

Regular Meeting of the Board of Directors of the Peninsula Clean Energy Authority (PCEA) Minutes

Thursday, March 23, 2023
6:30 p.m.
Zoom Video Conference and Teleconference

CALL TO ORDER

Meeting was called to order at 6:35 p.m. in virtual teleconference, in the Peninsula Clean Energy Authority lobby and in the Los Banos City Hall conference room A.

ROLL CALL

Participating:

Dave Pine, San Mateo County
Ray Mueller, San Mateo County
Rick DeGolia, Atherton, *Chair*
Coleen Mackin, Brisbane
Donna Colson, Burlingame, *Vice Chair*
Ken Gonzalez, Colma
Roderick Daus-Magbual, Daly City, participating remotely under AB 2449
Carlos Romero, East Palo Alto, arrived at 6:39 p.m.
Harvey Rarback, Half Moon Bay
Leslie Ragsdale, Hillsborough
Paul Llanez Faria, Los Banos
Betsy Nash, Menlo Park
Anders Fung, Millbrae
Tygarjas Bigstycck, Pacifica
Craig Taylor, Portola Valley
Kaia Eakin, Redwood City
Marty Medina, San Bruno
Pranita Venkatesh, San Carlos
Adam Loraine, San Mateo
Kevin Bryant, Woodside

Absent:

Julia Mates, Belmont
Sam Hindi, Foster City
James Coleman, South San Francisco

A quorum was established.

SWEARING IN OF NEW BOARD MEMBERS

David Silberman, General Counsel, presided over the official swearing-in of new Board Members or Alternate Board Members: Kevin Bryant from Woodside, Kaia Eakin from Redwood City, Paul Llanez from Los Banos, Adam Loraine from the city of San Mateo, and Craig Taylor from Portola Valley.

PUBLIC COMMENT

Benjamin Eichert
Rick Bonilla
Tim Frank
Batoul Al-Sadi
Christine Boles, Peninsula Clean Energy Board Alternate
Pradeep Gupta

ACTION TO SET THE AGENDA AND APPROVE REMAINING CONSENT AGENDA ITEMS

MOTION: Director Colson moved, seconded by Director Medina to set the Agenda, and approve Agenda Item Number 1.

1. Approval of Contract with San Mateo County Office of Sustainability for Climate Action Planning Support

MOTION PASSED: 20-0 (Absent: Daly City, Foster City, South San Francisco)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Mueller	X			
Atherton	Director DeGolia	X			
Belmont	Director Mates				
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Colma	Director Gonzalez	X			
Daly City	Director Daus-Magbual				X
East Palo Alto	Director Romero	X			
Foster City	Director Hindi				X
Half Moon Bay	Director Rarback	X			
Hillsborough	Director Ragsdale	X			
Los Banos	Director Llanez	X			
Menlo Park	Director Nash	X			
Millbrae	Director Fung	X			
Pacifica	Director Bigstyk	X			
Portola Valley	Director Taylor	X			
Redwood City	Director Eakin	X			
San Bruno	Director Medina	X			
San Carlos	Director Venkatesh	X			
San Mateo	Director Loraine	X			
South San Francisco	Director Coleman				X
Woodside	Director Bryant	X			
	Totals	20			3

REGULAR AGENDA

2. Chair Report

Chair DeGolia marked this as the first in-person meeting since March 2020.

3. CEO Report

Jan Pepper, Chief Executive Officer, welcomed back everyone for the first in-person board meeting since 2020. Jan gave a presentation including: a staffing update, a legislative update on SB 637 (Becker), the 2023 All-Electric Awards Presentation, the upcoming Board Orientation on March 29, 2023, information on a Board Mentor Program, and a request for volunteers to Peninsula Clean Energy subcommittees.

Chair DeGolia noted that Peninsula Clean Energy is a very technical business and is recognized as a leader with the strategies that are put forward. Chair DeGolia encouraged the Board to attend the Board Orientation and to partner up with Board Mentors. Marty Medina, Dave Pine, Donna Colson, and Rick DeGolia, and previous Board Member Pradeep Gupta offered to serve as Board Mentors.

