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 Items 1-2
  o Consent - Public Comment

• Regular Agenda

• Adjournment
Chair Report (Discussion)
Topics to be Covered Tonight

• Staffing Update
• Credit Ratings Update
• Legislative Update
• EV Ready Updates
• Annual NEM Payouts
• Upcoming Meetings
• Some words from Jan
Staffing Updates: New Hires

- Lauren Mathisen, Power Resources Specialist, who started on June 16
Staffing Updates: Summer Interns

- Carlos Capell, Load Forecasting
- Zachary Meyer, Buildings Electrification
- Sophia Young, Electric Vehicles
- Hubert Nguyen, Data Analysis
- Jasper Liu, Data Analysis
- Emilia Groupp, Energy Equity
- Lauren Dineen, Power Supply Contracts
Staffing Updates

Currently posted on PCE website:

• Power Resources Analyst/Specialist
• Account Services Specialist
• Senior Program Manager, Local Power Resources
• Chief Financial Officer / Director of Finance and Administration
Credit Ratings Update

• PCE has earned a credit rating of A- from S&P
Legislative Update

• SB 537 (Becker) to amend Brown Act – PCE is sponsor

• State Budget
EV Ready Updates

• 433 EV charging ports have been installed
• 91 projects have secured rebate funding from PCE and are actively in progress now
• 200+ properties are receiving technical assistance
• ~2/3 of our technical assistance sites are at apartment/condo properties
• Average cost to install a charger in our program is ~$4,000, a fraction of the cost of other state and IOU programs
A recent EV Ready example from a rental apartment property project in San Mateo

• 10 Level 2 chargers installed, with power management
• Total installation cost was $3,000 per charger
• Installed by Metro Electric (IBEW member, FYI)
• The project received both technical assistance and rebate funding from PCE
Annual NEM Payouts 2023

- LOS BANOS INC: 134.4K
- SAN MATEO INC: 129.4K
- REDWOOD CITY INC: 125.4K
- SAN CARLOS INC: 343
- SAN BRUNO INC: 74.4K
- DALY CITY INC: 71.2K
- PACIFICA INC: 70.6K
- SO SAN FRANCISCO INC: 64.7K
- BELMONT INC: 63.7K

NEM Cashout Total in Dollars and Number of Cashouts
## Average and Total Annual NEM Payouts 2023

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Average Payout Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>$2,095.13</td>
<td>$129,897.85</td>
</tr>
<tr>
<td>Residential</td>
<td>$292.72</td>
<td>$1,302,884.06</td>
</tr>
</tbody>
</table>

**Total NEM Payouts in 2023: $1,432,781.91**
Upcoming Meetings

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

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

• Board of Directors:
  o July 27 at 6:30 p.m. (In-person and zoom)
And now some words from Jan …

. . . to the Peninsula Clean Energy Board of Directors. And thank you for this wonderful opportunity and for your support these 7 years!
Recognition of Chief Executive Officer, Jan Pepper Upon Retirement
FY 2023-2024
(July 1, 2023 – June 30, 2024)

Budget Review

Revised Draft
RESOLUTION THAT THE BOARD OF DIRECTORS APPROVE THE FISCAL YEAR 2023-2024 BUDGET WITH TOTAL OPERATING EXPENSES NOT TO EXCEED $350,657,317
Schedule – Budget Review and Approval

• May 16, 2023 — Review Initial Draft Budget with Audit & Finance Committee

• May 25, 2023 — Review Initial Draft Budget with Board of Directors

• June 12, 2023 — Review Revised Draft Budget with Audit & Finance Committee

• June 12, 2023 — Review Revised Draft Budget with Executive Committee

• June 22, 2023 — Approve Final Budget by Board of Directors
Revisions Since Initial Draft Budget

