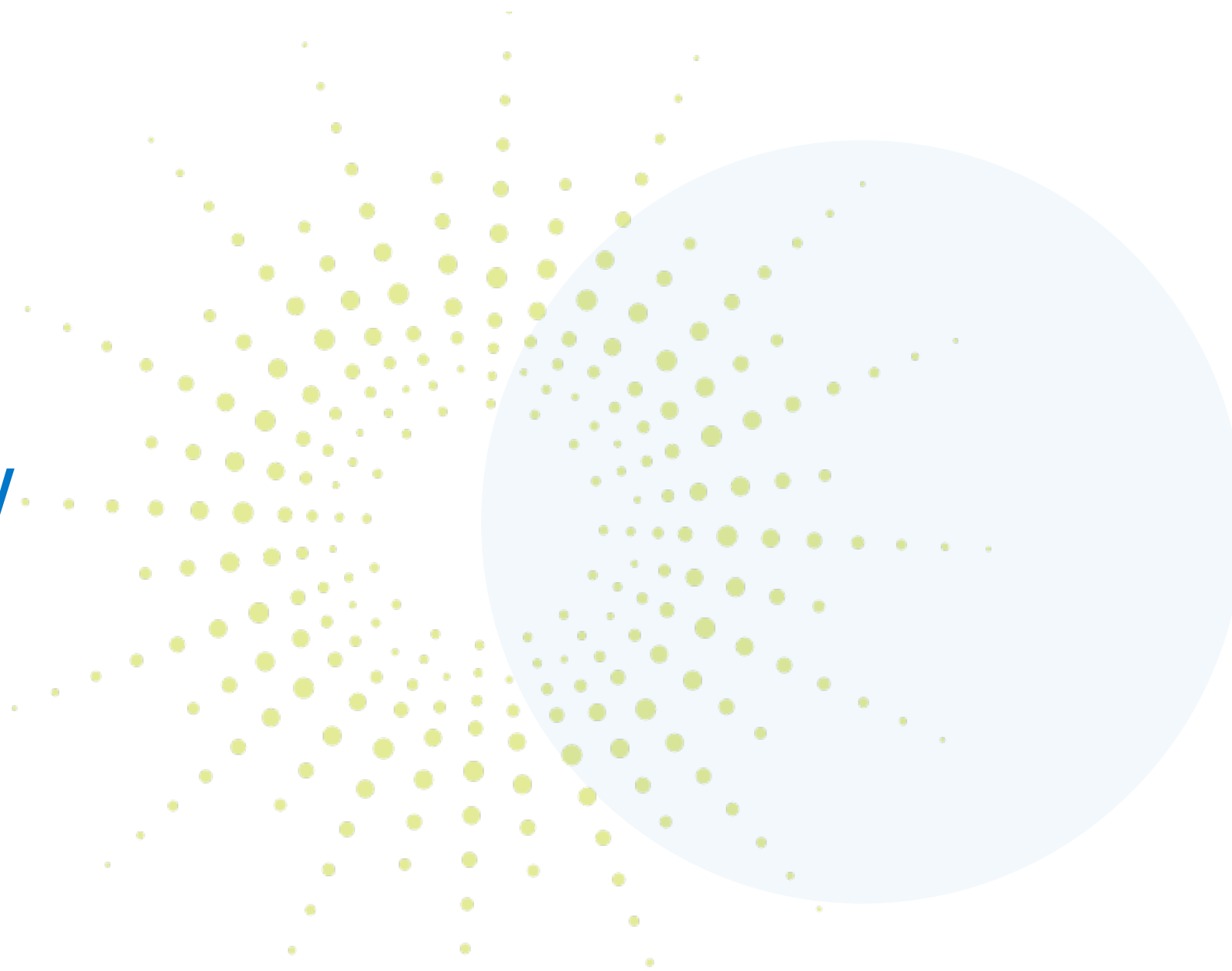
Recommendation

Approve Resolution Delegating Authority to Chief Executive Officer to Execute Energy Storage Service Agreement for an Energy Storage Project with Lockhart ESS LLC, and any necessary ancillary documents with a Power Delivery Term of 15 years starting at the Commercial Operation Date on or about June 1, 2024, in an amount not to exceed \$142 million.