Chair DeGolia noted that Board Alternates with expertise are encouraged to join Subcommittees.

4. Citizens Advisory Committee Report

Cheryl Schaff, Citizens Advisory Committee (CAC) Chair, gave a report on the March 9, 2023 CAC meeting.

Chair DeGolia asked for the quantity of applicants that are needed and what requirements the CAC is looking to fill. Cheryl explained that the CAC is looking to fill 3-4 positions, with an emphasis on someone interested in this area and demographically, someone in the Latino community would expand the diversity of the Committee. Additionally, Cheryl noted that technical experience is not required.

5. Appointments to the Executive Committee and Audit and Finance Committee (Action)

MOTION: Director Mueller moved, seconded by Director Nash to appoint:

1. To the Executive Committee: Jeff Aalfs, Donna Colson, Rick DeGolia, Anders Fung, Coleen Mackin, Julia Mates, Marty Medina, Dave Pine and Carlos Romero.
2. To the Audit and Finance Committee: Jeff Aalfs, Donna Colson, Marty Medina, Leslie Ragsdale, and Carlos Romero.

MOTION PASSED: 20-0 (Absent: Belmont, Foster City, South San Francisco)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Mueller	X			
Atherton	Director DeGolia	X			
Belmont	Director Mates				X
Brisbane	Director Mackin	X			

Burlingame	Director Colson	X			
Colma	Director Gonzalez	X			
Daly City	Director Daus-Magbual	X			
East Palo Alto	Director Romero	x			
Foster City	Director Hindi				X
Half Moon Bay	Director Rarback	X			
Hillsborough	Director Ragsdale	X			
Los Banos	Director Llanez	X			
Menlo Park	Director Nash	X			
Millbrae	Director Fung	X			
Pacifica	Director Bigstyc	X			
Portola Valley	Director Taylor	X			
Redwood City	Director Eakin	X			
San Bruno	Director Medina	X			
San Carlos	Director Venkatesh	X			
San Mateo	Director Loraine	X			
South San Francisco	Director Coleman				X
Woodside	Director Bryant	X			
	Totals	20			3

6. Financial Report to the Board - Review of Financial Reports and Investment Summary for 2nd Quarter Fiscal Year (FY) 2022-2023 (Discussion)

Kristina Cordero, Chief Financial Officer, gave a presentation including the impact to Peninsula Clean Energy from the Silicon Valley Bank failure, the Board adopted financial policies to ensure financial stability, the annual finance calendar, and Peninsula Clean Energy's cash position.

Director Mueller asked if the funds with First Republic would be locked. Kristina explained that the timeframe is unclear, but they would have access to those funds as they are backed by the FDIC insurance amounts which are backed by a letter of credit.

Vice Chair Colson provided some background information for the diversification of financial institutions holding liquid assets.

Chair DeGolia added that about \$20 million was moved to a Fidelity account from First Republic Bank and that money is being moved from Wilmington Trust into Schwab.

Director Eakin asked if there was a limit to the amount of funds that are insured as a governmental agency. Kristina explained that banks must cover 110% of governmental deposits or provide a letter of credit at 105% of the governmental deposit, with no limit, but the collateralization matches the size of the governmental deposit. Director Eakin asked if during bankruptcy governmental agencies are paid back first. Kristina was unsure of the order, but the collateralization would be utilized to funds that have been identified.

Director Mueller asked if there was a plan in place to look at First Republic's situation. Kristina explained that Peninsula Clean Energy is talking to sister Community Choice Aggregators, but the desire is to stay with First Republic Bank but limit the amount of operating cash.

Director Fung asked if Peninsula Clean Energy confirmed that First Republic Bank is in compliance with governmental deposit law. Kristina confirmed.

