



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

Thursday, January 25, 2024
6:30 p.m.
Zoom Video Conference and Teleconference

CALL TO ORDER

Meeting was called to order at 6:33 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*
Tom McCune, Belmont
Coleen Mackin, Brisbane
Donna Colson, Burlingame, *Vice Chair*
Roderick Daus-Magbual, Daly City
Carlos Romero, East Palo Alto, participating remotely under AB 2449, just cause exemption
Sam Hindi, Foster City
Harvey Rarback, Half Moon Bay
Leslie Ragsdale, Hillsborough
Paul Llanez, Los Banos
Betsy Nash, Menlo Park
Anders Fung, Millbrae, participating remotely under AB 2449, just cause exemption
Tygarjas Bigstyk, Pacifica
Jeff Aalfs, Portola Valley
Elmer Martinez Saballos, Redwood City
Marty Medina, San Bruno, participating remotely under AB 2449, just cause exemption
John Dugan, San Carlos
Adam Loraine, San Mateo
James Coleman, South San Francisco, arrived at 6:40 p.m.
Ned Fluet, Woodside

Absent:

Ken Gonzalez, Colma

A quorum was established.

SWEARING IN OF NEW BOARD MEMBER

Jennifer Stalzer, Assistant General Counsel, presided over a swearing-in ceremony for new Board Member, Ned Fluet from Woodside.

PUBLIC COMMENT

None

ACTION TO SET THE AGENDA AND APPROVE REMAINING CONSENT AGENDA ITEMS

MOTION: Director Hindi moved, seconded by Director Mates to set the Agenda, and approve Agenda Item Numbers 1-2.

1. Approval of Minutes from the January 26, 2023, February 23, 2023, and December 21, 2023 Board Meetings
2. Approval of One EV Ready Program Fund Reservation Agreement, Providing Approximately \$205,000 in Customer Incentives

MOTION PASSED: 22-0 (Absent: Colma)

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 McCune	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 Bigstyk	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Dugan	X			
San Mateo	Director Loraine	X			
South San Francisco	Director Coleman	X			
Woodside	Director Fluet	X			
	Total	22			1

REGULAR AGENDA

3. Chair Report

Chair DeGolia noted appointments to the Chair and Vice Chair Nominating Committee as Jeff Aalfs, Coleen Mackin and Anders Fung. Chair DeGolia also gave a recap of a presentation from the Nexus Project.

4. CEO Report

Shawn Marshall, Chief Executive Officer, gave a presentation including a follow up on the Surplus Fund plan, an update on 2024 Key Initiatives, follow up on Board Retreat items, information on the 9th Circuit ruling, reach codes and Bay Area Air Quality Management District (BAAQMD) considerations, an update on Phase 1 of the GovPV project, updates from the CalCCA and California Community Power (CC Power) board meetings, a legislative update, and staffing updates.

5. Community Advisory Committee Report

Cheryl Schaff, Community Advisory Committee (CAC) Chair, gave an update on the January 11, 2024 CAC meeting.

6. 2024 Peninsula Clean Energy Generation Rate Analysis and Staff Recommendation to Maintain PCE Generation Rates at 2023 Levels Through at least June 2024 for Most Customers (Action)

Leslie Brown, Director of Account Services, gave a presentation on the Peninsula Clean Energy Generation Rate Analysis.

Chair DeGolia asked for the allocation of the 15% rate increase between generation and transmission and distribution (T&D). Leslie explained that the 15% increase is on generation and the T&D increase is around 25%.

Leslie continued the presentation with information on days cash on hand. Nick Bijur, Chief Financial Officer, added that the Surplus Funds Committee funds will not be distributed until 2025.

Leslie continued the presentation with the change in net position and the customer impact of maintaining 2023 rates under the E-TOU-C customer rate schedule.

Chair DeGolia noted that the discount for Los Banos residents would be higher. Leslie explained it varies but would be roughly between 10-15%.

Chair DeGolia asked for clarification on “at parity”. Leslie explained it as matching PG&E’s rates for the couple of periods notated in the Staff recommendation.

Director Bigstyk asked if a letter would be sent out independent of a bill to inform customers. Leslie explained that a direct mailer is not in the works, but more aggressive marketing is being planned. Shawn Marshall, Chief Executive Officer, noted that this might be worth discussing with the Marketing Department.

Director Mackin asked if the Net Position was utilized in the “at parity” calculation. Leslie explained that it would be a rounding error and not impact the number.

Director Hindi asked if the fiscal impact would be \$28 million. Nick explained that it would be around \$11 million in difference.

Director Loraine expressed support for the recommendation and thanked the team for creating an opportunity to distinguish Peninsula Clean Energy as a superior alternative.

Director Nash asked that the increase on customer's bills be explained as an increase in T&D.

Director Ragsdale requested to make it clear that if a normal procedure had been done what it would have meant on the bill.

Director Dugan shared that this would be a marketing opportunity and differentiation from PG&E and supports a mailing.

Chair DeGolia noted that there are two marketing efforts, one to our customers, and one to the Community Choice Aggregator (CCA) community.

