Executive Committee Meeting

August 14, 2023
Agenda

• Call to Order / Roll Call

• Public Comment (for items not on the Agenda)

• Action to set the Agenda
  o Public Comment

• Regular Agenda

• Committee Members Reports

• Adjourn
Chair Report

Item 1
CEO Report

Item 2
Open Positions

Currently posted:

- Chief Operating Officer
- Chief Financial Officer/Director of Finance and Administration
- Los Banos Community Relations Associate Manager/Manager
- Energy Programs Analyst or Senior Analyst
- Regulatory Specialist/Analyst
Surplus Funds Committee Update

• Committee met on August 9th and made good progress

• Organized potential allocations around 4 funding categories
  1. Increase reserves/days cash on hand
  2. Increase customer savings through additional rate discount or rebate
  3. Additional funding for customer programs (resi/commercial/municipal)
  4. Funding for PCE sponsored local power projects
    o Also discussed potential for schools support

Next steps
  o Meeting #3 right after Labor Day
  o Consolidate committee ideas and continue discussions
Energy Programs Overview
Strategic Objectives

Organizational Priority: Contribute to our region reaching its goal to be 100% greenhouse gas-free by 2035

Community Energy Programs: Implement robust energy programs that reduce greenhouse gas emissions, align energy supply and demand, and provide benefits across the community.

A. Decarbonization Programs: Develop market momentum for electric transportation and initiate the transition to clean energy buildings

B. Distributed Energy Resources: Support decarbonization and local power development

C. Community Benefits: Deliver tangible benefits throughout our diverse communities

D. Innovation and Scale: Leverage leadership, innovation and regulatory action for scaled impact
2035 Analysis: PCE GHG Reduction 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
How We Effect Change

Influence Individual Decisions
- Energy, Tech, Methods, Data

Shape Policy
- Incentives, Technical Assistance, Persuasion
- Reach Codes, CALGreen, CPUC, etc.

Foster Innovation
Programs Portfolio

* Low-income program  + Includes low-income benefits
Achievements to-date #1

1. Appliances & Zero Percent Loans: over 1,000 installs
   - Good early market adoption, est. ~5% of annual installs
   - Loans very popular with contractors & customers, >$2M reserved since Oct.
   - 12,000 MT CO2 over 10 years

2. Electric Vehicle Charging: 500 ports to-date
   - Innovation in “right-sized” charging, $4,400 ave per port (compared to PG&E $18k)
   - 2/3rds in multifamily, highest need segment
   - 3,600 charge ports in pipeline

3. Solar on Public Facilities
   - Round 1: 12 sites, 1.7 MW solar, CYQ1 2024, $17M lifetime savings
   - Round 2: ~30-40 sites, 5-6+ MW, RFP forthcoming
Achievements #2 – Underserved Communities

1. EV Rebates: 346 vehicles
   - $3.6 million in savings over 10 years
   - 18,000 MT CO2 over 10 years

2. Home Upgrade: 190 homes
   - Home repairs plus electrification
   - Target: ~300 homes

3. E-bikes for All: 650+ bikes
   - “Getting exercise and saves on gas!”
   - >20% report ebike is primary mode of transport
Innovation Pilots

1. **EV Managed Charging**
   - Support grid: shift charging out of evening peak
   - Major opportunity: 7 kWh/EV, current: 40,000, future: 600,000+
   - Through the vehicles: telematics based

2. **Electrification Guidelines @100A & 120V HPWH**
   - Advanced design guidelines (electrification without panel upgrades)
   - Lower install costs

3. **Advanced home system pilot (Harvest Thermal)**
   - Major innovation, combined space & water heating, “grid aware”
   - 4 of 4 installs completed, data collection in progress
   - Average install cost $22-23,000
   - 70-90% reduction in home emissions
Where we need to go

Customer-first
• Personal & custom

Data-driven
• Targeted insights

Scalable
• Online marketplaces & tools
New Development

2035 Decarbonization Plans
2035 Analysis: Recommendations

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
Vision Building Electrification v2

- Scale to Whole Home
- Increase Homes Impacted per Year

- One-Stop Shop Services
- Live Technical Assistance
- Turnkey Services
Residential Electrification – “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

Concierge
- Program navigation
- Project planning
- Technical guidance

Turnkey install option
- Appliance install
- Emergency loaner
- Workforce development
- Whole home pre-wiring
- Pilot tech

Finance Options
- PCE financing
- Third-party financing

Load Shaping
- PV + Storage

Rebates
- CPUC FLEXmarket
- PCE rebates
- BayREN rebates
- IRA rebates
- CEC rebates