• Update to year-end FY23 forecast reflecting April 2023 financial results
• Minor adjustments to Programs Budget
• Modification to assumptions of Gov PV prepayment for conservatism
• Minor modifications to Days Cash on Hand calculation
Revenues
- PG&E Generation Rates – Slight decline in rates for next 4 years
  - January 1, 2024 – Increase 1%
- PCIA Rates – Continuing decrease in rates as of January 1, 2024
  - January 1, 2024
    - San Mateo – Drop to $0.00 from already low rate
    - Los Banos – Drop to $0.00 from already low rate
  - After 2024
    - Significant increases for next 4 years, near to rates of 2022, but still not approaching rates of 2021
- Customer Rates to PCE – Relatively flat for next 3 years, then lower in 2027 and 2028 (but still well above low year of 2021)
Cost of Energy –
  o Budgeted at $311 million - Increase of $39 million (14%) over FY23 forecast
  o Overall budget includes 2 conservatism contingencies
    o Energy Cost Volatility = $15 million/year
    o 100% Renewable on 99% Time-Coincidence Basis Project Delays = $56 million over 5 years; $770K in FY24
  o Total cost is 9% higher than FY23 forecast without conservatism adders

Non-expense Capital Outflows/Inflows
  • Solar and Storage on Public Buildings
    o Capital Outlay and Investment Tax Credit
      o Phase 1 - $7.4 million outflow in FY24; $2.2 million ITC inflow in FY26
      o Phase 2 - $43.0 million in FY25; $15.0 million ITC inflow in FY27
    o Repayment based on usage over 20-year period
  • Ongoing On-Bill Finance Programs
# Revised Draft Budget (FY23 Forecast and FY24 Budget)

## Summary View

<table>
<thead>
<tr>
<th></th>
<th>2023 Budget</th>
<th>2023 Forecast</th>
<th>2023 Variance - Fav/(Unf)</th>
<th>2024 Revised Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenues</td>
<td>367,783,691</td>
<td>432,684,817</td>
<td>64,901,127</td>
<td>474,624,034</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>294,429,488</td>
<td>297,075,405</td>
<td>(2,645,917)</td>
<td>350,657,317</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>73,354,203</td>
<td>135,609,412</td>
<td>62,255,209</td>
<td>123,966,717</td>
</tr>
<tr>
<td>Total Nonoperating Income/(Expense)</td>
<td>600,000</td>
<td>3,033,812</td>
<td>2,433,812</td>
<td>645,192</td>
</tr>
<tr>
<td>CHANGE IN NET POSITION</td>
<td>73,954,203</td>
<td>138,643,224</td>
<td>64,689,022</td>
<td>124,611,909</td>
</tr>
</tbody>
</table>

Net Position at the beginning of period

- 2023: 174,211,272
- 2023 (Forecast): 167,670,734
- Variance: (6,540,538)
- 2024: 300,430,872

Net Position at the end of period

- 2023: 248,165,475
- 2023 (Forecast): 306,313,958
- Variance: 58,148,484
- 2024: 425,042,781

Total Cash & Cash Equivalents (after Net Program Outflows)

- 2023: 262,859,728
- 2024: 377,161,637

Unrestricted Cash Days on Hand

- 2023: 323
- 2024: 393
Revised Draft Budget (FY23 Forecast and FY24 Budget)

**Detailed View**

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>2023 Budget</th>
<th>2023 Forecast</th>
<th>2023 Variance - Fav/(Unf)</th>
<th>Revised Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Sales, net</td>
<td>364,961,141</td>
<td>429,685,416</td>
<td>64,724,275</td>
<td>471,670,872</td>
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<tr>
<td>Green electricity premium</td>
<td>2,822,550</td>
<td>2,999,401</td>
<td>176,851</td>
<td>2,953,162</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>367,783,691</strong></td>
<td><strong>432,684,817</strong></td>
<td><strong>64,901,127</strong></td>
<td><strong>474,624,034</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>2023</th>
<th>2023</th>
<th>2024</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of energy</td>
<td>264,208,440</td>
<td>270,221,267</td>
<td>(6,012,827)</td>
<td>311,261,389</td>
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<tr>
<td>Staff compensation</td>
<td>8,583,221</td>
<td>7,939,828</td>
<td>643,393</td>
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<tr>
<td>Data Manager</td>
<td>3,600,000</td>
<td>3,583,331</td>
<td>16,669</td>
<td>3,871,152</td>
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<tr>
<td>Service Fees - PG&amp;E</td>
<td>1,350,000</td>
<td>1,309,818</td>
<td>40,182</td>
<td>1,400,000</td>
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<td>Consultants &amp; Professional Services</td>
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<td>Legal</td>
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<td>1,574,558</td>
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<tr>
<td>Communications and Noticing</td>
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<td>1,409,113</td>
<td>1,277,095</td>
<td>2,850,940</td>
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<tr>
<td>General and Administrative</td>
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<td>4,027,236</td>
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<tr>
<td>Community Energy Programs</td>
<td>8,640,000</td>
<td>7,946,237</td>
<td>693,763</td>
<td>12,726,000</td>
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<tr>
<td>Depreciation</td>
<td>96,000</td>
<td>78,870</td>
<td>17,130</td>
<td>234,750</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>294,429,488</strong></td>
<td><strong>297,075,405</strong></td>
<td>(2,645,917)</td>
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</tr>
</tbody>
</table>

