



**REGULAR MEETING of the Audit and Finance Committee
of the Peninsula Clean Energy Authority (PCEA)
Monday, February 8, 2021
MINUTES**

2075 Woodside Road, Redwood City, CA
10:00 a.m.

CALL TO ORDER

Meeting was called to order at 10:09 a.m.

ROLL CALL

Present: Donna Colson, City of Burlingame, *Chair*
Carole Groom, County of San Mateo
Carlos Romero, City of East Palo Alto
Laurence May, Town of Hillsborough
Jeff Aalfs, Town of Portola Valley
John Keener, Director Emeritus

Staff: Jan Pepper, Chief Executive Officer
Andy Stern, Chief Financial Officer
Hailey Wu, Senior Financial Analyst
Jennifer Stalzer Kraske, Deputy County Counsel
Anne Bartoletti, Board Clerk

A quorum was established.

PUBLIC COMMENT

No public comment.

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: May / Romero

Motion passed unanimously 5-0

REGULAR AGENDA**1. CHAIR REPORT**

Chair Donna Colson reported that the Executive Committee and the Strategic Budget Priorities subcommittee discussed strategic budget priorities.

2. STAFF REPORT

Chief Financial Officer Andy Stern reported that staff will review second quarter fiscal year 2021 financial reports, and strategic budget priorities.

3. REVIEW Q2 FISCAL YEAR 2021 FINANCIAL REPORTS

Andy Stern presented financial statements versus the budget for the current quarter and year to date, highlighting total operating revenues, expenses, and change in Net Position. Andy reviewed quarterly and monthly trends in revenue, load, and energy costs, and reviewed energy usage versus the budget, and cash reserves as days cash on hand. Andy also reviewed changes in the forecast for PCIA (Power Charge Indifference Adjustment) and PG&E's generation rates.

The Committee discussed the changing projections and forecast, PCIA changes, and changes to PG&E's generation rate.

4. RECEIVE DIRECTION FROM THE AUDIT AND FINANCE COMMITTEE TO THE BOARD ON STRATEGIC BUDGET PRIORITIES

Andy Stern outlined savings initiatives and recommendations proposed by the Strategic Budget Priorities subcommittee, including revised implementation plans for PPAs (Power Purchase Agreements) and energy programs, replacing a stair-step approach with a more organic growth model to achieve annual renewables targets, and consideration of penalties versus market costs for RA (Resource Adequacy).

Committee members reviewed the potential savings of the subcommittee's recommendations, and discussed PPAs, PCIA, Days Cash on Hand, strategic objectives, and PCE's discount in generation rates compared to PG&E's. The Committee members reached a general consensus in support of the subcommittee's recommendations outlined in the presentation.

5. RECOMMENDATION FROM THE AUDIT AND FINANCE COMMITTEE TO THE BOARD TO APPROVED REVISED POLICY 18 ON FINANCIAL RESERVES POLICY

Andy Stern reviewed the current Reserve Policy, Days Cash on Hand (DCOH) and how it's calculated, and compared PCE's Reserve Policy to other CCAs' (Community Choice Aggregators) Reserves Policies. Andy reported that the Executive Committee's vote recommending 180 DCOH was not unanimous. Committee members discussed policy minimums, targets, and

maximums of other CCAs, expectations of the rating agencies, and changing or keeping a target of 180 (DCOH).

Motion Made supporting Revised Policy 18 with 180 days DCOH / Seconded:
May / Groom

Motion passed unanimously 5-0

6. COMMITTEE MEMBERS' REPORTS

Jeff Aalfs discussed PG&E's use of PCIA provisions compared to other IOUs (Investor Owned Utilities) and SCE (Southern California Edison). Donna Colson thanked Andy and his staff for the financial projections, details, and scenarios.

ADJOURNMENT

Meeting was adjourned at 11:52 a.m.