Peninsula Clean Energy
Call Center

• Current Calpine Call Center is very limited
  o Only supports account inquiries and change
  o Every program has its own communication silo

• To be proposed: In-house call center
  o Answer all inbound 800-line customer calls
  o Answer info@ and programs@ email

• Robust customer service
  o Account status and billing (incl. NEM)
  o General advice on rate schedules, how to change
  o Program navigation, eligibility, incentive amounts
  o Incentive stacking information
  o Rebate status
  o Program recommendations (addl. svcs)
  o Referral to concierge and turnkey services
Building Electrification v2: Timeline

2023
- Develop one-stop shop website v1
- In-house Call Center
- RFP Process

2024
- One-stop shop website v2
- Turnkey install and concierge program (including Home Upgrade v2)

2025
- One-stop shop website v3

2026

Inflation Reduction Act Incentives
State incentives
Additional Plans for 2024 (in approved budget)

• Solar and storage on public buildings: implement 2nd round

• EV managed charging: from pilot to general program

• Residential solar and storage: replace existing program

• Local government electrification: new program
Programs Budget
## Approved Budget & 5-Year Forecast

<table>
<thead>
<tr>
<th></th>
<th>FY24 Budget</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
<th>FY28</th>
<th>5 Year Budget</th>
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<tbody>
<tr>
<td>Building Codes</td>
<td>276,000</td>
<td>250,000</td>
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<td>250,000</td>
<td>1,276,000</td>
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<td>Buildings</td>
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<td>12,500,000</td>
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<td>17,500,000</td>
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<td>10,251,000</td>
<td>10,323,600</td>
<td>10,403,460</td>
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<td>Distributed Resources</td>
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<td>1,360,000</td>
<td>1,860,000</td>
<td>1,860,000</td>
<td>6,640,000</td>
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<td>Pilots &amp; Grants</td>
<td>95,000</td>
<td>395,000</td>
<td>395,000</td>
<td>395,000</td>
<td>395,000</td>
<td>1,675,000</td>
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<td><strong>Totals</strong></td>
<td><strong>$12,651,000</strong></td>
<td><strong>$22,165,000</strong></td>
<td><strong>$25,756,000</strong></td>
<td><strong>$30,328,600</strong></td>
<td><strong>$32,908,460</strong></td>
<td><strong>$123,809,060</strong></td>
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### Capital Programs (net)

<table>
<thead>
<tr>
<th></th>
<th>On-Bill Finance</th>
<th>Public Solar</th>
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<td>FY24 Budget</td>
<td>2,820,000</td>
<td>7,200,000</td>
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<td>FY25</td>
<td>2,050,000</td>
<td>36,575,000</td>
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<tr>
<td>FY26</td>
<td>1,480,000</td>
<td>(18,423,000)</td>
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<td>FY27</td>
<td>910,000</td>
<td>(3,420,000)</td>
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<tr>
<td>FY28</td>
<td>340,000</td>
<td>(3,415,000)</td>
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</table>

*FLEXmarket revenues not shown*
## Programs Budget Outcomes (partial)

<table>
<thead>
<tr>
<th></th>
<th>Units Installed to Date</th>
<th>FY24-28 Total Budget</th>
<th>New Units</th>
<th>GHG Saved, New Units (MT)</th>
<th>Customer savings/yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVs</td>
<td>353</td>
<td>$5,600,000</td>
<td>1,600</td>
<td>8,800</td>
<td>$2,100,000</td>
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<td>EV charging</td>
<td>470</td>
<td>$34,000,000</td>
<td>9,000</td>
<td>103,000</td>
<td>$6,000,000</td>
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<tr>
<td>eBikes</td>
<td>600</td>
<td>$1,800,000</td>
<td>1,800</td>
<td>1,400</td>
<td>$700,000</td>
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<td>Appliances</td>
<td>2,600</td>
<td>$28,500,000</td>
<td>14,000</td>
<td>15,000</td>
<td>$3,200,000</td>
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<td>Low-Inc Home Upgrade</td>
<td>227</td>
<td>$36,000,000</td>
<td>4,000</td>
<td>3,000</td>
<td>$300,000</td>
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<td>Public Solar</td>
<td>in-progress</td>
<td>Capital budget</td>
<td>6+ MW</td>
<td>n/a</td>
<td>$2,600,000</td>
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<td>Building Codes</td>
<td>21 adopted</td>
<td>$1,276,000</td>
<td>TBD</td>
<td></td>
<td></td>
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</table>