| Operating Income (Loss) | 73,354,203 | 135,609,412 | 62,255,209 | 123,966,717 |
| NON-OPERATING REVENUES (EXP.) | | | | |
| Total Nonoperating Income/(Expense) | 600,000 | 3,033,812 | 2,433,812 | 645,192 |
| **CHANGE IN NET POSITION** | **73,954,203** | **138,643,224** | **64,689,022** | **124,611,909** |

| Net Position at the beginning of period | 174,211,272 | 167,670,734 | (6,540,538) | 300,430,872 |
| Net Position at the end of period | 248,165,475 | 306,313,958 | 58,148,484 | 425,042,781 |

| Total Cash & Cash Equivalents (after Net Program Outflows) | 262,859,728 | | | 377,161,637 |

| Unrestricted Cash Days on Hand | 323 | | | 393 |
## Revised Draft Budget FY2024-2028 – 5-year Outlook

### Summary View - Impact of Gov PV Programs on Cash Position

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Revised Draft Budget</td>
<td>Forecast (FY)</td>
<td>Forecast (FY)</td>
<td>Forecast (FY)</td>
<td>Forecast (FY)</td>
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<tr>
<td>Total Operating Revenues</td>
<td>474,624,034</td>
<td>487,194,674</td>
<td>485,715,240</td>
<td>455,048,558</td>
<td>405,882,856</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>350,657,317</td>
<td>433,407,562</td>
<td>438,723,088</td>
<td>406,769,676</td>
<td>396,572,285</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>123,966,717</td>
<td>53,787,112</td>
<td>46,992,152</td>
<td>48,278,882</td>
<td>9,310,571</td>
</tr>
<tr>
<td>Total Nonoperating Income/(Expense)</td>
<td>645,192</td>
<td>673,580</td>
<td>703,218</td>
<td>734,160</td>
<td>766,463</td>
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<tr>
<td>CHANGE IN NET POSITION</td>
<td>124,611,909</td>
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<td>47,695,370</td>
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<td>10,077,033</td>
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<tr>
<td>Total Cash &amp; Cash Equivalents (before Net Program Outflows)</td>
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<td>431,717,729</td>
<td>433,514,223</td>
<td>481,834,456</td>
<td>503,275,113</td>
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<tr>
<td>Net Program Outflows</td>
<td>(10,400,000)</td>
<td>(46,000,000)</td>
<td>(800,000)</td>
<td>12,000,000</td>
<td>(2,250,000)</td>
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<tr>
<td>Total Cash &amp; Cash Equivalents (after Net Program Outflows)</td>
<td>377,161,637</td>
<td>385,717,729</td>
<td>432,714,223</td>
<td>493,834,456</td>
<td>501,025,113</td>
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<tr>
<td>Unrestricted Cash Days on Hand</td>
<td>393</td>
<td>326</td>
<td>362</td>
<td>446</td>
<td>464</td>
</tr>
</tbody>
</table>
## Revised Draft Budget FY2024-2028 – 5-year Outlook