Vice Chair Colson added that Peninsula Clean Energy is in a good position to do this as reserves are built up and programs are funded in thanks to the hard work of the past few years and provides stable rates which is very important to customers.

Director Mueller asked if there would be a point in time to play catch up. Nick shared that in July there will be more information from PG&E and Staff will return to the Board with more information. Shawn added that the Surplus Funds Committee effort set a target for 250 days cash on hand as a water mark to consider additional discounts.

Director Mueller noted that alternatives in the future may affect narrative now. Vice Chair Colson added that the correspondence should note that this is a temporary adjustment or grace period.

Director Aalfs added that this energy is cleaner and cheaper and this is a message to share.

MOTION: Director Bigstyk moved, seconded by Director Mackin to Approve a Resolution to maintain Peninsula Clean Energy generation rates at 2023 levels through at least June 2024 for the majority of customer classes, and implement rate adjustments to Winter Super Off Peak Rates for B-19 and B-20 and AG-5 Summer Demand rates to align with PG&E's new 2024 rates to take effect March 1, 2024.

MOTION PASSED: 22-0 (Absent: Colma)

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 Bigstyk	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Dugan	X			
San Mateo	Director Loraine	X			
South San Francisco	Director Coleman	X			
Woodside	Director Fluet	X			
	Total	22			1

7. Resolution Delegating Authority to Chief Executive Officer to Execute an Energy Storage Tolling Agreement for the Wallace Energy Storage Project with ESCA-PLD-LONGBEACH2, LLC, and any Necessary Ancillary Documents with a Delivery Term of Twenty (20) Years Starting at the Commercial Operation Date on or About June 1, 2026, in an Amount Not-to-Exceed \$211 Million

Roy Xu, Director of Power Resources, gave a presentation on the Wallace Energy Storage Project including background and project overview.

Sara Maatta, Power Resources and Compliance Manager, continued the presentation with expected operations and fit in portfolio, and the California Public Utilities Commission (CPUC) mid-term reliability procurement mandate.

Director Rarback asked for clarification on why this project in Southern California is needed when there are many parking lots in San Mateo County. Roy explained that Peninsula Clean Energy is not a developer and needs to rely on projects submitted to the RFP, and if a project were submitted from Peninsula Clean Energy's territory we would be happy to consider that project.

Public Comment: David Mauro

Director Romero asked for clarification on when the stored power would be discharged. Sara explained that the answer to this would be part of the upcoming 24/7 strategy discussion.

Director Romero added that he believes there are ways of dispatching battery power that may seem more cost beneficial in the short-term, but there are studies suggesting that may not be the case, and would like to participate in future discussions.

Sara explained that in California Independent Service Operator (CAISO) the price signal is often correlated with emissions so higher priced periods of the day have higher emissions. Roy added that there is a requirement of adding the resource and allowing CAISO to dispatch it, but that we may operate this battery differently following the 24/7 discussion.

Director Aalfs shared enthusiasm for the project.

MOTION: Director Aalfs moved, seconded by Director Mueller to Approve Resolution Delegating Authority to Chief Executive Officer to Execute an Energy Storage Tolling Agreement for the Wallace

Energy Storage Project with ESCA-PLDLONGBEACH2, LLC, and any Necessary Ancillary Documents with a Delivery Term of Twenty (20) Years Starting at the Commercial Operation Date on or About June 1, 2026, in an Amount Not-to-Exceed \$211 Million.

MOTION PASSED: 22-0 (Absent: Colma)

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 Bigstyk	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Dugan	X			
San Mateo	Director Loraine	X			
South San Francisco	Director Coleman	X			
Woodside	Director Fluet	X			
	Total	22			1

8. Approval of Contract with McMillan Electric for up to \$23,000,000 for Construction of Solar Systems on Local Government Facilities and Approval of Power Purchase Agreements with Participating Agencies (Action)

Rafael Reyes, Senior Director of Energy Programs, gave a presentation on the Solar and Storage for Public Buildings contract with McMillan Electric including an overview on the GoVPV program, the approach with Peninsula Clean Energy services, contract structure, model for local renewable, the status of round 1 installations, background on round 2, the 2a and 2b portfolios, details on proposed contracts with Intermountain Electric and McMillan Electric.

Michael McCallister, Vice President of Construction at McMillan Electric, introduced himself and McMillan Electric.

Rafael continued the presentation with the EPC contract and key details, customer PPA overview, fiscal impact, and timeline.

Director Mackin asked for clarification on the 30% return investment tax credit. Rafael explained that a benefit of the Inflation Reduction Act was Elective Pay which allows Peninsula Clean Energy to get direct monetary compensation with tax credits returning as a financial sum to PCE.

Director Dugan shared that San Carlos is a participating agency and has had a positive experience.

Director Rarback shared that Half Moon Bay is considering joining this program or creating their own infrastructure. Rafael added that if capital is available, owning is often a good deal.

Shalini Swaroop, Chief Operating Officer, added that any city contemplating would want to be under NEM 2.0 tariffs versus the Net Billing Tariff. Shawn Marshall, Chief Executive Officer, noted that in the second round of the PPA a new provision will be drafted that allows municipal entities to elect to purchase the project.