Agenda

1. Project Overview
2. Expected Operations and Fit in Portfolio
3. CPUC Mid-Term Reliability Procurement Mandate
4. Fit with Strategic Plan
5. Recommendations

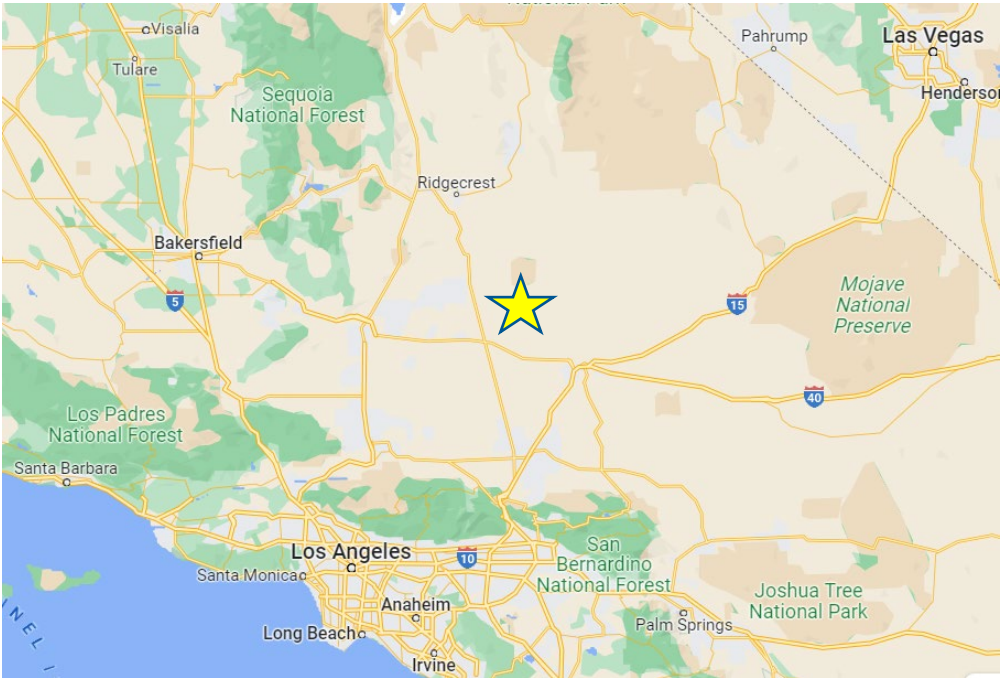
Project Overview



Lockhart Energy Storage – Project Overview

Project Owner	Lockhart ESS, LLC
Developer	Terra-Gen
Location	San Bernardino County, CA (Near City of Barstow)
Technology	Lithium-ion battery (4-hour)
Capacity	45 MW / 180 MWh
Term	15 years
Delivery Start	June 1, 2024
Project Site	The site is adjacent to the SEGS VIII and SEGS IX solar thermal projects. Terra-Gen is redeveloping SEGS VIII as Solar PV, with additional storage, using existing interconnection facilities. Not located in DAC.

Lockhart Energy Storage Project Vicinity Map



Contract Structure

- Pay for 45 MW of capacity at a fixed \$/kilowatt-month rate, no escalation
- Small, fixed-price rate operating fee assessed against each MWh discharged
- Contract term: 15 years
- Peninsula Clean Energy is entitled to all capacity attributes from the facility:
 - Storage Capacity (Charging and Discharging)
 - Resource adequacy
 - Ancillary Services
- Peninsula Clean Energy will be the Scheduling Coordinator

Labor

- Lockhart has agreed that the construction of the project will be conducted using a project labor agreement, or similar agreement, providing for terms and conditions of employment with applicable labor organizations

Environmental Review Process

- Staff worked with environmental non-profits to develop a system for evaluating the environmental impact of projects.
- Staff studied the geospatial footprint of the project to evaluate whether the project is located in a restricted or high conflict area for renewable energy development:
 - Protected areas at the federal, state, regional, local level (e.g. County-designated conservation areas, BLM Areas of Critical Environmental Concern, critical habitat for listed species, national, state, county parks, etc.).
 - Identified and mapped important habitat and habitat linkages, especially for threatened and endangered species (either state or federally listed).