### Summary View

<table>
<thead>
<tr>
<th></th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity Sales, net</td>
<td>471,670,872</td>
<td>484,233,036</td>
<td>482,737,236</td>
<td>452,054,000</td>
<td>402,863,671</td>
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<tr>
<td>Green electricity premium</td>
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<td>2,978,004</td>
<td>2,994,557</td>
<td>3,019,185</td>
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<tr>
<td>Total Operating Revenues</td>
<td>474,624,034</td>
<td>487,194,674</td>
<td>485,715,240</td>
<td>455,048,558</td>
<td>405,882,856</td>
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<table>
<thead>
<tr>
<th></th>
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<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
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<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of energy</td>
<td>311,261,389</td>
<td>383,611,464</td>
<td>382,474,223</td>
<td>344,299,885</td>
<td>329,946,422</td>
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<tr>
<td>Staff compensation</td>
<td>10,922,801</td>
<td>11,578,169</td>
<td>12,272,859</td>
<td>13,009,231</td>
<td>13,789,784</td>
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<tr>
<td>Data Manager</td>
<td>3,871,152</td>
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<td>4,610,604</td>
<td>4,887,240</td>
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<tr>
<td>Service Fees - PG&amp;E</td>
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<tr>
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<td>1,199,674</td>
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<tr>
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<td>1,786,843</td>
<td>1,870,626</td>
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<tr>
<td>Communications and Noticing</td>
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<td>3,048,580</td>
<td>3,134,757</td>
<td>3,223,520</td>
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<tr>
<td>General and Administrative</td>
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<td>3,929,634</td>
<td>4,121,293</td>
<td>4,336,551</td>
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<td>Community Energy Programs</td>
<td>12,726,000</td>
<td>22,130,000</td>
<td>25,781,000</td>
<td>30,355,000</td>
<td>32,935,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>234,750</td>
<td>1,062,250</td>
<td>2,466,694</td>
<td>2,616,000</td>
<td>2,616,000</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>350,657,317</td>
<td>433,407,562</td>
<td>438,723,088</td>
<td>406,769,676</td>
<td>396,572,285</td>
</tr>
</tbody>
</table>

|                            |       |       |       |       |       |
| **Operating Income (Loss)** | 123,966,717 | 53,787,112 | 46,992,152 | 48,278,882 | 9,310,571 |

|                            |       |       |       |       |       |
| **Total Nonoperating Income/(Expense)** | 645,192 | 673,580 | 703,218 | 734,160 | 766,463 |

|                            |       |       |       |       |       |
| **CHANGE IN NET POSITION** | 124,611,909 | 54,460,692 | 47,695,370 | 49,013,041 | 10,077,033 |

|                            |       |       |       |       |       |
| Net Position at the beginning of period | 300,430,872 | 425,132,781 | 479,688,873 | 527,485,368 | 576,605,600 |

|                            |       |       |       |       |       |
| Net Position at the end of period | 425,042,781 | 479,593,473 | 527,384,244 | 576,498,409 | 586,682,634 |

|                            |       |       |       |       |       |
| Total Cash & Cash Equivalents (after Net Program Outflows) | 377,161,637 | 385,717,729 | 432,714,223 | 493,834,456 | 501,025,113 |

|                            |       |       |       |       |       |
| Unrestricted Cash Days on Hand | 393    | 326    | 362    | 446    | 464    |
RESOLUTION THAT THE BOARD OF DIRECTORS APPROVE THE FISCAL YEAR 2023-2024 BUDGET WITH TOTAL OPERATING EXPENSES NOT TO EXCEED $350,657,317
24/7 Renewable Energy

Achieving 99% Time-coincident Renewable Target by 2027

June 22, 2023
Presentation Outline

• Background
• Timing of the 24/7 Goal
• Recommendation
Background
Background: 24/7 Renewable by 2025

- In November 2022, the Board of Directors adopted staff’s recommendation* on delivering 100% renewable energy annually on a 99% time-coincident basis by 2025.

*This recommendation was based on mid-2022 market conditions.
Current Status

• We currently purchase enough renewable and carbon-free supplies to meet 100% of our customers' demand in the same year.