Peter Levitt, Programs Manager for Distributed Energy Resources, highlighted two key aspects of the program: the highly innovative structure and the expansion to the organizational model by establishing contract based relationships with our customers providing guaranteed revenue streams.

Public Comment: David Mauro

MOTION: Director Mates moved, seconded by Vice Chair Colson to Recommend approval of Resolutions:

1. Delegating Authority to Chief Executive Officer to Execute Engineering, Procurement, and Construction (EPC) Contract with McMillan Electric in an amount not to exceed \$23,000,000 for the deployment of local solar systems on public buildings.
2. Delegating Authority to Chief Executive Officer to Execute Power Purchase Agreements (PPAs) with Participating Jurisdictions (Buyers) for a term of 20 years to sell the energy generated by these systems with revenues expected to fully offset cost of EPC Contract over the PPA term.

Director Aalfs shared that this program is what the organization hoped to bring to the portfolio from the start.

Chair DeGolia added that Peninsula Clean Energy worked hard for an economic base to design programs that can change the market, noting that this is innovative and creating a partnership with cities and public agencies.

Director Pine shared that he is impressed with the work that will be accomplished by 2025.

MOTION PASSED: 22-0 (Absent: Colma)

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 Bigstyk	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Dugan	X			
San Mateo	Director Loraine	X			
South San Francisco	Director Coleman	X			
Woodside	Director Fluet	X			
	Total	22			1

9. Approval of 2024 Regulatory / Legislative Policy Platform (Action)

Marc Hershman, Director of Government Affairs, gave a presentation on the 2024 Regulatory and Legislative Policy Platform.

Director Loraine asked for clarification on hydrogen and inclusion of hydrogen for light-duty vehicles. Marc explained that there has not been a Board discussion on hydrogen and that Peninsula Clean Energy is currently promoting electric and clean energy.

Director Loraine asked if there would be any interest on the Board to discuss non-renewable or other things of this nature as an alternative to going ahead with all-hydrogen and revisiting at a later date. Marc explained that this has not been discussed with the Board. Shawn Marshall, Chief Executive Officer, shared that the amendment to the policy could be removed and discussed at a later time.

Shalini Swaroop, Chief Operating Officer, asked for clarification on the reference to the use of hydrogen in gas pipelines or in light duty vehicles and suggested an investment in hydrogen for light duty vehicles. Director Loraine clarified that the concern was with light duty vehicles and noted a SamTrans discussion on pursuing hydrogen.

Shawn clarified that some of the Board confusion may come from the presentation not clarifying that Staff is requesting adoption of the whole legislative plank, including redlines and the hydrogen comment, and not only the two points shared on the screen.

Marc explained this policy doesn't have to be approved in January and could be brought back, noting that the two planks presented are the ones Staff identified as having significance. Marc shared the other proposed changes in the platform.

Vice Chair Colson noted that legislation is in session now and important to get this going, adding that she is willing to put 2 planks in, accept the drafted changes, with the potential to amend it in the future.

Director Mueller asked to remove the investment in hydrogen vehicles, adding that the SamTrans had a robust discussion and would like to have a discussion on how this may impact. Rafael Reyes, Director of Energy Programs, added that this would apply to strictly light duty vehicles and would not apply to buses. Directors Mueller and Loraine withdrew the request to remove hydrogen.

Director Romero thanked Rafeal Reyes for the explanation on light duty hydrogen vehicles.

MOTION: Director Mueller moved, seconded by Director Dugan to Approve the 2024 Regulatory / Legislative Policy Platform.

Director Ragsdale appreciated the clarification on light duty vehicles.

MOTION PASSED: 22-0 (Absent: Colma)

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 Bigstych	X			
Portola Valley	Director Aalfs	X			
Redwood City	Director Martinez Saballos	X			
San Bruno	Director Medina	X			
San Carlos	Director Dugan	X			
San Mateo	Director Loraine	X			
South San Francisco	Director Coleman	X			
Woodside	Director Fluet	X			
	Total	22			1

10. Strategic Accounts Initiatives for 2024 (Discussion)

Justin Pine, Strategic Accounts Manager, gave a presentation on strategic accounts and commercial load growth in 2024 including information on the customer confidentiality policy, background, load growth opportunities, Caltrain updates and next steps.

Chair DeGolia asked for clarification on the 5 PG&E bundled customers with the rate change this year which would give Peninsula Clean Energy (PCE) the opportunity to address those customers. Justin explained that there is an open line of communication with 1 of the 5 customers, and that the 4 remaining customers are large national corporations would extend beyond PCE's footprint and decision making isn't happening locally.

Director Nash asked about opportunities for marketing to promote large companies using our clean energy, including anything with Caltrain and legislation. Shawn Marshall, Chief Executive Officer, shared that we want to if the companies will allow us to disclose.

11. Board Members' Reports

Director Mackin shared that when installing electric water heaters and HVAC units, you have to ask PG&E to increase your baseline to electric appliances or they keep it as gas, adding that contractors never mentioned this. Director Aalfs noted that contractors should be educated as well.

ADJOURNMENT

Meeting was adjourned at 8:47 p.m.