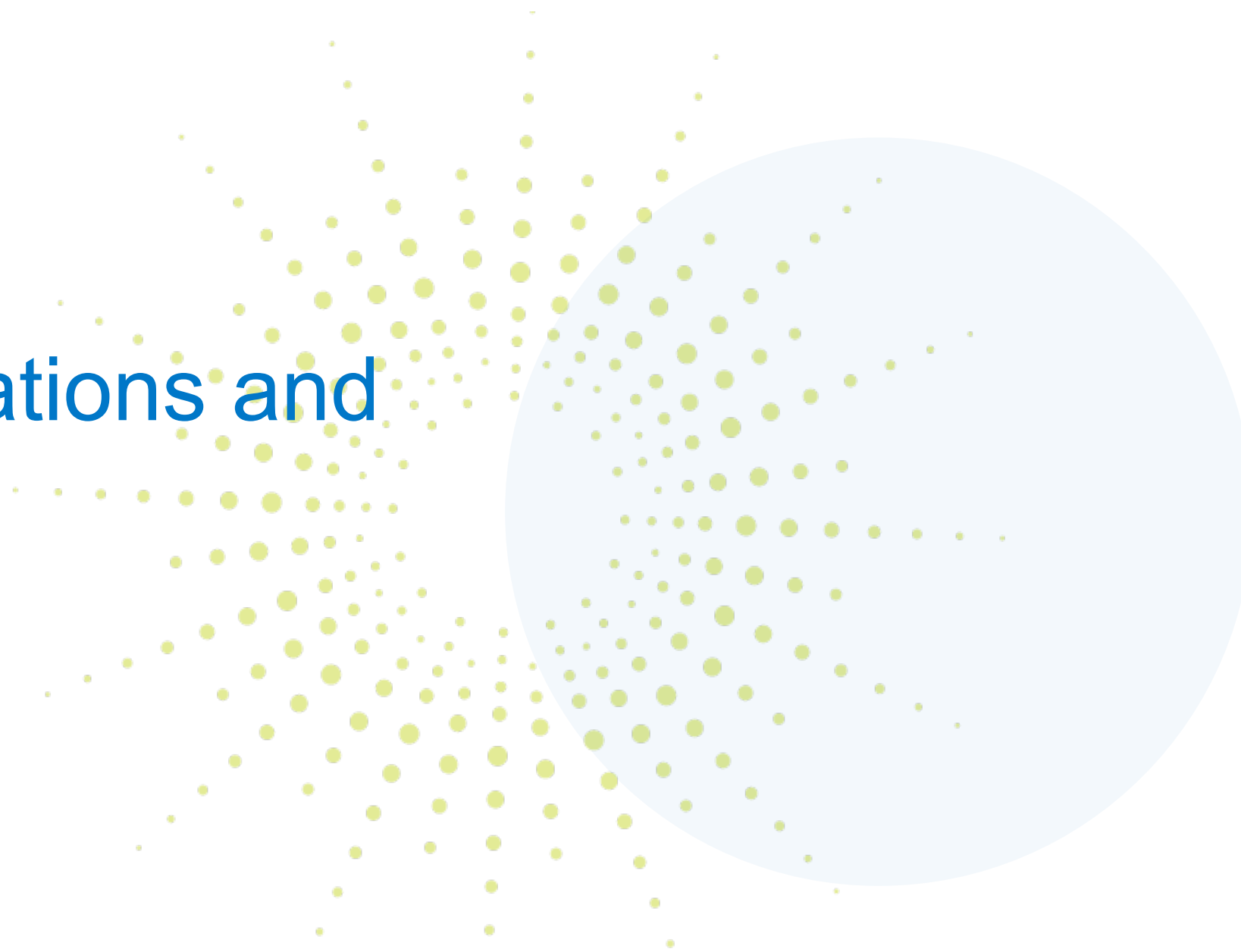
USGS PAD-US: <https://www.usgs.gov/core-science-systems/science-analytics-and-synthesis/gap/science/protected-areas>