• This annual framework:
  o Is the current industry standard
  o Does not show whether supply and demand matched on an hourly basis
Annual v. Hourly Matching

- Our goal is to match our electricity supply to customer load on an hourly basis
  - We will not be relying on system power (gas plants) and can maximally reduce GHG emissions from our electricity supply
  - We will not credit ourselves for oversupply in some hours
Benefits of 24/7

- Time-coincident renewable procurement strategy could reduce the risk exposure to volatile market prices

- Procuring time-coincident renewable energy results in several benefits to society:
  - Reduce emissions on the grid
  - Improve grid operations
## Renewable v. Carbon-Free

<table>
<thead>
<tr>
<th>Supply Resource</th>
<th>Renewable*</th>
<th>Carbon-free**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar PV</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Wind</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Geothermal</td>
<td>X</td>
<td>Certain types</td>
</tr>
<tr>
<td>Small Hydro (&lt;30MW)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Biomass</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Large Hydro</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Nuclear</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

*Renewable: electricity generated from a resource that is naturally replenished as it is used

**Carbon-free: electricity generated without emitting carbon dioxide or other greenhouse gases into the atmosphere

- Large Hydro is carbon-free but:
  - Not considered renewable under California RPS due to its other environmental impacts
  - No new (additional) capacity available
  - No long-term contracting opportunities
  - Delivery subject to hydro conditions & operational constraints (i.e. Use-Limited Resource)
  - Not dependable to meet the time-coincident goal
Timing of the 24/7 Goal
Challenges in Achieving the 2025 Target

• Delays in resource development have resulted in fewer resources available to deliver renewable energy to PCE by 2025.

  Contributing Factors:
  • Global Supply Chain Disruption
  • Labor Shortage
  • Rising Financing Costs
  • Interconnection Delays

• Short-term contracts with existing renewable resources are unavailable.

Achieving the goal in 2025 or 2026, given the limited resources that are expected to be available and online, would be infeasible.
• Staff has been updating the 24/7 modeling with information from the 2023 RFOs and bilateral reach-outs to counterparties and focused on studying the possibility of achieving the 24/7 goal by 2027.
Benefits for Shifting the Goal

• Shifting the 24/7 goal target year from 2025 to 2027 has the following benefits:
  o Opportunity to contract a more diverse set of resources
  o Opportunity to avoid excessive over-procurement
  o Opportunity to reduce long-term cost and risk exposure
  o Opportunity to build a more optimal resource portfolio
Recommendation
Recommendation to Board of Directors

Update Peninsula Clean Energy's Strategic Plan Priority to:

1. Deliver 100% renewable energy annually by 2025, and
2. Deliver 100% renewable energy annually on a 99% time-coincident basis by 2027.

* Staff will continue to monitor and evaluate the opportunity of achieving the 99% time-coincident goal by 2027, and promptly communicate any changes to the Board of Directors.
Thank you!

A sustainable world with clean energy for everyone.
Item 8: Authorize Power Purchase Agreement with SunZia Wind PowerCo LLC

June 22, 2023
Recommendation

Approve Resolution Delegating Authority to Chief Executive Officer to Execute Power Purchase Agreement, and any necessary ancillary documents, including potential Replacement PPA(s) with the same terms and conditions as the agreement presented to the Board except for any necessary administrative changes, with SunZia Wind PowerCo LLC or an affiliate of SunZia Wind PowerCo LLC, with a Power Delivery Term of 15 years starting at the Commercial Operation Date on or about September 30, 2026, in an amount not to exceed $858 million.
Agenda

1. Project Overview
2. Expected Operations and Fit in Portfolio
3. Fit with Strategic Plan
4. Recommendations
Project Overview
SunZia Wind – Project Overview