- 20-30% of funds targeted for low-income
- Low-income specific programs: ebikes, Home Upgrade
- Programs providing low-income support: EV charging, electric vehicle incentives
Local Government Building Electrification Program (GovBE)

Executive Committee – August 14, 2023
Recommendation

Program
Local government building electrification projects

Request
- Recommendation to Board for program approval
  - Including $5-10m Revolving Loan fund

Budget Status
- Incentives included in approved FY24 budget, est. $500k - $2m per year
Agenda

1. Local Governments context
2. Need for flexible incentives
3. Funding concepts
4. Proposed program
5. Cost examples
6. Timeline
7. Request
Municipal Green Building Policy and Electrification

City facilities will follow the CALGreen Code and consider having new municipal buildings certified for LEED Silver or Gold status or equivalent. The new Community Center will be built to green building standards; however, at this point it is unknown what level of LEED standard will be achieved. The City is also looking at opportunities for including PV solar panels for the new Community Center.

In order to lead by example, all new construction projects by the City will be all-electric based on adopted Reach Codes and will strive to be zero net energy via on-site solar. The Community Center currently under design is committed to these goals.

Excerpt from Millbrae 2020 Climate Action Plan
Local governments struggle to fund electrification
Diverse portfolios need flexible incentives

Governments have the most varied portfolios imaginable

<table>
<thead>
<tr>
<th>City hall</th>
<th>Recreation centers</th>
<th>Baseball fields</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government offices</td>
<td>Youth centers</td>
<td>Tennis and pickleball courts</td>
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<tr>
<td>Police stations</td>
<td>Locations for weddings</td>
<td>Corps yard</td>
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<tr>
<td>Fire stations</td>
<td>911 dispatch center</td>
<td>Airport</td>
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<tr>
<td>Animal shelters</td>
<td>Juvenile hall</td>
<td>Parks and Recreation</td>
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<tr>
<td>Human health and services</td>
<td>Prisons</td>
<td>Courthouse</td>
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<td>Forensics labs</td>
<td>Libraries</td>
<td>Registrar of voters</td>
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<tr>
<td>Community pools</td>
<td>Lifeguard stations</td>
<td>Daycare center</td>
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</table>
Electrification Revolving Loan Fund

$5-10 million seed funding

Governments install electrification equipment

PCE funds projects

Governments repay loan

Why local governments need access to loans:

• Budgets are limited
• Individual projects are the wrong size for one-off traditional finance/construction contracts, such as Power Purchase Agreements
• California Energy Commission loan is too restrictive
• Gas replacement programs in the capital improvement pipeline are typically under-funded to enable electrification
Incentive Program

Why local governments need access to incentives:

• Electrification does not always have a payback
• Governments cannot take out unlimited loans
• Cities have noted a need for a mix of both loan and incentive options

A worker carefully places an old gas-fired, roof-top HVAC unit onto a truck bed at the Peninsula Conservation Center in Palo Alto on Jan. 25, 2023. Photo by Magali Gauthier.
Examples of GHG savings and incentive sizes

- Flexible incentive based on gas usage, at an amount similar to residential incentives or $16/therm.
- Each 1,000 therms of gas saved per year translates to ~5 MT CO2e/yr