RETI: <https://reti.databasin.org/>

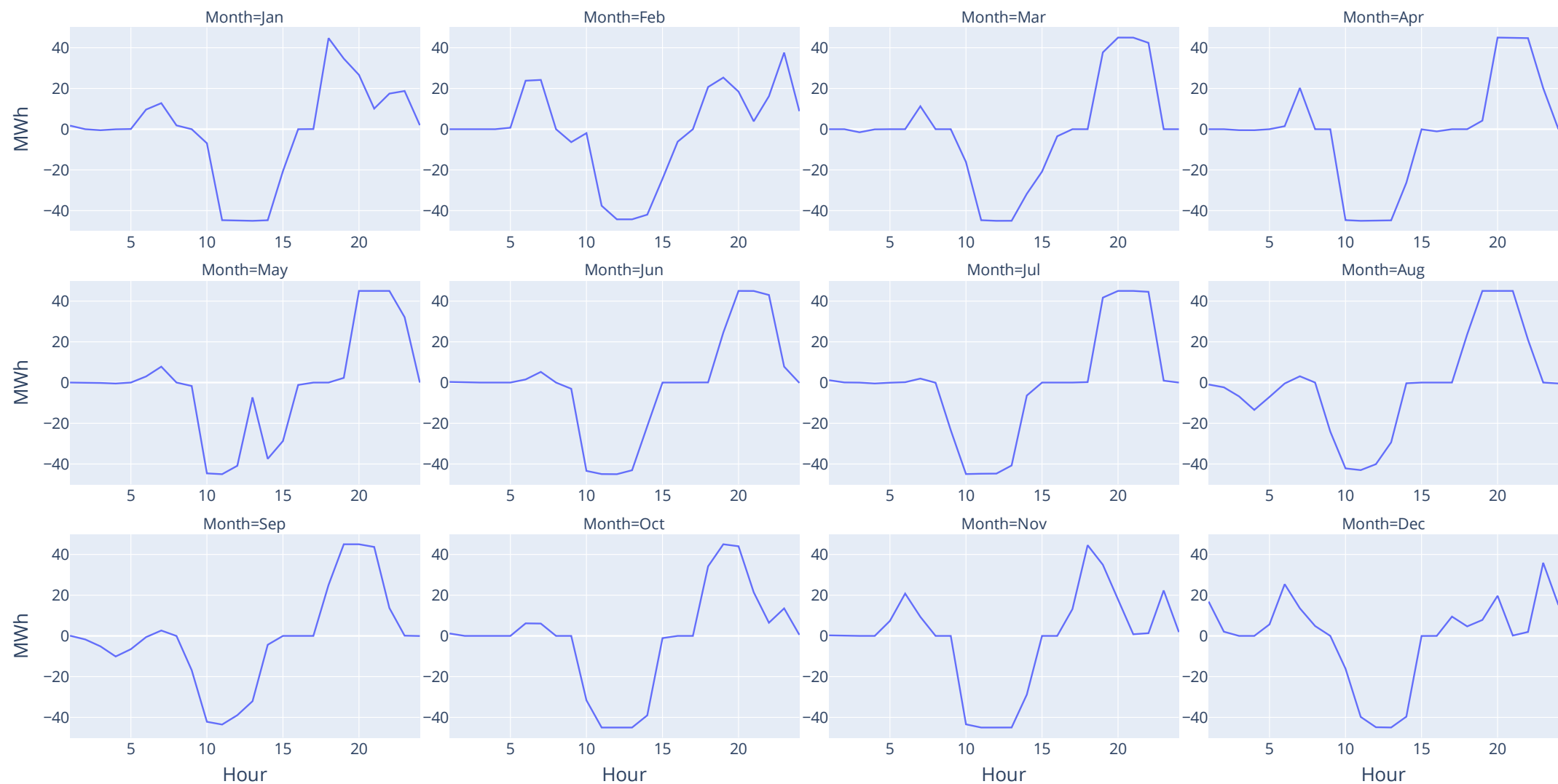
Environmental Review Results

- The Lockhart project is not located in a protected area based on the USGS Protected Areas Database (PAD-US)
- Because the transmission and interconnection facilities are already existing, there is no expected environmental impact from construction of these facilities.
- All environmental permits have been acquired.

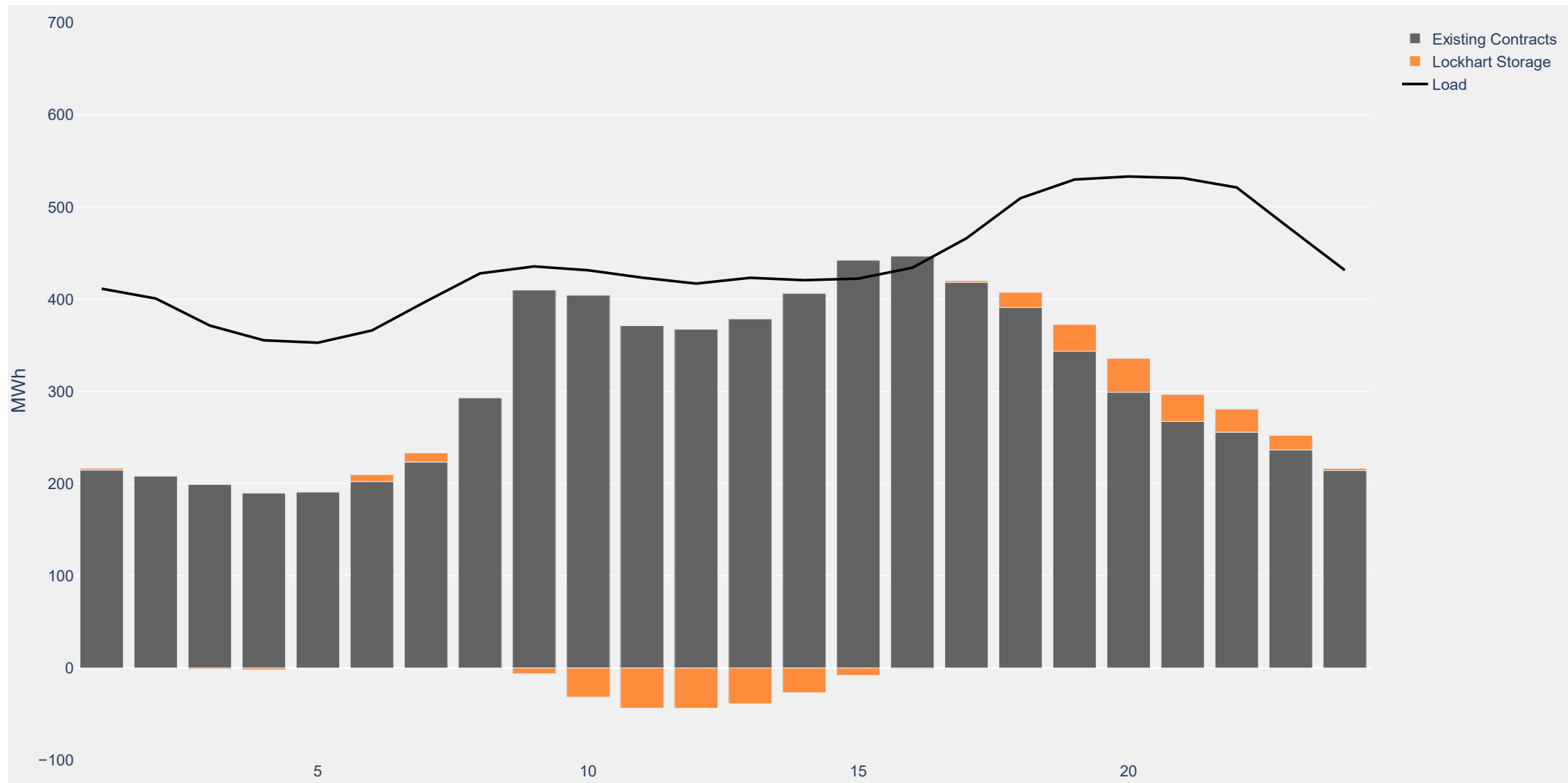
Expected Operations and Fit In Portfolio