<table>
<thead>
<tr>
<th>Project Owner</th>
<th>SunZia Wind PowerCo LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer</td>
<td>Pattern Energy Group LP</td>
</tr>
<tr>
<td>Location</td>
<td>Lincoln, Torrance, and Guadalupe Counties, New Mexico</td>
</tr>
<tr>
<td>Technology</td>
<td>Wind</td>
</tr>
<tr>
<td>Capacity</td>
<td>3,515 MW (Total Project)</td>
</tr>
<tr>
<td>PCE Share</td>
<td>220 MW</td>
</tr>
<tr>
<td>Annual Generation</td>
<td>694,477 MWh (36% capacity factor) (Represents 13% of PCE’s load)</td>
</tr>
<tr>
<td>Term</td>
<td>15 years</td>
</tr>
<tr>
<td>Commercial Operation Date</td>
<td>September 30, 2026</td>
</tr>
<tr>
<td>Project Site</td>
<td>&gt;1,000 sq mi of private and state-owned land</td>
</tr>
</tbody>
</table>
## SunZia Wind – Transmission to CAISO

<table>
<thead>
<tr>
<th>Delivery Point</th>
<th>Palo Verde, AZ (considered to be “in-CAISO”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interconnection Provider</td>
<td>SunZia Transmission (to be built by Pattern)</td>
</tr>
<tr>
<td>Other Transmission Providers (3rd Party Transmission)</td>
<td>Existing infrastructure owned by Salt River Project, Tucson Electric Power, Western Area Power Administration, Arizona Public Service</td>
</tr>
</tbody>
</table>

![SunZia Wind Transmission to CAISO](image-url)
Contract Structure

• Pay for all energy produced by our 220 MW share at a fixed $/MWh rate, no escalation
• Contract term: 15 years
• Peninsula Clean Energy will receive energy and RECs from our share of the facility
• Peninsula Clean Energy can receive Resource Adequacy (RA) from SunZia if we obtain sufficient Import Allocation Rights (IARs) from CAISO
  o There is a standard process for PCE to apply for IARs, and we are confident we will be able to acquire at least a moderate amount
• Pattern will be the Scheduling Coordinator
Replacement PPA

• In order to facilitate the financing of the project, Pattern requires the ability to bifurcate or transition the project to an Affiliate.

• This would be implemented via a Replacement PPA, which would update the Seller to be an Affiliate of SunZia Wind PowerCo LLC.

• The Replacement PPA would have the same terms and conditions as those in the original agreement presented tonight, except for those administrative changes necessary to effectuate the separation or transition.

• The Replacement PPA needs to be pre-approved by the Board during the approval of the original PPA.

• Staff will immediately inform the Board if a Replacement PPA has been requested by Pattern.
Workforce

• Pattern will pay New Mexico prevailing wage;
• Pattern's contractors are required to provide health and other applicable benefits to labor performing work on the project;
• Pattern and its EPC contractor are currently finalizing the overall labor plan with International Brotherhood of Electrical Workers (IBEW) on the SunZia Transmission project, and once completed, approximately 350 IBEW jobs will be created during peak construction periods.
## Community Support for SunZia Transmission

*The following organizations have issued public letters of support for the SunZia Transmission Project:*

<table>
<thead>
<tr>
<th>Organization</th>
<th>Supporter</th>
<th>Organization</th>
<th>Supporter</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Mexico Building and Construction Trades Council</td>
<td>BluRok Farm</td>
<td>New Mexico Social Justice and Equity Institute</td>
<td></td>
</tr>
<tr>
<td>International Brotherhood of Electrical Workers</td>
<td>CommunityShare</td>
<td>New Mexico Office of Military Base planning and Support</td>
<td></td>
</tr>
<tr>
<td>Santa Fe Chamber of Commerce</td>
<td>El Pasto Electric Company</td>
<td>Rural Education Advancement Program</td>
<td></td>
</tr>
<tr>
<td>Albuquerque Charter Academy</td>
<td>Estancia Valley Economic Development Association</td>
<td>Roswell-Chaves Economic Development Corporation</td>
<td></td>
</tr>
<tr>
<td>Project Roots Arizona</td>
<td>Indigenous Lifeways</td>
<td>Southwest Black Ranchers</td>
<td></td>
</tr>
<tr>
<td>Arizona Solar Energy Industries Association</td>
<td>Prosperity Works</td>
<td>New Mexico and El Paso Region Interfaith Power and Light</td>
<td></td>
</tr>
<tr>
<td>Arizona Technology Council</td>
<td>Middle Rio Grande Economic Development Association</td>
<td>Valencia Renewables</td>
<td></td>
</tr>
</tbody>
</table>
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).