<table>
<thead>
<tr>
<th>County Building Example</th>
<th>GHG Savings (MT CO2e/yr)</th>
<th>Maximum Incentive Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent of Schools</td>
<td>172</td>
<td>$517,952</td>
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<tr>
<td>County office building</td>
<td>104</td>
<td>$313,952</td>
</tr>
<tr>
<td>Registrar of Voters</td>
<td>52</td>
<td>$155,952</td>
</tr>
<tr>
<td>Corp Yard</td>
<td>52</td>
<td>$155,392</td>
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<tr>
<td>Craft Shop</td>
<td>48</td>
<td>$143,696</td>
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<td>Daycare Center</td>
<td>47</td>
<td>$140,432</td>
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<td>EPA Gov Center</td>
<td>45</td>
<td>$136,800</td>
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<td>Human Services</td>
<td>42</td>
<td>$125,808</td>
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<tr>
<td>Medical Clinic</td>
<td>37</td>
<td>$112,096</td>
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<tr>
<td>Vocational Rehab</td>
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<td>$109,648</td>
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<td>Parks and rec</td>
<td>32</td>
<td>$97,936</td>
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<tr>
<td>Women's Correctional</td>
<td>24</td>
<td>$73,248</td>
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<td>Probation office</td>
<td>17</td>
<td>$50,000</td>
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<tr>
<td>Central library</td>
<td>16</td>
<td>$49,696</td>
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<tr>
<td>Homeless Shelter</td>
<td>14</td>
<td>$42,224</td>
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<td>Youth Crisis Center</td>
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<td>$39,664</td>
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<tr>
<td>Law Library</td>
<td>13</td>
<td>$39,520</td>
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<tr>
<td>Courthouse</td>
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<td>$36,832</td>
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<tr>
<td>Fire Station Trailer</td>
<td>12</td>
<td>$36,368</td>
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<tr>
<td>County Gov Center</td>
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<td>$32,592</td>
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<tr>
<td>Corp Yard</td>
<td>11</td>
<td>$32,064</td>
</tr>
<tr>
<td>Horse Stables</td>
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<td>$27,008</td>
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<tr>
<td>Animal Shelter</td>
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<td>$26,080</td>
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<tr>
<td>Lathrop House</td>
<td>5</td>
<td>$15,296</td>
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<tr>
<td>Weights and Measures</td>
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<td>$13,456</td>
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<td>Parks and rec</td>
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<td>$10,448</td>
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<td>Sheriff Commuter House</td>
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<td>$8,368</td>
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<td>Probation office</td>
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<td>$5,632</td>
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<td>Parks and rec</td>
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<td>$5,184</td>
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<tr>
<td>Airport Hanger</td>
<td>1</td>
<td>$3,520</td>
</tr>
<tr>
<td>Sheriff's Substation</td>
<td>1</td>
<td>$1,840</td>
</tr>
</tbody>
</table>
Hypothetical project cost-share

Example community center electrification project:

- Eight rooftop packaged gas units replaced with heat pumps
- Heat pump water heater installed
- Total project cost of $200,000
- 11 Metric Tons CO2e saved per year

$68,000 loan paid back to Peninsula Clean Energy over 7 years

$32,000 incentive based on greenhouse gas savings

$100,000

Half of project cost covered by existing city capital improvement budget

$200,000 total project cost
Proposed Program Summary

**Revolving loan fund**
- 7-year loan term
- 0-2% interest rate
- $5-10 million seed funding
- Cap of $600k per project (can be combined with incentive)
- Requires 25% cost-share by non-PCE funds.

**Incentive program**
- $1 million/yr in current budget ($750k for FY24)
- Up to $16 per therm per year methane gas reduction
- $600k cap per project
- Requires 25% cost-share by non-PCE funds

  - Prioritize projects based on:
    - Urgency (gas equipment aging out)
    - Shovel-readiness
    - Total therm savings
    - "Showcase project" or high community visibility / benefit
  
  - Allow backup gas to remain in some cases dual-fuel projects for sites with electrical capacity issues. Require 75%+ GHG reduction.
  
- Inclusion in FlexMarket could allow CPUC reimbursement
Benefits

1. **Energy cost savings for local governments**
   - Government buildings typically see cost savings from electrification.
   - Pools will save up to $30,000 per year in energy costs
   - Adding on-site PV plus battery increases cost savings

2. **Funding building improvements**
   - Funding request estimated to help 30-90 projects over 10 years
   - Help with deferred maintenance of systems
   - Electrification at difficult buildings

3. **Emissions savings**
   - 500-3,000 MT per year
   - A municipal pool heater has similar emission to 100 homes (100+ MT/hr)
   - A small recreation center is similar to electrifying 4 homes (6 MT/hr)
Possible Timeline

**May 2023**
Present to CAC

**August 2023**
Finalize program, present to Board

**Q4, 2023**
Open grant process

**Q4, 2023**
Select FY2024 projects

**Q3, 2024**
Funding available to local governments
Recommendation

Program
Local government building electrification projects

Request
- Recommendation to Board for program approval
  - Including $5-10m Revolving Loan fund

Budget Status
- Incentives included in approved FY24 budget, est. $500k - $2m per year
Net Billing Tariff (NBT) Update

Leslie Brown
Executive Committee
August 14th, 2023
Discussion Overview

• Brief recap of NEM 2.0 sunset and NBT transition
• Major differences between NEM and NBT
• Customers impacted by NBT
• What are other CCA’s doing?
• PCE policy considerations
What is NBT?