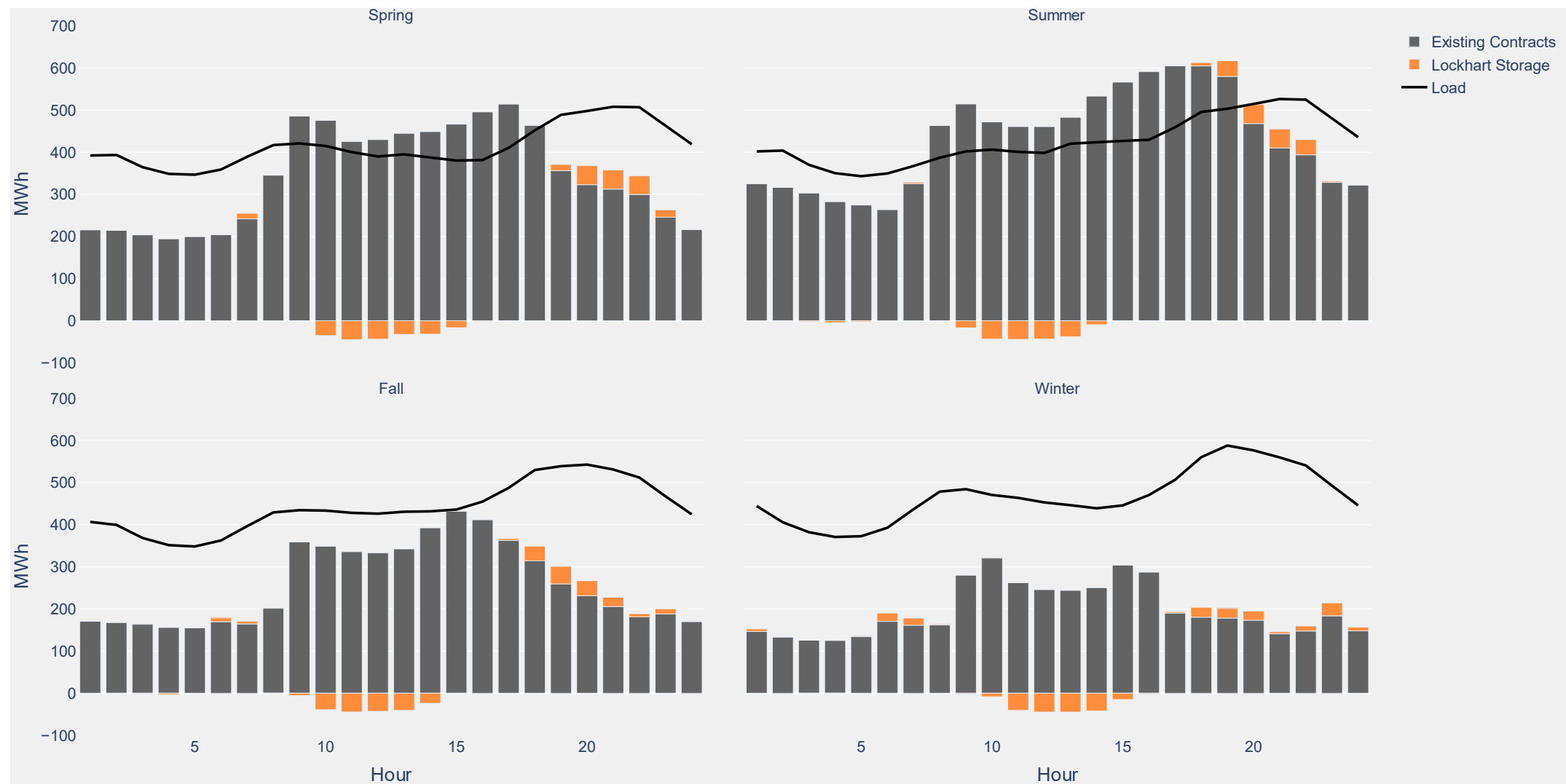
Battery Charge/Discharge Profile (2025)