Chair DeGolia noted the projections for the next 6 months include an expected \$70 million in excess revenues over expenses over the year. Things change dramatically due to PG&E generation rates and the California Public Utilities Commission Power Charge Indifference Adjustment (PCIA) rate which can vary significantly. Chair DeGolia noted that Peninsula Clean Energy has retained the 5% discount while other CCAs have not been able to consistently accomplish that. Chair DeGolia suggested beginning the conversation on how to appropriate the excess funds.

Kristina shared that the Audit and Finance Committee will need to provide input to ranges and sensitivities in projections. While there is a budgeted surplus of \$74 million in the current Fiscal Year, in prior years Peninsula Clean Energy had operating deficits.

7. Approval of Budget Extension of 0% Loan On-Bill Financing (Action)

Alejandra Posada, Associate Programs Manager, gave a presentation on the Zero Percent Loan Program Extension including the overall existing Building Incentive Program status, the rapid incentive uptake, the significant new volume of Heat Pump Heating, Ventilation, and Air Conditioning systems, an overview on the Zero Percent Loan Program, and the rapid uptake in applications.

Public Comment: David Mauro

Alejandra explained that the customers who take out the loans would be responsible for repayment.

Chair DeGolia noted that six loans have been granted so it is too early to do a default rate analysis.

Vice Chair Colson asked if an additional million for this program would be enough. Vice Chair Colson requested when Staff reaches a 75% drawdown to let the Board know so additional funds can be allocated. Shawn Marshall, Chief Operating Officer, noted that there is additional funding allocated in the upcoming budget for this program.

Vice Chair Colson noted that these funds are loans and will be repaid. Chair DeGolia agreed, noting that these funds are to help the community electrify.

Director Mueller asked for the cost of administering the loan. Alejandra explained that this program is managed in-house, but that currently it is not tracked.

MOTION: Director Medina moved, seconded by Director Fung to approve a Budget Extension of 0% Loan On-Bill Financing with an additional \$1 million in capital from reserves for \$2 million total available for loans on a first-come first-served basis.

MOTION PASSED: 20-0 (Absent: Belmont, Foster City, South San Francisco)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
San Mateo County	Director Pine	X			
San Mateo County	Director Mueller	X			
Atherton	Director DeGolia	X			
Belmont	Director Mates				X
Brisbane	Director Mackin	X			

Burlingame	Director Colson	X			
Colma	Director Gonzalez	X			
Daly City	Director Daus-Magbual	X			
East Palo Alto	Director Romero	X			
Foster City	Director Hindi				X
Half Moon Bay	Director Rarback	X			
Hillsborough	Director Ragsdale	X			
Los Banos	Director Llanez	X			
Menlo Park	Director Nash	X			
Millbrae	Director Fung	X			
Pacifica	Director Bigstyc	X			
Portola Valley	Director Taylor	X			
Redwood City	Director Eakin	X			
San Bruno	Director Medina	X			
San Carlos	Director Venkatesh	X			
San Mateo	Director Loraine	X			
South San Francisco	Director Coleman				X
Woodside	Director Bryant	X			
Totals		20			3

Director Mueller noted that it is important to determine the servicing costs, which will compound yearly as more loans are added and suggested to build sustainable funds. He also suggested bringing in someone to administer the program.

Director Ragsdale asked if the loan was an addition to the PG&E bill and not billed separately. Alejandra confirmed.

Director Mueller asked how this is handled when a home is sold. Alejandra explained that upon sale, the customer would be required to pay the balance in full.

8. Building Electrification Strategy Update (Discussion)

Blake Herrschaft, Programs Manager for Building Electrification, gave a presentation including the 2035 decarbonization analysis results, Version 2 of Building Electrification, the status of the Home Upgrade Program, and Version 2 of the Home Upgrade Program.

Director Mackin asked if the bulk of procurement is through manufactures or through retail partners? Blake explained that those details have not been worked out but that retail or vendor rollouts are under consideration. Director Mackin asked about pushback from the public on replacing gas water heaters and suggested that word of mouth from neighbors and retailers is important.