- New solar interconnection policy for systems applying after April 14, 2023
  - NEM 3.0 => Net Billing Tariff (NBT) => 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 Evolution – CPUC Policy Objectives

NEM 1.0
1995 – 2017
• Promote proliferation of rooftop solar by crediting customers at full retail rate
• Diversify energy resource mix
• Tariffs favor mid-day solar production

NEM 2.0
2017 – Apr. 14, 2023
• Given significant participation in NEM, align compensation closer to cost through TOU rates, and requirements to pay non-bypassable charges

NBT
April 15, 2023 - present
• Reform program to better align compensation for customer-sited solar with net benefits provided to grid
• Preserve sustainable growth of behind-the-meter renewable generation
## NEM => NBT Evolution

<table>
<thead>
<tr>
<th></th>
<th>NEM 1.0</th>
<th>NEM 2.0</th>
<th>NBT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rate Schedule</strong></td>
<td>Any</td>
<td>TOU rates (4-9 pm peak rates)</td>
<td>TOU Electrification Rates (E-ELEC for PG&amp;E)</td>
</tr>
<tr>
<td><strong>Value of solar used concurrently on-site</strong></td>
<td>Offsets imports, so equivalent to retail rate</td>
<td>Unchanged</td>
<td>Unchanged</td>
</tr>
<tr>
<td><strong>Value of solar exported to grid</strong></td>
<td>Full retail rate</td>
<td>Retail rate minus non-bypassable charges and one-time interconnection fee</td>
<td>Avoided Cost Calculation (ACC) price per interval – no more retail credit</td>
</tr>
<tr>
<td><strong>Net Surplus Compensation (NSC) payment at true-up</strong></td>
<td>Net exports times NSC rate</td>
<td>Unchanged</td>
<td>Net exports time NSC rate, minus ACC export value already granted</td>
</tr>
<tr>
<td><strong>Non-bypassable charges calculation basis</strong></td>
<td>Net imports only</td>
<td>Net imports within each interval</td>
<td>All imports (separately metered)</td>
</tr>
<tr>
<td><strong>Billing and true-up period</strong></td>
<td>Annual billing, annual true-up (both charges and credits roll over for 12 months)</td>
<td>Unchanged</td>
<td>Monthly billing and payment; annual true-up (credits roll over for 12 months)</td>
</tr>
</tbody>
</table>
### Example: NBT Export Value in PG&E Territory (no storage)

<table>
<thead>
<tr>
<th>PG&amp;E E-TOU-C rate</th>
<th>Gen Value</th>
<th>T&amp;D Value</th>
<th>Total Value</th>
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</thead>
<tbody>
<tr>
<td>NEM 1.0</td>
<td>14.6 c/kWh</td>
<td>26.8 c/kWh</td>
<td>41.3 c/kWh</td>
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<tr>
<td>NEM 2.0</td>
<td>14.6 c/kWh</td>
<td>23.6 c/kWh</td>
<td>38.1 c/kWh</td>
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<tr>
<td>NBT</td>
<td>2.9 c/kWh</td>
<td>0.5 c/kWh</td>
<td>3.3 c/kWh</td>
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<tr>
<td>NBT Reduction in Value</td>
<td>-80%</td>
<td>-98%</td>
<td>-92%</td>
</tr>
</tbody>
</table>

- Why such a significant reduction on NBT?
  - Retail rates include things like peak T&D strain costs and RA costs
  - Avoided Cost Calculation values are much lower

- How to retain value under NBT?
  - Reducing exports is critical to retain value
  - Smaller installs or storage

*Analysis by Justin Kudo-MCE*
## Example Monthly Energy Export Credit Table

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Peninsula Clean Energy
No Immediate Changes for Most NEM Customers

• Existing NEM customers have 20 years from their original interconnection date before new policy applies
  o 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
  o PG&E is proposing to transition NEM 1.0 customers whose original interconnection agreements have expired on their next true-up following IT system updates and formal Solar Billing Plan launch (December 2023)
  o We estimate that there are ~250 current PCE customers (~1% of all PCE NEM customers) that are eligible for NBT transition through December 2024
What are other CCA’s planning?

• CPA (Clean Power Alliance) is the only CCA so far that has formally adopted an NBT policy.
  o Planning to follow the ACC compensation rates for generation but will evaluate separate programmatic opportunities to provide additional incentives for battery storage

• Informally other CCA’s are likely planning to make similar decisions.
  o Follow the state plan for ACC compensation while looking for additional opportunities to support energy storage as well as low-income customer access
PCE Policy Considerations

• PCE will need to determine compensation rates for excess solar generation for NBT customers and staff is still developing our recommendation
  o Alternatives to the ACC would be difficult to implement
  o ACC values will still apply to T&D exports regardless of CCA Generation export rates
  o Deviating from the ACC for Generation exports will likely cause confusion amongst solar installers and customers

• More to come over the next couple of months as staff refines recommendations
Committee Members’ Reports

Item 5