Contribution to Portfolio - Annual (2025)



Contribution to Portfolio - Seasonal (2025)



Fit with Strategic Plan



Fit with Strategic Plan

- Priority 1: Design a power portfolio that is sourced by 100% carbon free energy by 2025 that aligns supply and consumer demand on a 24x7 basis
- Power Resources Goal 2: Secure sufficient, low-cost, clean sources of electricity that achieve Peninsula Clean Energy's priorities while ensuring reliability and meeting regulatory mandates
 - Objective B: Procure power resources to meet regulatory mandates and internal priorities at affordable cost

CPUC Mid-Term Reliability Procurement Mandate

A decorative background featuring a large, light blue circle on the right side. To the left of the circle is a dense cluster of small yellow dots, some of which are larger than others, creating a starburst or sun-like effect. The dots are scattered across the upper and middle portions of the slide.

Peninsula Clean Energy MTR Requirement

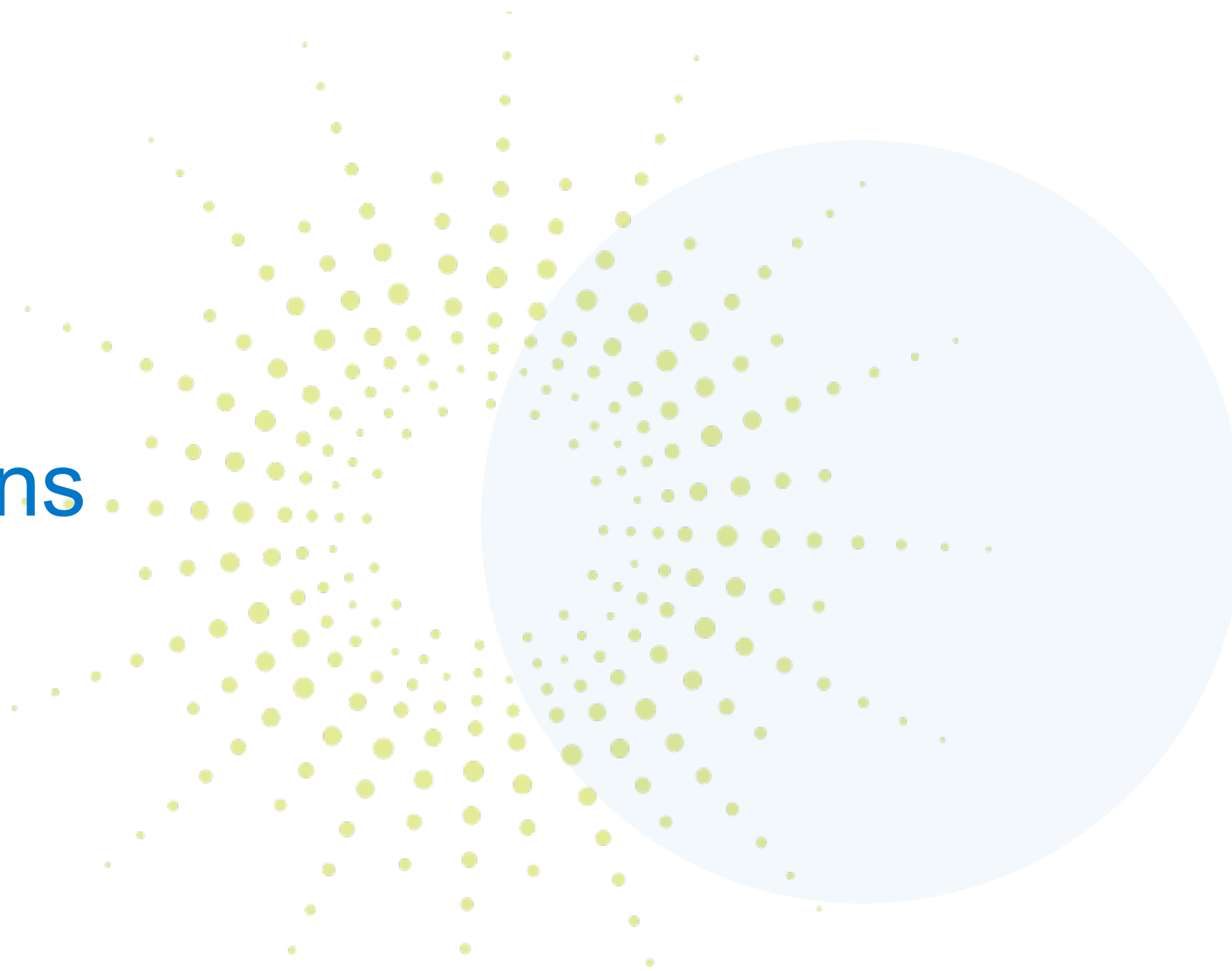
Procurement Obligation in NQC¹ MW for Peninsula Clean Energy by Category and Year