RETI: https://reti.databasin.org/
Environmental Review Results

- The SunZia project is not located in a protected area based on the USGS Protected Areas Database (PAD-US)
- Bureau of Land Management land use approval for the project (Record of Decision) was issued in May 2023
Expected Operations and Fit In Portfolio
Expected Month-Hour Profiles (2027)
Contribution to Portfolio - Annual (2027)
Contribution to Portfolio - Seasonal (2027)
Fit with Strategic Plan
Fit with Strategic Plan

- Priority 1: Design a power portfolio that is sourced by 100% renewable energy by 2025 and that aligns supply and consumer demand on a 24x7 basis by 2027
- 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
Value of Out-of-state Wind to our 24/7 Goal

• Out-of-state wind has become increasingly important to meeting our 100% renewable target with diminishing availability of in-state wind resources;
• Including out-of-state wind in our portfolio significantly reduces the cost and overprocurement of implementing our 24/7 goal;
• Out-of-state wind provides an excellent complement to California solar, by providing higher amounts of energy in winter and overnight periods;
• Very few out-of-state wind projects are available to Peninsula Clean Energy, and most come online later than SunZia Wind and are more expensive.
Recommendation
Recommendation

Approve Resolution Delegating Authority to Chief Executive Officer to Execute Power Purchase Agreement, and any necessary ancillary documents, including potential Replacement PPA(s) with the same terms and conditions as the agreement presented to the Board except for any necessary administrative changes, with SunZia Wind PowerCo LLC or an affiliate of SunZia Wind PowerCo LLC, with a Power Delivery Term of 15 years starting at the Commercial Operation Date on or about September 30, 2026, in an amount not to exceed $858 million.
Approval of Appointment of Shawn E. Marshall as Chief Executive Officer (CEO) and an Agreement for her Service as CEO for the Term of July 1, 2023 to June 30, 2026 in an Amount Not-to-Exceed $400,000 annually
Electricity Grid
Regionalization and AB 538

June 12, 2023
Summary

- The California Legislature is considering a bill that would enable the State’s grid operator (CAISO) to expand to other states.
- This is a significant policy question that the State has previously considered.
- Key stakeholders are split on how the State should approach this issue.
- Staff is seeking feedback from the Board on how PCE should approach this issue.
The U.S. Power Grid and California

• The U.S. power grid consists of the bulk power system, high-voltage transmission equipment, and the lower-voltage distribution system.

• It is broken into 3 independent grids.
  - The Western Interconnect, which includes 38 separate balancing authorities, including CAISO.
  - The Eastern Interconnect, which includes 36 balancing authorities
  - The Electric Reliability Council of Texas (ERCOT)

• The Western Interconnect is overseen by the Western Electric Coordinating Council (WECC)

1. https://www.tanc.us/understanding-transmission/the-western-us-power-system/
Electric System Operations

- The actual operations of the electric system are managed by balancing authorities (BA), which manage the supply and demand of energy across their territory, and transfer of electricity with other BAs.

- There are 38 BAs within the WECC, representing about 20% of all generation capacity in the U.S. and Canada.

- BAs are regulated by both the Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC).
CAISO Today

- **Overview:** The CAISO is both a BA and regional transmission operator that manages the flow of electricity across the high-voltage bulk power system that makes up 80% of California’s and a small part of Nevada’s electric grid.