Vice Chair Colson asked about the potential loaner gas heater that can replace a heat pump water heater (HPWH) if there were difficulties. Blake explained that an electrician and plumber would be needed to electrify same-day, but if an electrician cannot get out, they would replace it with the HPWH in 2-6 weeks. Vice Chair Colson noted that with the Bay Area Air Quality Management District (BAAQMD) ruling to phase out gas water heaters, this may not be allowed temporarily.

Director Mueller added that BAAQMD will enforce the point-of-sale rule, but the installation will come through permit departments and will need to be enforced by the cities.

Vice Chair Colson asked if batteries were built into the estimated average electrification cost for home upgrades. Blake explained that is being worked on after a recommendation from the Executive Committee at the March 13, 2023 meeting, noting that batteries may not be affordable for every customer, but that areas which experience PSPS events may make sense.

Vice Chair Colson noted that resiliency is a life and safety issue and reminded that there were significant electrical outages in both disadvantaged and coastal communities and that resiliency needs to be built in.

Director Mueller noted his agreement on including resiliency for these projects.

Director Loraine asked about the upgrading of the turnkey program and how changes to Policy 10 may change what is in the report. Blake explained that the current home upgrade program was originally using only labor unions and explained that due to the difficulty in finding union contracts to complete these installs, a mix of union and non-union contractors are currently being used. Blake added that the Turnkey Program will comply with the sustainable workforce policy.

Director Loraine asked if the Board will be deciding on changes to this policy.

Jan Pepper, Chief Executive Officer, added that the program has always required fair and prevailing wages, but that the proposal tonight is focusing on how to further expand the building electrification program to meet our goals for 2035. Jan added that at the April 10, 2023 Executive Committee potential changes to the sustainable workforce policy to comply with Peninsula Clean Energy's Diversity, Equity, Accessibility, and Inclusion objectives will be brought forward for review.

Chair DeGolia asked for clarification that the projection on the cost to address Building Electrification 2.0 was between 12-16 million dollars and goes beyond 2026. Blake explained that the expectation is that support would be needed beyond the three years, but that the funding is for 3 years beginning January 2024. Chair DeGolia also asked where a community solar system or virtual power plant impacts building electrification. Blake explained that battery and solar will be developed and that the virtual power plant may also integrate with appliances and the demand responsiveness of the appliances.

Public Comment: David Mauro

Director Venkatesh asked if there is a way to prioritize water heaters for low-income families. Blake explained the low-income program will be entirely funded by Peninsula Clean Energy.

Director Bigstyk noted his agreement with Vice Chair Colson with regard to providing battery backup and emphasized the impact of power outages in the coastal communities.

Director Romero noted that if the community doesn't pair battery and solar, the cost to run appliances will be higher in the long run. He noted that using bidirectional car batteries, such as the Ford F-150 has a battery capacity almost 17x greater than the Tesla Powerwall.

Chair DeGolia noted that Peninsula Clean Energy has a strategic priority of building 20 MW of power in San Mateo County and noted that we need to marry this with our electrification efforts and give people the ability to be protected during power outages.

Director Nash noted that during power outages, most people don't have heat and if they were gas or electric, neither would work. Those who had back-up batteries did well.

Chair DeGolia noted that the goal is to not to make all-electric replace gas but to make it better, and if avoiding the grid through solar and storage, we should make that happen programmatically.

Director Nash shared that she plugged computers and electronics into her electric vehicle and was able to charge all electronics and only lost 5 miles of range.

9. Board Members' Reports

Vice Chair Colson shared that she attended a sustainable impact summit at UC Berkeley and will share the agenda.

Leslie Ragsdale shared that she joined a webinar with the California Public Utilities Commission on a low-carbon future.

CLOSED SESSION

The Board will adjourn to closed session to consider the following items at the end of the agenda, or at any time during the meeting as time permits. At the conclusion of closed session, the Board will reconvene in open session to report on any actions taken for which a report is required by law.

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

Public Comment:

The Peninsula Clean Energy Board went into Closed Session at 8:50 p.m. and returned from Closed Session at 9:25 p.m. with no reportable action.

ADJOURNMENT

Meeting was adjourned at 9:25 p.m.