Procurement Category	2023	2024	2025	2026	2027	2028	Total
New Generic Capacity	38	113	28	35	35	-	249
<i>Zero-emissions generation, generation paired with storage, or demand response resources²</i>	-	-	47	-	-	-	47
New firm zero-emitting resources	-	-	-	-	-	19	19
New long-duration storage resources ³	-	-	-	-	-	19	19
Total Annual Net Qualifying Capacity (NQC) Requirements	38	113	28	35	35	38	287

(Lockhart Energy Storage project will contribute toward the 2024 MTR requirement)

1. *Obligation is in NQC MW (not nameplate) and subject to ELCC factor*
2. *Zero-emissions resources required to replace Diablo Canyon must be procured by 2025 and are a subset of New Capacity Required and may occur in any of the years 2023-2025; therefore, this row is now additive with the others.*
3. *Minimum 8-hour discharge*

Recommendations



Recommendation

Approve Resolution Delegating Authority to Chief Executive Officer to Execute Energy Storage Service Agreement for an Energy Storage Project with Lockhart ESS LLC, and any necessary ancillary documents with a Power Delivery Term of 15 years starting at the Commercial Operation Date on or about June 1, 2024, in an amount not to exceed \$142 million.

Item 11 - Adopt a Resolution Approving Plan to Delay Compliance with Uploading Time Varying Rates to the Market Informed Demand Automation Server (MIDAS) Database (Action)

April 27, 2023

Item 9 - Strategic Plan, Policies #9 and #10 Proposed Edits

April 27, 2023

Agenda

- Background: DEAI Scope of Work
- Proposed edits to Strategic Plan
- Proposed edits to Policy #9
- Proposed edits to Policy #10
- Executive Committee Recommendation

DEAI Scope of Work

1. Review Relevant DEAI Legislation and Regulatory Requirements (complete)
2. Conduct DEAI organizational needs assessment (complete)
3. Create organizational DEAI Policy (complete)
- 4. Update relevant organizational policies (in progress)**
5. DEAI Action Plan: departmental goals and metrics to operationalize DEAI (in progress)

Proposed Edits to Strategic Plan

Proposing edits to Organizational Excellence pillar:

- **Current:** Ensure organizational excellence by adhering to sustainable business practices and fostering a workplace culture of innovation, diversity, transparency, and integrity.
- **Proposed Change:** Ensure organizational excellence by adhering to sustainable business practices and fostering a workplace culture of innovation, diversity, equity, accessibility, inclusion, transparency, and integrity.

Proposed Edits to Policy #9

- Policy originally approved November 17, 2016
- Current title: Ethical Vendor Standards
- Proposed new title: Ethical **Procurement** Standards
- Focus of policy had broadened to include staff's procurement conduct
- Borrowed from San Mateo County Code of Ethical Conduct:
Procurement Ethics

Proposed Edits to Policy #9 Continued

- Proposed revised policy has the addition of the following sections:
 - Sustainability and Social Responsibility
 - Transparency
 - Confidentiality
 - Impartiality
 - Professionalism
 - Compliance
 - Accountability

Proposed Edits to Policy #10

- Policy originally approved December 15, 2016, updated October 25, 2018
- Updated formatting for easier policy navigation
- Reformatting of and additions to Policy Statement under Section 1
- Revisions to Section 2b: Supply Chain:
 - Revised Item 4: request info on diverse business ownership
 - Revised Item 6: encourage reporting on inclusivity in business staff
 - Added Item 7, Supply Chain Code of Conduct

Attachment A: Supply Chain Code of Conduct

- Derived from principles of UN, International Labour Organization (ILO), solar and business social responsibility organizations
- Sections:
 - Freely Chosen Employment
 - Young Workers
 - Working Hours
 - Wages and Benefits
 - Humane Treatment
 - Non-Discrimination/Non-Harassment
 - Freedom of Association
 - Restricted Jurisdictions

Proposed Edits to Policy #10 Cont.