- **Governance:** CAISO is regulated by both the Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC).
  - Unlike other RTOs, the CAISO’s 5-person governing board is appointed by the California Governor and confirmed by the Senate

- **Interstate Markets:** CAISO operates 2 markets that involve multiple states and participants:
  - WEIM: The Western Energy Imbalance Market (WEIM), a real-time bulk power trading market that involves 19 voluntary participants (and more coming) across 10 western states
  - EDAM: Building on the success of WEIM, the extended day-ahead market (EDAM) is a voluntary day-ahead electricity market that CAISO will launch in early 2024

- Both market programs are designed to deliver economic, environmental, and reliability benefits to participants by increasing regional coordination
The Need to Revisit Regionalization

- California has set ambitious climate goals to reach 100% clean energy by 2045. CPUC’s integrated resource planning analysis shows that the grid would need an additional 86 GWs, more than double what is currently on the grid.
- California needs to import electricity to meet its Resource Adequacy requirements, and to meet the demand of extreme summer heat events.
- There are doubts as to whether California can build the new 86 GW of resources it needs fast enough inside California to both meet climate goals and reliability needs if the supply of imports begins to decline.
The Need to Revisit Regionalization, continued

- An existing RTO, the Southwest Power Pool (SPP), is asking Western States to join their new market, called Markets+, similar to CAISO’s WEIM and EDAM. Unlike WEIM and EDAM, Markets+ will be operated by a governance board that is not appointed by a specific state or participant.
- Many WEIM participants have already made commitments to leave WEIM for Markets+, jeopardizing resources available to WEIM and CAISO.
- Supporters of regionalization have raised concerns that if California doesn’t expand to an RTO, resources across Western states will become less and less available to California.
How Could Regionalization Be Structured?
Arguments in Support of Regionalization

- **Improved reliability**: Better coordination on Resource Adequacy by pooling generation resources across a larger region
- **Accelerated decarbonization**: Easier to match variable demand and renewable generation across the region; less curtailment of wind and solar resources
- **Improved transmission planning**: Streamlining the process of long-term resource planning
- **Cost reduction**: Reduce transmission congestion costs, streamlining the cost of RA/operating reserve to maintain reliability, more efficient use of renewables are estimated to save $379 Million to $574 million annually for California electricity customers, approx. 4.5% of total annual costs
Key Supporters

Environmental
Arguments Against Regionalization

- **Loss of state control**: A regional board of directors will likely be less accountable to California ratepayers and California’s environmental and energy policy goals. California will likely only have one vote whereas California’s load is much larger than other Western states.

- **Federal oversight**: FERC may have greater oversight over California policies that express preferences for renewable or carbon-free resources and is more subject to national politics and policies.

- **Job Creation**: More projects may be built outside of California and California LSEs may purchase more of those resources.

- **State-level decarbonization**: While more states have adopted renewable/carbon-free electricity goals, fossil fuel resources will still be more abundant across the west and therefore may be imported into California more easily.
Key Opponents

Environmental
AB 538: Regionalization Process

Enable the transition of the CAISO to a regional transmission operator with independent governance. Process:

• Introduced by Asm. Holden, it is possibly a 2-year bill
• CAISO develops and submits a governance proposal to the CEC to meet specific governance requirements (next slide)
• CEC, in consultation with CPUC and CARB, reviews the governance proposal and holds at least 5 public hearings (plus additional verification between agencies)
• Legislature reviews and provides feedback on the structure
• CAISO implements a governance structure, if there is intention from non-participating transmission owners to join and the FERC has approved any changes to CAISO tariff that are necessary. Open to transmission owners, retails sellers, POUs
• Additional checks and balances to ensure compliance with FERC requirements, CEC, CAISO, and the Secretary of State
AB 538: Regionalization Process

Governance requirements include:

• Governance by a western states’ committee with an equal number of representatives from each state. California rep is appointed by Governor and confirmed by Senate
• Open meeting standards consistent with Bagley-Keene Act plus public access to records
• Maintaining state authority over state matters related to procurement policy, resource planning, and resource or transmission siting within the state, including setting resource adequacy standards, and prohibiting the operation of a centralized capacity market
• Ensuring the dispatch of resources appropriately reflects the costs for resources to comply with California’s climate policies
• Establishing a clear structure for state regulators to provide guidance to the organization
• Enabling participation of demand response, storage, and distributed energy resources
• Maintaining California’s renewable portfolio standard compliance requirements that favor in-state renewable energy development over out-of-state development
Questions and Discussion
Adjournment