- Addition of the City of Los Banos/Merced County/Central Valley:
 - In Section 2c: Inclusive Business Practices
 - When defining "local" in Section 3b: Sustainable Workforce Objectives
- Modification of "shall use" to "shall use best efforts to use" in Section 3d. Later modified by EC to "shall prioritize and give preference to"
- Modification of apprenticeship requirement in Section 3d

Proposed Edits to Policy #10 Cont.

- Removal of entire section/paragraph on PCE Feed-In Tariff Price Projects
- Renaming Section 3e to Peninsula Clean Energy Programs, updating rest of this section to reference energy programs

IRA Apprenticeship Requirements

- Described in IRS Notice 2022-61
- Different kinds of apprenticeship requirements:
 1. Apprenticeship Labor Hour Requirements
 2. Apprenticeship Ratio Requirements
 3. Apprenticeship Participation Requirements

Meetings with Labor, January 25 and March 6

- Peninsula Clean Energy staff met with labor to discuss proposed edits to Section 3d of Policy #10
- Outcomes of first meeting with labor:
 1. Peninsula Clean Energy staff proposed retaining the proposed edits for “shall use best efforts” language to present to EC for their guidance and consideration.
 2. Conduct further research on the IRA’s apprenticeship requirements to receive full tax credits
- Met again on 3/6, Labor reiterated concerns with proposed revision

Recommendation from EC, April 10

- Robust discussion at EC meeting on April 10 on staff's original proposal of "shall use best efforts" in Section 3d
- Committee members ultimately decided to modify language to "shall prioritize and give preference to"

Meeting with Workforce and EJ Alliance, April 20

- Staff met with the Workforce and EJ Standards Alliance
- Constructive meeting; the Alliance had a positive reaction to the EC's recommendation
- Staff is open to meeting with the Alliance again

Recommendation

Approval of Diversity, Equity, Accessibility, and Inclusion (DEAI)-
Related Amendments to the Strategic Plan and Policy #9 and #10

Item 12 - NEM 2.0 Sunset and NEM 3.0 Transition

Leslie Brown

Director of Account Services

April 27, 2023

Discussion Overview

For Tonight:

- Brief history of Net Energy Metering (NEM) in California
- High level overview of NEM 3.0

More to Come:

- Details on billing/credit options for future solar customers

Net Energy Metering (NEM) History

- NEM 1.0 in effect from 1996-2016/17 throughout CA
 - Promote proliferation of rooftop solar
 - Tariffs that heavily favored mid-day solar production
 - 12-month credit/charge aggregation at retail rate
 - 20 year Interconnection Agreement
- NEM 2.0 in effect from 2016/17-April 14, 2023
 - Required TOU rates for NEM customers (4-9 pm peak rates)
 - Included Non Bypassable Charges (NBCs)
 - 12 month credit/charge aggregation at retail rate
 - 20 year Interconnection Agreement

No Immediate Changes for Current Customers

- If you have an existing solar system, nothing will change about your current billing/compensation
- Existing NEM customers have 20 years from their original interconnection date before new policy applies*
 - Changes and/or upgrades to an existing solar system can trigger an early transition to new program
- Processes for transitioning customers are still being developed

What is NEM 3.0?

- New solar interconnection policy for systems applying after April 14, 2023
 - NEM 3.0 => Net Billing Tariff => Solar Billing Plan
- Per the CPUC the new policy changes are intended to:
 - Credit excess solar generation at its grid value (vs retail)
 - Charge NBT customers for grid electricity based on high differential TOU tariffs and encourage solar + storage installations (encourage shifting exports to later in the day)
 - Promote equitable access and benefits of solar for low-income customers
 - Support sustainable growth of solar in CA

NEM 3.0/NBT Major Differences

- E-ELEC is the only qualifying rate plan for residential customers
- Reduces compensation for excess generation-no more retail credit
 - Avoided Cost Calculator (ACC) to calculate hourly value of solar export
- Additional incentive for solar + storage
- Larger incentive for low-income (CARE/FERA) customers to allow for shorter payback (~9 years)
- Customers can oversize system (150%) if they attest to load growth within next 12 months
- NBT customers will be charged monthly for energy use (no more large, annual true-up statements)

What does this mean for PCE?

- PCE customers who did not submit a solar interconnection application by April 14, 2023 will be served under NEM 3.0/Net Billing Tariff rules
- PCE is still responsible for setting our own compensation rates for excess solar generation and staff is still studying what is viable
 - Alternatives to the ACC may be costly and/or difficult to implement
 - ACC vales will still apply to T&D exports regardless of CCA Generation rates
- More to come over the next few months as staff evaluates options

Adjournment